

Governance of the Energy Union – Council agrees general approach

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On 18 December, the Council agreed on a **general approach** (negotiating position) on a regulation setting out the system for the governance of the Energy Union which integrates, climate and energy planning into a single framework.

The regulation, which is part of the clean energy package, establishes a cooperation and control mechanism to oversee the **implementation of the 2030 EU climate and energy policy objectives and targets**, in particular those regarding renewables, energy efficiency, interconnections and greenhouse gas emissions.

The new rules will, above all, ensure long-term policy coherence and stability in the climate and energy sector, provide certainty to investors and enhance coordination between member states.

“The debate in the Council has shown the determination of all member states to create a resilient Energy Union. Today’s agreement is its cornerstone, providing robust rules, an effective framework for implementation and is future-proof. Energy and climate goals are two sides of the same coin and it is crucial to look at them together, to make sure our policies are coherent.”

Kadri Simson, Minister of Economic Affairs and Infrastructure of the Republic of Estonia

Following in-depth discussions on the Commission’s proposal, the Council has included the following **main elements** in its position:

National energy and climate plans

Member states will submit integrated **national energy and climate plans**, presenting their objectives, policies and measures in all five areas of the Energy Union, including greenhouse gas emissions reduction targets. These plans would cover the period 2021-2030 and would be renewed every 10 years.

Tracking the renewable energy target achievement

Three benchmarks were adopted to the **indicative renewables trajectory** for member states to ensure the EU achieves its renewables' target of 27% by 2030. These milestones are 24% in 2023, 40% in 2025 and 60% in 2027 applicable at both EU and member state levels. These values are calculated on the basis of the 20% renewables target set for 2020 as the starting point ("0%") and the 27% 2030 target as the end point ("100%"). This will guarantee that all EU countries make a constant and incremental contribution towards the final goal.

An '**iterative** process' between member states and the Commission forms the cornerstone of the governance process. In this process, member states submit draft plans, final plans and progress reports, and the Commission can react to them. Namely, the '**gap-filler mechanism**', proposed by the Commission, is retained in the Council text as the way to address and close possible gaps of delivery in member states. The cause of these gaps could either be that planned national renewable energy contributions of EU countries do not add up to the planned EU targets, or **inadequate achievement** of the contributions that the member states have planned.

A list of **objective criteria** is included to assess the initial level of ambition of member states in their planned contribution for 2030. The Commission will use these criteria to identify which EU countries are facing an ambition gap and, on the basis of that analysis, can issue non-binding recommendations to increase their voluntary contribution of the member states to meet the EU-level target.

Member states must continue to meet and maintain their binding **2020 renewable energy target** by and beyond 2020. If a country was to drop below its **2020 baseline**, it would be obliged to take additional measures within one year to close that gap.

Internal energy market

The Council strengthened measures to facilitate the achievement of the interconnections target for all member states and introduced key criteria to assess the need for increased interconnection capacity.

Reporting

Member states will submit integrated **national energy and climate progress reports** every two years. The Commission will monitor progress and assess the need for recommendations, which may trigger additional measures to be taken at national or EU level.

On 30 November 2016, the Commission submitted the **clean energy package**. Its eight legislative proposals, including governance of the Energy Union, aim at implementing the 2015 strategy for an Energy Union with a forward-looking climate policy.

The package as a whole was presented at the Energy Council meeting of December 2016. EU ministers had a first **exchange of views** on the entire package in February 2017 and assessed the **progress made** on governance,

renewable energy and the electricity market design in June 2017.

At the **European Parliament**, the ITRE and ENVI committees adopted the report regarding governance on 7 December 2017. It will be put to a vote during the Parliament's January 2018 plenary session.

Following today's agreement, the Council is ready to **start negotiations** with the co-legislator in the new year.

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