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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Discussion paper on the Renewable Energy and Energy Efficiency Directives
- Policy debate

In view of the TTE (Energy) Council on 2nd December 2021, delegations will find in Annex the discussion paper on the Renewable Energy and Energy Efficiency Directives.

Discussion paper on the Renewable Energy and Energy Efficiency Directives

On 14 July 2021, the Commission submitted a proposal for a review of the Renewable Energy Directive (RED) and a recast of the Energy Efficiency Directive (EED) as parts of the "Fit-for-55" Package. The proposal on the RED increases the current EU-level target of "at least 32 %" of renewable energy sources in the overall energy mix to at least 40 % by 2030. It also proposes the introduction or enhancement of sectorial sub-targets and measures across sectors, with a special focus on sectors where progress with integrating renewables has been slower to date, in particular in the fields of transport, buildings and industry. While some of those targets and provisions are binding, several others remain of an indicative nature.

The EED recast proposes to increase the current EU-level target of 32.5 % to 36 % for final, and 39 % for primary energy consumption, while leaving national contributions to the binding EU target indicative. In addition, it puts forward several provisions to increase energy efficiency efforts by Member States, such as new annual energy savings obligations and rules aimed at decreasing the energy consumption of public sector buildings, as well as targeted measures to protect vulnerable consumers. The Commission's aim is to facilitate the cost-effective achievement of the 9 % EU target, while ensuring that energy efficiency is prioritised and delivers on multiple benefits.

Under the Slovenian Presidency, good progress has been made on both files. The progress reports submitted to the TTE (Energy) Council of December 2021 take stock of that progress and outline the main outstanding issues. **Regarding the proposal for the revision of the Renewable Energy Directive**, the vast majority of delegations strongly support the aim of the proposal as well as the overall level of ambition proposed. However, delegations have also underlined the importance of maintaining sufficient flexibility for Member States to apply the most cost-efficient measures and adapt to national circumstances. The Commission reiterated the need to increase the renewables target to 40 % to step up the ambition and deliver on the 55 % emissions reduction in a cost-effective manner, and reassured delegations by stating that the review of the Governance Regulation may have to be advanced to 2023, in particular with regard to the gap-filling mechanism. The Commission may also issue guidance on the NECP updates in line with the legislative proposals made.

Regarding the revision of the Energy Efficiency Directive, in general, most Member States recognise the importance of energy efficiency to deliver on the decarbonisation objective and thus the need for additional energy efficiency measures. They have some doubts concerning the proposed calculation method of the national targets and of energy saving obligations. Therefore, they are in favour of flexibility also for implementing energy efficiency measures. While agreeing on the objectives, Member States also have concerns over the increasing administrative burden that seems to accompany some of the new provisions, most notably on public sector buildings.

On the basis of the progress achieved to date, and in order to set a direction for further work, Ministers are invited to exchange views on the basis of the following two questions:

1. To what extent do you consider that the proposed measures for renewables in buildings, industry and transport strike a good balance between supporting the use of the cost-efficient renewables' sectoral potential and recognising national circumstances and different starting points?
2. To what extent do you consider that the measures foreseen in the Energy Efficiency Directive strike a fair balance between the increased energy efficiency efforts required of Member States and their accounting towards reaching the EU headline energy efficiency target, and the need for flexibility to reflect national circumstances? In particular, how can these flexibilities be adequately used in the obligations relating to public sector buildings?
