






Delivering the Energy Union?

Actors	Dimensions	Security of Supply	Energy Market	Energy Efficiency	Decarbonisation	Research
 European Commission		3	6	6	6	3
 European Parliament		6	N/A	N/A	9	N/A
 European Council		N/A	N/A	N/A	3	N/A
 Council of the European Union		N/A	N/A	N/A	N/A	N/A
 Member States		6	3	3	3	N/A

About our evaluation

The above tab summarises the advance of the main European institutions and the member states as a whole under the five guiding dimensions of the Energy Union, as delineated in the Communication on the Energy Union of the 25th of February, 2015. Thus, the marks do not represent an evaluation of the state of the Union in the related sectors, rather a general assessment of the number and quality of actions which have been taken to address them from September to December 2016 (included), ranking from 0 (no action) to 12 stars (full action). A N/A evaluation indicates that it is not assessable at the moment. The elements which have been considered are the following:

- Number of initiatives.
- Level of initiatives, evaluated by budget, number of involved member states, time frame, urgency of the situation, engagement of the private sector and other factors.
- Coherence, both with other European programmes and institutions and with the Energy Union project as a whole.

In the ensuing pages, we included a brief list of events and actions which have influenced the evolution of the Energy Union, divided per guiding dimension.



Foreword

Nicolò Sartori and Lorenzo Colantoni

European Commission Vice President Maroš Šefčovič openly announced that 2016 would be “the year of delivery on the Energy Union”, raising great expectations among the European public and energy stakeholders about the moves Brussels would make in order to achieve its ambitious objectives.

It is indeed true that the past three months have shown considerable activity on the part of European institutions and significant acceleration in the transition towards a more sustainable energy sector in the EU. Decarbonization has been at the centre of the agenda for the entire period, with a stronger-than-ever focus on energy efficiency, a dimension substantially neglected during the first year and a half of the Energy Union despite the “Efficiency First” motto formally endorsed by the Commission back in 2015. Despite the scope and intensity of all this activity, however, a degree of caution remains evident, and final results will depend on the adoption of adequate tools as well as on the compliance and collaboration of Member States.

The ratification of the Paris Agreement, approved by the European Parliament and formally adopted by the Council in early October, paved the way for the entry into force of the agreement at the beginning of November, giving the EU a leadership position which a ratification post entry into force would have missed. Although Member States are called upon to ratify the agreement individually, in accordance with their national parliamentary processes, Brussels’ commitment signals the European willingness to lead the global decarbonization process from a driving position, cutting its CO2 emissions by at least 40% by 2030. This decarbonization path is made even more challengingly ambitious by the European Parliament, which calls upon the Commission “revisit its own mid- and long-term goals and policy instruments and prepare a mid-century zero emissions strategy for the EU, providing a cost-efficient pathway towards reaching the net zero emissions goal adopted in the Paris Agreement”.

The momentum towards decarbonization was further reinforced at the end of November by the Winter Package, which opens with the Communication entitled “Clean Energy for all Europeans”. With more than one thousand pages of documents—including four Communications, three new Regulations, six proposals to review existing Directives and Regulations, and a long list of impact assessment, evaluation and sector inquiry reports—the Winter Package represents one of the most ambitious initiatives ever taken by the European Union in the energy domain. In the months to come, the EU Member governments and the European Parliament are called to decide upon the measures proposed in the package to accelerate Europe’s clean energy transition as envisaged by the Commission.

The renewed effort towards decarbonization is grounded on the positive results achieved by the EU so far and highlighted in the “Implementing the Paris Agreement” report released by Commission, according to which the Union has already met its 2020 emission targets (-22% in 2015) and is currently working on new measures to achieve the -40% 2030 objective. These include the EU Emissions Trading System reform, an issue which has for some time topped the European agenda. The European Parliament proposes amendments to the draft ETS legislation, in order to further limit the number of pollution permits after 2020. Yet, the 2015 increase in emissions is a reminder of the continued existence of many threats to European decarbonization, which the lower economic activity due to the crisis may have hidden—among them coal generation, energy inefficient economies in Eastern Europe, and a still to be restructured transportation sector.

The integration of renewables is among the cornerstones of EU action in this domain, with the Commission strongly committed to overseeing the creation of new capacity at the national level, as demonstrated by the green light granted to the support scheme for renewable energy adopted by Slovenia and Greece. The release of the Winter Package afforded an opportunity for the Commission to promote renewables schemes that would be more responsive to market prices, and to encourage a



stronger cross-border cooperation mechanism for the design of joint subsidy schemes for renewable energy projects. Through its proposals Brussels hopes to give new impetus also to the penetration of renewables in the heating and transport sectors, although in terms of content the measures envisaged would seem to lack substance.

Nonetheless, reducing transport-related emissions, which amount to one quarter of total CO2 emissions, has been at the centre of EU action in the past months. The Commission not only endorsed—despite the disappointment of the European Parliament’s Environmental Committee—the adoption of the ICAO’s market-based mechanism to address aviation-related emissions, but also proposed new initiatives in the framework of the Winter Package. One is the launch of the Cleaner Transport Facility, which together with the European Investment Bank will support the availability and use of financial instruments to deploy innovative low carbon technologies to accelerate the shift to low-emission mobility. In addition, the Communication “European Strategy on Cooperative Intelligent Transport Systems”, also part of the package, aims to improve the efficiency of road transport, a sector still responsible for the bulk of transport emissions, in terms of greenhouse gases and air pollutants.

But the real novelty introduced by the Winter Package is its strong focus on energy efficiency, confirmed by the Commission’s ambitious proposal to increase Europe’s binding energy efficiency target from 27 to 30% by 2030. The revised Directive proposed by the Commission retains the obligation for energy suppliers to reduce sales by 1.5% a year or to demonstrate their support to customers to enable them to make a corresponding cut in the energy they would otherwise have consumed. Brussels’ “Efficiency First” action also covers the building sector as well as the eco-design and energy labelling domain, with the adoption of a New Eco-Design Working Plan 2016–19 and proposed new measures aimed at providing consumers with information promoting energy efficient appliances. Although this is a most welcomed attention, it does face the criticism of those aiming at a greater efficiency target (the European Parliament, among others), and lacks the solid funding structure that would allow full exploitation of the energy efficiency potential in Europe.

Another important element to be highlighted is the Commission’s attempt to fully Europeanize the energy market, both through the continuous build-up of physical infrastructure and through the creation of mechanisms and tools to ensure stronger and more coherent governance on energy matters. Coinciding with the launch of projects such as the Balticconnector, the Bulgaria–Romania–Hungary–Austria (BRUA) interconnector and the Wierchowice gas storage facility, Brussels’ action clearly attempts to consolidate national approaches to energy in EU-wide and regional cooperation frameworks. The progress reported during the recent meeting of the Central Eastern and South-Eastern European Gas Connectivity (CESEC) High Level Group is certainly encouraging, and could be boosted by implementation of the new measures proposed by the Commission in the Winter Package. The Agency for the Cooperation of Energy Regulators (ACER), confirmed as coordinator of national regulators, is further entrusted with additional powers over national regulators and with new supra-national monitoring responsibilities over the newly proposed regional operating centres, through which European Transmission System Operators (TSOs) are expected to coordinate their cross-border activities. In order to hold all of these tools and mechanisms together for effective use, the Commission proposes new rules to ensure effective governance of the Energy Union, introducing integrated energy and climate plans for each Member State starting from 2018, to be developed in an ‘iterative process’ with the Commission and finalized in 2019.

Increased physical interconnection, stronger cooperative mechanisms and greater regional solidarity are also key enablers for Europe’s energy security, which is still affected by uncertain developments in relations with Russia. In this context, cooperation with Ukraine has been at the centre of the EU’s external energy action, with European institutions strongly committed to encouraging internal energy reforms and promoting a more efficient energy sector in the country. The Memorandum of Understanding on



a “Strategic Energy Partnership”, signed by Vice-President Šefčovič and the Energy Minister of Ukraine Ihor Nasalyk on 24 November, is specifically aimed at avoiding a situation where the internal energy developments in Ukraine become a threat for the EU.

Despite the lack of certain tools and a still imperfect Energy Union governance, only marginally addressed by the 2016 Winter Package, these three months seem to show a clear and perhaps positive path to achieve the fundamentals of a fully functioning common European energy policy: a connected market, global leadership in decarbonization and an energy efficient economy. A coherent response by Member States could supply the missing instruments, as in the case of incentives for energy efficiency or regional interconnections, leading Europe to a solid and common energy sector along the lines established by the Energy Union. Even if 2016 cannot be said to have fully delivered the Energy Union, it has perhaps developed the most mature definition of the initiative—whose fate remains in the hands of the Member States.



Five Guiding Dimensions Details of the evaluation

1. Security of Supply Evaluation: 6/12



Russia is again the focus of the external action of the Energy Union. With the approach and onset of winter, the Commission's priority has been to secure the transit of Russian gas through Ukraine, menaced by unresolved tensions, Ukraine's limited storage capacity and the diminished dependence of Kiev on Russian supplies. Meanwhile, the debate on pipelines continues. The three Nordic Council countries (Sweden, Finland and Denmark) further demonstrated their opposition to Nord Stream 2, while plans for the Turkish Stream pipeline are progressing and the Commission finally approved a set of rules on the Nord Stream 1 upstream pipeline OPAL. Applying EU non-discriminatory access rules to just 50% of the capacity will allow a significantly larger use of the infrastructure, which has been blocked in the past by the Commission's denial of any exception in application of the Third Package.

Relations with neighbours, interconnections and diversification have been pushed forward. If the focus has been again on Ukraine, especially as regards promoting energy efficiency and market reform in the country, at the same time the beginning of the construction of the Trans Adriatic Pipeline (TAP) in Albania, the opening of the Bulgaria–Romania pipeline and the arrival of a floating LNG storage unit in Malta have all contributed to expanding access to multiple energy sources in the areas of the Southern Corridor. Taken together, this series of events could counteract the advancement of TurkStream and the possible involvement of Greece and Macedonia in the project.

RUSSIA AT CENTRE STAGE

- Talks begin over the Turkish Stream pipeline to deliver Russian gas to Turkey, and potentially to the European markets via the Black Sea. On 31 August the energy ministers of Russia and Turkey agree on the resumption of the offshore infrastructure project, which may also ensure access to Russian natural gas to the Eastern and Western Balkans, as well as to Italian customers, bypassing Ukraine. (31 August, [here](#))
- The three Nordic Council countries Sweden, Finland and Denmark express their concern over the Nord Stream 2 pipeline, urging the Commission to examine the project's compliance with the EU third package rules in order to take a common political stance on the project. The pipeline would cross the maritime economic zones of Finland and Sweden, as well as Danish territorial waters, which consequently gives the countries some leverage regarding the pipeline project. (3 November, [here](#) and [here](#))
- The Commission adopts a set of rules regarding access to the OPAL pipeline, linking Nord Stream to the German–Czech border: according to the new regulatory framework, 50% of pipeline capacity will be covered by EU market rules to prevent non-discriminatory access to gas companies. (28 October, [here](#)) After the announcement, the Polish gas company PGNiG requests the Commission to publish its decision on the OPAL pipeline, as the company is preparing to take legal action against it. (11 November, [here](#))
- Commission Vice-President Maroš Šefčovič travels to Moscow to meet with Deputy Prime



Minister Arkady Dvorkovich, Energy Minister Alexander Novak and Gazprom Deputy Chairman Alexander Medvedev. Šefčovič expresses the EU's readiness to discuss the future of supplies for the approaching winter season in a trilateral meeting between the EU, Russia and Ukraine in Brussels. (25 November, [here](#))

STRENGTHENING COOPERATION WITH NEIGHBOURS

- Vice-President Šefčovič discusses energy policy in Ukraine during a visit to Kiev at the beginning of September, urging Ukrainian officials to continue energy reforms, among them the unbundling of the national oil and gas company Naftogaz, setting market prices for gas consumers, and energy efficiency improvements. (2 September, [here](#))
- The EU plans to issue another \$600 million in macro-financial aid if Ukraine creates an "energy efficiency fund" to reduce energy consumption and thus gradually lower the burden of gas imports. The Commission promises to aid the Ukrainian energy sector reforms with the help of the European Investment Bank, the World Bank and the International Monetary Fund, which would assist the country in becoming an energy exporter in the long run. (2 September, [here](#))
- Ukraine's Ministry of Economy takes over control of Naftogaz's gas transport arm Ukrtransgaz, which the company argues could delay a \$500 million loan for gas purchases. (16 September, [here](#)) The decision sparks criticism on the part of EU officials concerned that both Ukrtransgaz and its parent company Naftogaz are effectively controlled by the same ministry, which could potentially use Ukrtransgaz profit to finance its own expenses. (26 September, [here](#))
- Slovak gas pipeline operator Eustream issues a statement offering up to 12,000 MWh/day of extra capacity to sell gas to Ukraine in the fourth quarter of 2016. The offer will be fulfilled on a "first come, first served" basis and is available to interested candidates having access to the transmission system and the financial capacities to book the pipeline. (28 September, [here](#))
- During the Energy Community Ministerial meeting on 14 October in Sarajevo, the national representatives of the organization discuss potential Energy Community Treaty changes, the adoption of priority infrastructure projects, as well as the final steps of the admission of Georgia to the Community. (14 October, [here](#))
- On 24 November Vice-President Maroš Šefčovič and Energy Minister of Ukraine Ihor Nasalyk sign a Memorandum of Understanding on a Strategic Energy Partnership. The move aims to strengthen EU-Ukraine energy cooperation in a number of areas, expanding to the sector of energy efficiency. (24 November, [here](#))
- The European Commissioner for Climate Action and Energy Miguel Arias Cañete participates in the Euro-Mediterranean Ministerial Energy Meeting in Rome, a key forum under the Union for the Mediterranean to foster energy cooperation on both shores of the Mediterranean. A Ministerial Declaration endorsing the work carried out over the year will be adopted, opening the way for concrete projects and initiatives at regional level. At the meeting, co-chaired by the European Commissioner for Climate Action and Energy, Miguel Arias Cañete, and the Jordanian Minister of Energy and Mineral Resources, Ibrahim Saif, the ministers agreed that policy dialogue and concrete initiatives will be carried out under the [three UfM Energy Platforms](#): the UfM Regional Electricity Market Platform (UfM REM Platform), the UfM Renewable Energy and Energy Efficiency Platform (UfM REEE Platform) and the UfM Gas Platform. (1 December, [here](#))



INTERCONNECTIONS FOR MORE SECURE ENERGY

- The end of September marks the start of construction on the TransAdriatic Pipeline (TAP) in Albania. The country's government expects an economic boost from the project aiming to deliver natural gas from the Shah Deniz II field in Azerbaijan to European markets. (30 September, [here](#))
- The Energy Committee of the European Parliament approves a legislative resolution on the "regional solidarity mechanism", calling the EU Member States to rely on one another to address emergency gas shortage situations. The plan establishes seven regions of cooperation and the supply corridors to connect them; the Committee expects the Commission to take the role of advising the Member States and participating in negotiation of their gas contracts. (13 October, [here](#) and 14 October, [here](#))
- The Polish government expresses hopes to foster plans for the 10 bcm/y Northern Gate gas pipeline that would transport gas from Norway across Denmark to Poland by 2022, replacing Russian gas supplies. The Baltic Pipe—a component of the Northern Gate pipeline—is a project of common interest for the EU and in 2015 the Connecting Europe Facility issued a grant to carry out a feasibility study. (19 October, [here](#))
- A Memorandum of Understanding is signed between Greece and Macedonia to build a 160km pipeline to connect FYROM with the TAP and potentially the Turkish Stream. The deal strengthens the ambitions of Greece—expected to connect with Bulgaria through the IGB pipeline—to establish a vertical corridor to transport natural gas onward to the Balkans and thus become an important gas transit country. (21 October, [here](#))
- On 26th October 2016, IGI Poseidon S.A. organized, under the auspices of the Greek Ministry of Environment and Energy, the seminar "Strategic value of the Eastern Mediterranean gas resources and the EastMed pipeline project's contribution", which has been hosted by the European Commission Representation in Athens. The seminar was attended by the General Secretaries for Energy and senior officials of the competent Ministries in Cyprus, Israel, Italy, and Greece, as well as by the Ambassadors of the respective countries to Greece and high representatives of the European Commission. (26 October, [here](#))
- The natural gas pipeline connecting Bulgaria and Romania opens in November, as a result of Bulgaria's attempt to diversify its natural gas supply to reduce dependence on Russia. Plans to build the 25km pipeline have intensified after the suspension of the South Stream project, which would have ensured Russian gas supplies to Bulgaria, bypassing Ukraine. (11 November, [here](#))
- On December 1st at the presence of Miguel Arias Cañete, EU Commissioner for climate action and energy, and of Ron Adam, Policy Adviser of Minister of infrastructures, Carlo Calenda, Minister of Economic Development of Italy, Georgios Stathakis, Minister of Environment and Energy of Greece, Georgios Lakkotrypis, Minister of Energy, Commerce, Industry and Tourism of Cyprus, met in Rome to review the outcomes of the Pre-Feed studies of the EastMed Gas Pipeline. (1 December, [here](#))

IMPLEMENTING THE LNG AND STORAGE STRATEGY

- Members of the Energy Committee of the European Parliament draft a resolution calling for rationalization of the plans for new LNG infrastructure, and for improved regional coordination on the efficient use of existing gas storage. They also express concern about the Nord Stream 2 pipeline, believed to threaten security of supply as well as resource diversification attempts, which are core to building European energy solidarity. (26 September, [here](#))
- The Armada LNG Mediterranea floating storage unit arrives in Malta on 10 October and is expected to supply gas to the island for several years. The ship will store LNG, which will



fuel the 400 MW plants in Delimara, significantly reducing the country's carbon footprint and its reliance on oil and oil products for electricity generation. (11 October, [here](#))

ENHANCING SECURITY IN THE ELECTRICITY SECTOR

- The European Commission, in the framework of the Winter Package of 30 November, releases a proposal for Regulation on Risk-Preparedness in the Electricity Sector, repealing the Directive 2005/89/EC. The proposal aims to upgrade the Member States' ability to manage energy crisis situations taking into account the shifting energy and interconnection landscape of the EU. (30 November, [here](#))



2. Energy Market Evaluation: 3/12



Energy interconnections represent the action core of the Energy Union for the energy market, at both the physical and the regulatory level. Indeed, the Commission has approved or financed a series of measures to foster gas and electricity interconnections, such as the MoU between Poland and the Czech Republic on the Stork II gas interconnection projects, the creation of an expert group on electricity interconnection targets and the funding of the Balticconnector between the Finnish and the Estonian gas markets. Such cooperation focuses again on regional platforms, such as the Central Eastern and South-Eastern European Gas Connectivity (CESEC) High Level Group, whose last meeting witnessed the signing of several agreements. At the regulatory level, the Winter Package promoted further interconnection via an enhanced role of the ACER and by stressing the role of national Distribution System Operators (DSOs), alongside national Transmission System Operators (TSOs), in cross-border cooperation.

On the transformation of the energy sector, it is interesting to highlight the Polish phase-out plan for coal, approved by the Commission and consisting of aid measures amounting to 1.7 billion euros, destined for environmental restoration, decommissioning of mines and sustaining the loss of employment in the sector.

CONNECTING THE INTERNAL MARKET

- The European Commission assigns €9.2 million to develop two gas pipeline projects between Germany and Poland, as well as an underground gas storage facility in Poland. The projects aim to optimize gas flow in the Polish transition system and secure energy supplies during excessive demand in winter. (12 September, [here](#) and [here](#))
- Polish and Czech authorities sign a Memorandum of Understanding to continue the Stork II project, aimed at improving gas interconnection between the two countries. The project is expected to attract funds from the Connecting Europe Facility as a Project of Common Interest aimed at strengthening natural gas markets in Central and Eastern Europe. If implemented, Stork II should come online by 2020. (20 September, [here](#))
- The European Commission launches a new expert group to assist the Commission with technical advice on achieving the electricity interconnection target among the EU Member States. The group consists of energy experts who work for the European energy industry, academic and research organizations, as well as non-governmental or international organizations. (17 October, [here](#))
- €187 million is allocated to the Balticconnector project designed to join the Finnish and the Estonian gas markets and thus end the isolation of Finland by 2020. The Balticconnector, as one of the regional integration projects of the EU energy strategy, is expected to contribute to the energy security of the Eastern European Members of the EU. (21 October, [here](#))
- Five binding offers were received on a long term basis for the successfully ended on 30th November 2016 binding phase of the market test for the Gas Interconnector Greece-Bulgaria. The announced capacity within the second phase of the market test amounts to 2.7 bcm, 1.57 bcm of which are reserved. (2 December, [here](#))



REGIONAL INTEGRATION MOVES FORWARD

- EU authorities, ministers from 15 Member States and representatives of the Energy Community countries meet to discuss the progress of the Central Eastern and South-Eastern European Gas Connectivity (CESEC) High Level Group. Some important deals are signed during the meeting, among them the Connecting Europe Facility Grant allocating €179 million to the Bulgaria–Romania–Hungary–Austria (BRUA) interconnection project; a number of joint agreements for cooperation on the “Vertical Corridor”; as well as the adoption of an Action Plan on regulatory issues. Established in 2015, the Group’s main target is strengthening cross-border gas connections in order to foster a liquid gas market in the region. (8 September, [here](#) and 9 September, [here](#))
- In accordance with the EU gas market liberalization principles, the Lithuanian gas exchange Get Baltic is pursuing plans to expand operations in Latvia and Estonia in order to form a single trade system by 2017 and improve trade of gas among the three Baltic States. Such plans are encumbered by the fact that Latvia has not yet unbundled its gas infrastructure and is only planning to do so next year. (7 October, [here](#))

COMMISSION OVERLOOKS TRANSFORMATION OF THE EU ENERGY SECTOR

- €150 million is budgeted to build a new high-efficiency combined heat and power plant in Vilnius, Lithuania: the plan is approved by the European Commission as conforming to the state aid rules. The power plant will consist of two units, for non-recyclable waste and biomass, generating a combined 88 MW of electrical power as well as 227 MW of thermal power. (19 September, [here](#)) Brussels approves a subsidy scheme to build combined heat and power plants in Poland, a project expected to run until 2018 with an annual budget of €232 million. (28 September, [here](#) and 28 September, [here](#))
- The Commission gives the green light to the Slovenian support scheme for renewable energy and high-efficiency cogeneration. The scheme, which will introduce a two-round tender process to choose the appropriate level of support for the projects as well as a market premium for operators above 500kW, is expected to help bringing the renewable share in the country’s electricity production up to 25%. (10 October, [here](#))
- The EU approves Germany’s Heat and Power Cogeneration Act as well as Portugal’s €60 million scheme for environmentally friendly buses and infrastructure in line with the EU state aid rules. Both schemes include gas as a fuel option, thus sparking controversy over their sustainability. (24 October, [here](#))
- The European Commission decides that a support scheme for renewable energy in Greece is in line with EU state aid rules and would not distort market competition. The scheme will aid the country achieve its target of 18% of energy production from renewable sources by 2020. (16 November, [here](#))

MEMBER STATES MOVING AGAINST COAL?

- The EU approves Poland’s plans to provide €1.7bn to facilitate the closure of its uncompetitive coal mines. Public funds are expected to cover severance payments, compensatory pensions and social security benefits for workers losing their jobs, but also to ensure the decommissioning of mine infrastructure and restoration of the damage caused by past mining activities. (18 November, [here](#)).
- Brussels also decides that Romania’s scheme to provide €99 million to closing its coal mines is in line with the EU state aid rules and would not distort competition, allowing uncompetitive coal mines in the country to be closed by 2018. (24 November, [here](#))



GOVERNING A RENEWED ENERGY MARKET?

- The European Commission releases a number of legislative proposals related to the internal market for electricity in the framework of the Winter Package. The proposals include a new regulation aimed at adapting the European electricity system to sectorial changes brought about by the proliferation of renewable energy sources. (30 November, [here](#), and [here](#))
- The Package also includes a proposal for a Regulation establishing a European Union Agency for the Cooperation of Energy Regulators, aiming to enhance the role of ACER in Energy Union governance. (30 November, [here](#))
- A constitutive part of the Winter Package is the Regulation on the Governance of the Energy Union, whose aim is to improve the effectiveness, coherence and transparency of policy implementation on both the national and the EU level. (30 November, [here](#))

3. Energy Efficiency

Evaluation: 6/12



Energy efficiency has finally obtained the seat it deserves at the Energy Union table, mostly thanks to the set of legislative proposals specifically dedicated to energy efficiency, some of which have been already anticipated in previous months, as in the case of the Ecodesign Directive. Yet, the Winter Package fails to boost the ambition of the energy efficiency target, which is raised but only by 3% (from 27% to 30%), and remains a non-compulsory objective for individual Member States. Please refer to the “energy efficiency” section in the Winter Package special for further detail on this dimension.

EFFICIENCY FIRST: FIRST POSITIVE SIGNALS FROM THE COMMISSION

- The Joint Research Centre (JRC) finds that between 2000 and 2014 the overall final energy consumption of the EU diminished by 6.35%, which translates into 72 mtoe of energy saved. According to the Commission, the EU has already accomplished its energy savings target for 2020, which obliges the Member States to decrease their emissions by 20% between 1990 and 2020. Over the 15 years starting from 2000 the European industry has managed to cut 17.6% of its energy consumption, while at the same time the residential sector reached a reduction of almost 10%. (31 August, [here](#))
- Forty-two CEOs of some of the EU's major construction companies demand that the European Commission adopt an ambitious revision of the Energy Performance and Building Directive. The signatories argue that stepping up the energy efficiency targets in the building industry would stimulate the sector's economic activity and thus create more jobs and growth. The current directive states that all new buildings in the EU must be energy neutral by 2020, however it is estimated that the renovation rate of buildings is only 1% annually. (26 September, [here](#))
- The Winter Package positions the Efficiency First objective at the centre of Energy Union action, introducing a number of measures to upgrade energy efficiency and building energy performance standards, as the EU agrees on a 30% energy efficiency target by 2020. (30 November, [here](#) and [here](#))

A NEW APPROACH TO ECODESIGN AND LABELLING

- In the beginning of November, the European Commission announces its new Ecodesign Working Plan, potentially contributing to the 2030 energy and climate goals. The Commission estimates that the Ecodesign and Energy Labelling Directives could create €490 billion in consumer savings as well as generate €55 billion in income for the industry. The priority of the Juncker Commission is to invest in energy and resource efficiency, which creates jobs and provides economic benefits for consumers as well as the industry, leading the transition to a circular economy. (8 November, [here](#))
- The Commission's Package also introduces the Ecodesign Working Plan 2016–2019, aimed at upgrading energy efficiency labelling. Prepared with regard to the Circular Economy Action Plan, the Ecodesign project sets out to improve the EU's industrial sustainability standards. (30 November, [here](#))



INTERNATIONAL COOPERATION

- The European Bank for Reconstruction and Development (EBRD) has agreed to co-operate with the gas transmission operator of Kazakhstan KazTranGas (KTG) in the field of energy efficiency. The sides sign a Memorandum of Understanding on 26 October to jointly work on ways to reduce energy losses in the gas sector, strengthen energy security and curb greenhouse gas emissions. The KTG CEO Rustam Suleimanov has expressed a hope that the EBRD would assist Kazakhstan in implementing such projects as the gasification of Astana as well as the production of coalbed methane in the Karaganda region. (26 October, [here](#))



4. Decarbonisation

Evaluation: 6/12



One year after Paris, the EU still maintains its climate leadership, having succeeded in ratifying the Agreement before its entry into force thanks to an extraordinary session of the European Parliament. With decreasing emissions already falling below the 2020 target, the European institutions—and the Parliament first among them—are pushing for further commitments. Yet, the discrepancy between the EU promises and the measures taken to achieve them is still significant. While the EU seems on track to meet its targets in 2020, the rebound of emissions in 2015 highlights the risk of a future increase as a consequence of greater post-crisis economic growth. The domestic side is also lagging, as several Member States (the UK and Greece among others) are lobbying against restrictions on coal generation, and discussion on the future of the ETS is still far from over. In this regard, a proposal on more stringent limits on maritime emissions has already been defeated by the International Maritime Organization (IMO).

Nonetheless, the EU's climate diplomacy action has been strong in the past months. Cooperation with China on Emission Trading Systems proceeds, with the EU training more than 1,500 emission trading experts in the country. Out of the 100 billion euros the EU has committed to gather by 2020 for projects in the developing world, 20% will be destined to those related to climate change, a sum which expands the previous 17.6 billion raised by EU institutions and Member States in the past.

PARIS AGREEMENT GOES AHEAD

- The EU ratifies the Paris Agreement during an extraordinary meeting of the Environment Council in Brussels. (30 September, [here](#)) A week later, the European Parliament also approves the Agreement, leaving the Council to formulate the Directive and individual Member State parliaments to vote on legally adopting it. In this context, the EU commits itself to reducing CO2 emissions by at least 40% by 2030. (4 October, [here](#) and [here](#)). In its report "Implementing the Paris Agreement—Progress of the EU towards the at least -40% target", the Commission states it has already reached its 2020 emissions reduction target, highlighting the coherence between the current policy trajectory and the target of -40% by 2030 (November, [here](#)).
- Shortly after ratifying the Paris Agreement, the European Parliament passes a resolution to upgrade the emission reduction pledges in order to ensure the deal's compatibility with the goal to keep the global temperature rise under 2 degrees. The MEPs call upon the EU Commission to revisit and step up the medium- to long-term environment goals, in particular in relation to aviation and shipping, climate migration and climate finance. (6 October, [here](#))
- The Paris Agreement legally enters into force on 4 November, just before the UN climate conference in Morocco on 7–8 November. The rapid ratification of the Paris Agreement is proof of the urgency for the global community to act on climate change. Among the most ambitious and urgent objectives of the deal is providing access to finance for developing



countries through such institutions as the Green Climate Fund. (4 November, [here](#))

RESULTS AND NEXT STEPS IN DECARBONIZATION

- The European Commission adopts a decision for a €222.7 million investment package for sustainability projects. Investment is provisioned in projects to support climate change resilience and adaptation, as well as climate governance and information projects coordinated through the LIFE programme of the EU, which is currently monitoring some 1,100 projects. (3 November, [here](#))
- The EU releases a carbon reduction progress report according to which the Union is on track to reach its carbon emission target by 2020. Emissions were reduced by 4% in 2014, although 2015 witnessed a rebound of 0.7%. In order to achieve the target, the EU is working on legislation to adopt more stringent rules for the EU ETS, to gradually include sectors currently outside the emissions scheme. (8 November, [here](#))
- EU authorities announce plans to scrap fossil fuel subsidies in power generation during a transition period of five years. Some of the targets are considered politically sensitive, as a number of the Member States such as the United Kingdom, the Czech Republic, Greece and Finland lobby against more stringent pollution rules for coal power. (29 November, [here](#))
- In the framework of the Winter Package released on 30 November, the Commission proposes a revision of the renewables energy Directive, expected to better integrate and finance renewable sources in the European electricity sector. (30 November, [here](#) and [here](#))

FOCUS ON TRANSPORT EMISSIONS

- EU Commissioners Miguel Arias Cañete (Climate and Energy) and Violeta Bulc (Transport) release a joint statement in which they urge the international partners of the EU to collectively join the adoption of the ICAO's market-based mechanism to address aviation-related emissions. (16 September, [here](#)) The Environmental Committee of the European Parliament, however, expresses deep disappointment about the aviation emission reduction deal, criticising it for lack of effectiveness. (26 September, [here](#))
- The parliamentary groups of the Socialists and Democrats, the Greens and the Liberals propose to include shipping in the ETS starting from 2021. Financial contributions for the emission allowance collected through an annual membership fee would be directed to a new climate fund, which would buy allowances on behalf of ship owners. Twenty percent of the revenue generated would be reinvested into the shipping industry to make it more efficient through retrofitting and innovative technologies. (5 September, [here](#)) The proposal is put down in late October as the IMO announces a decision to postpone any deal on lowering greenhouse gas emissions from shipping for at least seven years. (28 October, [here](#))
- In the framework of the Winter Package, the Commission releases a Communication on a European Strategy on Cooperative Intelligent Transport Systems, a milestone towards cooperative, connected and automated mobility, aiming to increase the safety and efficiency of road transport as well as to ensure the competitiveness of the EU industry. (30 November, [here](#))



WHAT FUTURE FOR THE ETS?

- The Members of the Environmental Committee of the European Parliament discuss amendments to the resolution on the reform of the EU ETS. MEPs from all major political parties are calling for more significant emission cuts under the System. (26 September, [here](#))
- In a similar manner, the Members of the Industrial Committee of the European Parliament vote on draft legislation concerning ETS reform, proposing draft amendments to further limit the number of pollution permits after 2020 by annulling part of the excess allowance from the Market Stability Reserve, as well as to impose a partial restriction on financial support for coal-fired power plants under Article 10c. (6 October, [here](#), 13 October, [here](#) and [here](#))
- According to predictions of the European Environment Agency, emissions from ETS sectors will fall by 12% between 2015 and 2030, a rate considered too limited to comply with the ambitions of the Paris Agreement. The Agency estimates that between 2005 and 2015 the pollution emissions covered by the ETS fell by 24%. (18 October, [here](#))

STRENGTHENING INTERNATIONAL CLIMATE COOPERATION

- The Eastern Partnership countries and the EU issue a declaration of their commitment to strengthening environmental cooperation. The meeting participants focus on low-carbon economies and energy efficiency measures, and commission the drafting of an action plan to put the declaration into practice. (18 October, [here](#))
- A high-level conference in Beijing celebrates enhanced cooperation between the EU and China on climate issues. An EU-funded project that started in 2014 has already trained more than 1,500 Chinese carbon market specialists for seven pilot emission trading schemes in China. Both parties agree to extend cooperation and the European Commission increases its funding for the Foreign Partnership Instrument to €10 million, starting a new three-year project in 2017. (20 October, [here](#))
- The EU is committed to collecting \$100 billion up to 2020 to finance projects in the developing world. It is estimated that climate-related expenditure during this period will constitute around 20% of the EU budget. In the past, the EU, the EIB and the Member States have collectively generated €17.6 billion to combat climate change in developing countries. (25 October, [here](#))
- The new platform on renewable energy and energy efficiency is launched in Marrakesh during the COP21 meeting. The platform, the third of three cooperative tools created in the framework of the Union for the Mediterranean, encourages new joint initiatives among the EU and its Mediterranean partners to promote the growth of renewables and energy efficiency measures. (14 November, [here](#))
- In November the European Commission approves €32 million in support for Partnership Instrument projects to enhance cooperation with partner countries in areas of priority including climate change and sustainability. (15 November, [here](#))

5. Research

Evaluation: 6/12



Despite being one of the most neglected dimensions, Research has witnessed a few innovations in the past three months. Following the address of President Juncker on the importance of technology and research for the EU's economy, new funding has been made available for energy research, as in the case of the CEF network financing projects linking transport and energy infrastructures, the attribution of circa 320 million euros for ocean energy industry development and, more broadly speaking, the expansion of the Horizon 2020 budget. The most important piece of news is, however, the Communication on Accelerating Clean Energy Innovation. Part of the Winter Package, the Communication underlines the conditions necessary for boosting innovative energy technologies, such as a stable and common regulatory framework and coordination between the European and the national level.

REVIVING R&D IN THE ENERGY SECTOR?

- In his 2016 State of the Union address, European Commission President Jean-Claude Juncker puts focus on the importance of adopting an ambitious climate action programme, as well as fostering smarter energy use in order to modernize the EU's economy, create growth and provide new job opportunities. Better technology use requires investment in research, which is one of the EU's priority fields. (15 September, [here](#))
- The Communication on Accelerating Clean Energy Innovation, presented as a part of the Commission's Winter Package, outlines the importance of a stable regulatory background as a key condition to accelerate the emergence of innovative energy technologies. The Communication sets the basis for further analysis and discussion on how to improve investment in researching renewable energy technologies. (30 November, [here](#))

INVESTING IN ENERGY RESEARCH

- The European Commission launches its new infrastructure programme, aimed at promoting projects that foster synergies between transport and energy infrastructure. Research projects targeting smart, sustainable and inclusive growth will be selected and receive funds under the Connecting Europe Facility framework, which made €40 million available during the first call for proposals. (28 September, [here](#))
- The EU plans to allocate some €320 million for development of the ocean energy industry, which it hopes will account for a tenth of the Union's energy needs by 2050. It is expected that the ocean energy industry worldwide could generate up to €653 billion by that point. (9 November, [here](#))
- The European Union Energy Day, in the run-up to the Marrakesh climate summit, showcases some of the best examples of sustainable energy projects funded by the EU. Among them are projects aiming to reduce water usage in solar power generation, namely the MinWaterCSP and WASCOP projects. (9 November, [here](#)) Other examples include projects that aim to combine solar power and biomass to generate electricity round-the-clock, such as the REELCOOP project (13 November, [here](#)), as well as others to develop solar power storage technologies, like the ORC-PLUS project. (13 November, [here](#))
- The EU budgets more than €2 billion euros to the Horizon 2020 programme for research



in energy storage, electric transport, energy-efficient buildings and renewable energy integration for the period 2018–2020. The new budget demonstrates an increase of 35% over programme funding for 2014–15. (29 November, [here](#))

- The European Commission announces the winners of the 2016 European Business Awards for the Environment. The six winning European companies have been selected following the criteria of successfully combining competitiveness with sustainability. The awards are part of the European Commission Circular Economy Action Plan adopted in December 2015. (27 October, [here](#))

NEW TECHNOLOGY CHALLENGES IN THE ELECTRICITY DOMAIN

- The European Environment Agency shares its concern that more electric cars—which currently constitute only 0.15% of Europe’s total car fleet—could potentially have a negative impact on the climate. The reasoning is based on the assumption that electric transport will significantly increase electricity use and thus will require more power to be generated, a surplus that is likely to be covered by power plants run on fossil fuel. (30 September, [here](#))
- The members of the European Network of Transmission System Operators (ENTSO-E) hold a conference on the future of the grid service operation, agreeing on the ever-increasing role of digitalization in grid operation, as well as the importance of small-scale renewable energy, such as solar panels, which allows the inclusion of smaller energy producers. (29 September, [here](#))



Winter Package Special





Miguel Arias Cañete

Commissioner for Energy and Climate Action

- **How do you judge the year following the COP21? Do you think the result of the US presidential elections will threaten the future of the Paris Agreement? Which are the main criticalities in this respect?**

The Paris Agreement of December 2015 was a historical deal: for the first time 195 countries adopted a universal, legally binding global climate deal. This is why the year following COP 21 has been a year of intense and hard work for the European Union to keep up with this important challenge. The European Commission has shown a strict commitment and has been working intensely to set all the necessary mechanisms for the implementation of what was agreed in Paris. The result of this hard work has been the launching of the “Clean Energy for All Europeans Package” on November the 30th that will transform our energy system dramatically. Now it is time for the European Parliament and the Council to work to find a common ground so that Member States can start implementing these measures as soon as possible.

It is very important to stress that no national elections either within the European Union or outside its borders should threaten the implementation of such an important Agreement. The Paris Agreement goes beyond each country's national self-interest: it is about all countries coming together to find a solution to one of the biggest challenges of human-kind. This is why no national elections should threaten an agreement that is fundamental for climate action and for the future of the coming generations.

- **Do you think the EU needs to modify its tools to achieve the 1.5 degrees target, and to what extent?**

The European Union has worked very hard to achieve ambitious targets to comply with the Paris Agreement. Although the national climate action plans, submitted by the participating countries, will not be sufficient to meet the ambition level required to stay well below 2°C, this Agreement will contribute to making a decisive difference in lowering the risks of dangerous changes in the global environment caused by climate change.

Moreover, it is also important to keep in mind that the Paris Agreement is not a static agreement. In fact, it was agreed on an “ambition cycle”, a set of goals, timeframes, commitments, and stocktakes designed to ensure that Parties regularly strengthen their commitments. For instance, starting from 2023, governments will come together every five years in a ‘global stocktake’, based on latest science and implementation progress to date. The stocktake will set the context for the raising of ambition by all Parties by looking at what has been collectively achieved and what more needs to be done to achieve the below 2°C objective and aiming towards a maximum increase of 1.5°C.

A facilitative dialogue will be held in 2018 to take stock of the collective efforts and to inform the preparation of further contributions.



- **Thanks also to the push provided by the Paris Agreement, the Winter Package probably represents the most extended and ambitious policy framework ever proposed by the EU. Which are the key conditions (political, financial, regulatory, technological) for these measures to be fully implemented to achieve the clean energy transition?**

The “Clean Energy for All Europeans” package will transform our energy system dramatically. This includes an ambitious and binding energy efficiency target of 30% by 2030; a set of measures to not only achieve a renewable energy target of at least 27%, but also to become world leader in this sector and help our industry to remain at the forefront of innovation and technology development. And last but not least, the package will put consumers at the centre of our energy system and thereby turn them into the real drivers of the energy transition.

All of this will require new forms of partnership between the Commission and Member States. The “Clean Energy for All Europeans Package” therefore proposes a number of consistent measures including a robust process for assessing and monitoring the contributions of Member States to our common targets. The Commission has a central role in this and will regularly assess the progress made.

But the regulatory framework is only one part of our comprehensive approach to implementing the Paris Agreement. What we have proposed is also an investment package setting the conditions and strong incentives for investing in the grids, new generation, housing and a modernisation of industry. And it is also an innovation package which will provide a clear market pull for new technologies, and lowering thresholds for full scale uptake of innovative solutions by the market.

- **The Energy Efficiency Directive comes after a long time of low or no action by the Commission in this sense, despite the “Efficiency First” promise: how will this be achieved in the future?**

The European Union has been taking effective action for energy efficiency in the past and will keep doing so in the future. In 2014, we set a 20% energy efficiency target for 2020 and we are very close to reaching it. However, this Commission is aware of the challenges that come along with the transition to a low-carbon energy system. If we want Europe to lead this transformation and to attract investment we have to raise our level of ambition. The Clean Energy for All Europeans is a reflection of that. We stay committed to the ‘Energy Efficiency First’ principle, which is why I am particularly proud of the ambitious 30% binding energy efficiency target now proposed. This will help create about 400,000 new jobs and would save Europeans as much as €70 billion in fossil fuels imports. Stronger action in energy efficiency is therefore not only a contribution to mitigating climate change, but also an engine for growth and jobs.

- **What is the main recipe to make renewable energy competitive, efficient, and integrated into markets and consumer-friendly in the EU? In which sector (electricity, heating, transport) do you see the greatest room to increase and improve the use of RES?**

The European Union has been a frontrunner when it comes to renewables. We have pioneered the technological advances in the sector and we have set an ambitious target of 27% renewable energy by 2030. However, investments in renewables have dropped in the EU by more than half since 2011. Now we only account for 18% of global total investments.

This is a clear signal that our market is not fit for purpose and that support schemes aren’t suffi-



ciently stable. We need greater predictability, creating the incentives for investors and to better integrate renewables in our electricity market. In order to do so, we will help EU Member States to design more cost-effective, market-based and coordinated support schemes; and we will also simplify the administrative procedures for getting projects started.

Crucially, the Clean Energy for All Europeans package includes proposals to increase the share of renewables in all sectors. For the first time, we specifically address heating and cooling by encouraging Member States to achieve an annual increase of 1% of renewable energy, but also by opening up district heating and cooling systems to renewables. On transport, the new measures will boost innovation and will increase the use of advanced biofuels, electric vehicles and renewable synthetic fuels. These are just some examples of the potential that Europe holds for being at the forefront of the transition to a low-carbon economy.

- **The Winter Package addresses the thorny issue of the governance of the Energy Union – a key aspect for ensuring coherent and coordinated energy actions at EU and national level. How do you expect the proposal to concretely improve the behaviour of Member States, allowing the EU to meet the Energy Union objectives?**

An effective governance of the Energy Union can only be ensured through a combination of coherent legislative and non-legislative measures at different levels. Our proposal for a Regulation on the Energy Union Governance sets the legislative foundation for this.

The proposal has two main strands. First, Member States are required to streamline their energy and climate reports. This ensures coherence and simplifies reporting obligations on Member States. As many as 50 existing individual planning, reporting and monitoring obligations that are overlapping and contradictory will be repealed.

Second, we have designed a transparent, predictable governance process to monitor and assess national climate and energy plans. This will be a flexible bottom-up process that relies on a biannual implementation assessment by the Commission. If progress is considered insufficient in order to meet our collective 2030 target, the Commission may take measures at Union and/or national level or request Member States to take measures in order to close any eventual delivery gap.

Therefore, the proposed Regulation provides an unprecedented opportunity to take a decisive step towards a common vision and a coherent approach at EU and national level. This will help us reach our objective of ensuring clean, affordable energy to all consumers.



Clean Energy for All: the 2016 Energy Union Winter Package

More than a thousand pages and dozens of legislative proposals, reports, memos and other documents: the 2016 Winter Package, aiming at “Clean Energy for All Europeans”, is the largest set of measures proposed by the European Commission under the umbrella of the Energy Union, and could be the key to unlocking the future of the initiative itself. Indeed, the package touches dimensions which have been largely neglected in the past, energy efficiency in particular, but also significantly focusing on development of the energy market, notably through discussion of its future structure to integrate renewables.

Yet, the package is wide but cautious, lacking the specificity and political audacity which was in some of the initial Commission proposals and in the debate around the core themes of the package. Indeed, while the target for energy efficiency has increased to 30%, this is significantly lower than the European Parliament goal of 40%. Furthermore, plans to increase charging points for electric cars in new buildings have been significantly watered down.

However, the package aims in the right direction, particularly by promoting an equal focus on the demand and the offer sides of the energy market, addressing long-debated issues such as the role of capacity mechanisms and the integration of renewables, and slightly restructuring the framework of the EU and national institutions, to boost intra-European energy exchange via improved cooperation of regulatory agencies, TSOs and DSOs. Yet, despite these and other measures, empowerment of the governance of the Energy Union remains unclear, its destiny likely to be defined by the process of negotiation among the Commission, the Council and the Parliament which will follow the publication of the package and will result in its final approval probably in 2017 or 2018.

List of documents

- [Complete list of 2016 Winter Package documents](#)
- [Press release: Clean Energy for All Europeans—Unlocking Europe’s growth potential](#)
- [Communication on “Clean Energy for All Europeans”](#)

MARKET DESIGN

The second dimension of the Energy Union, Energy Market, has received the greatest attention from the Package, because of the strong focus on Security of Supply in the 2015 Winter and 2016 Summer Packages. The aim of the legislation proposals, such as the revised electricity Regulation, is to lower the regulatory barriers in energy exchanges and interconnections among Member States, pointing at a fully competitive market-based system. This will then involve change in distribution tariffs, which should reflect the actual cost of use (thus limiting the arbitrariness of regulatory agencies in their definition), the rules on wholesale trading, preventing floors or caps on prices, and the rules on balancing markets. The revised Regulation also promotes an extension of the role of DSOs to manage some of the challenges associated with variable generation more locally, also including the definition of network development plans and the promotion of electric mobility. As a consequence, the Package proposes the creation of an EU DSO entity to facilitate coordination.

Capacity markets are addressed by the Package, which also includes a report on the sector inquiry launched in April 2015. On the one hand, the proposed Regulation aims at limiting the creation of capacity mechanisms via an assessment of proposed mechanisms defined according to European standards, and compulsory consultation with connected Member States, which must also benefit



from the mechanism, all to avoid market distortion and limits to interconnections. On the other, the emission standards allowing plants to engage in capacity mechanisms (less than 550 grams of CO₂ per kilowatt hour) will only come in force five years after the entry into force of the Regulation, dangerously creating a loophole to offer capacity payments to a large share of EU coal plants (95%, according to Greenpeace), likely until 2026.

List of documents

- [Proposal for a revised electricity regulation](#)
- [Sector inquiry on capacity mechanisms: Report](#)
- [Report on energy prices and costs in Europe](#)

RENEWABLES

A long-awaited measure, the revised Directive on renewables has a few surprises and some disappointments. Among the most evident novelties, the Package proposes the abolition of priority dispatch for renewables, which will be granted only to small or test plants for new technologies. This decision falls under the umbrella of the objective of a fully competitive market, as described above, and perhaps builds on a greater technological maturity of solar and wind power. The Directive confirms the 27% EU target and distributes the burden in a range of 10% to 49%, statistically transferable among Member States and whose non-fulfilment will lead to payments into a fund destined to renewable projects. While the Directive proposes a 1% increase per year for renewables in heating and cooling, it mostly focuses on the reduction of delays in the approval of renewable projects (maximum three years for new projects and one year for repowering) as well as increasing financial support and decreasing financial risk.

The Commission's ideas are less clear on the debated matter of biofuels. On the one hand, the limits on biofuels feedstock are now clear: bioenergy cannot be produced by crops in competition with food production. Controls on origin are however loose, and the annual share remains high: 7% of the final consumption of energy for road and rail by 2020, lowered to 3.8% by 2030.

List of documents

- [Proposal for a revised renewable energy Directive](#)
- [Evaluation of the renewable energy Directive](#)
- [Impact assessment of the revised renewable energy Directive: Sustainability of bioenergy](#)

ENERGY EFFICIENCY

Also thanks to the 3% increase in the 2014 target, the sections of the Package dedicated to the third dimension of the Energy Union bring the Union close to its often recalled "Efficiency First" promise. Focusing on buildings, the proposal aims at the most promising sector to boost energy efficiency, while the attention to Ecodesign is in line with the shift towards the demand and consumer side, promoted by the whole Package. This is a set of measures which will be relatively effortless for many Member States, as the 30% target will only require 1.5% annual energy savings to be achieved, with costs that will be equivalent to savings.

Nevertheless, the proposal has a few points that warrant critique. The proposed target falls short of the true potential of European energy efficiency, according to the European Alliance to Save Energy, which stated that the current non-binding 27% target barely corresponds to business as usual. Already in 2014, the European Parliament estimated greater savings for a 40% target (around 239 billion



euros a year). In addition, despite extensive focus on smart metering and billing and consumption information for the consumer, funding is not discussed in the proposed revision of the Energy Efficiency Directive, but only in the legislation proposal for the energy performance of buildings. Yet, even this relies on already existing tools, such as the Investment Plan for Europe, the European Fund for Strategic Investments and the European Structural Investment Fund, without further clarification on which, how and how much funding will be unlocked for energy efficiency.

List of documents

- [Proposal for a revised energy efficiency Directive](#)
- [Proposal for a revised energy performance of buildings Directive](#)
- [Impact assessment of the revised energy performance of buildings Directive](#)

GOVERNANCE

Those who may have expected the Package to establish a long-awaited European energy agency have been disappointed. Although the Proposal for a Revised Regulation on a European Agency for the Cooperation of Energy Regulators (ACER) calls for enhanced powers and a greater coordination role for ACER, it appears that the institutions included will still be confined to the regulatory, rather than extending to the whole European energy sector. At the same time, the Proposal for a Regulation on the Governance of the Energy Union does not contain measures for concentrating European energy policy into a single entity, although it aims in that direction. Indeed, its main focus is on the rationalization of the different policies and powers among different EU and national institutions, to favour coordination and, mostly, to enable the Commission to take action if the EU runs the risk of missing its targets. Coordination will be increased by “integrated national energy and climate plans”, to be delivered to the Commission by 2019, structured on the basis of the Commission guidelines and reformulated every ten years. These will be complemented by biannual and annual progress reporting, which will be the basis for the Commission’s recommendations and other measures on the EU level, to be taken if the national target is likely to be missed by the Member State or implementation of the plan is considered insufficient.

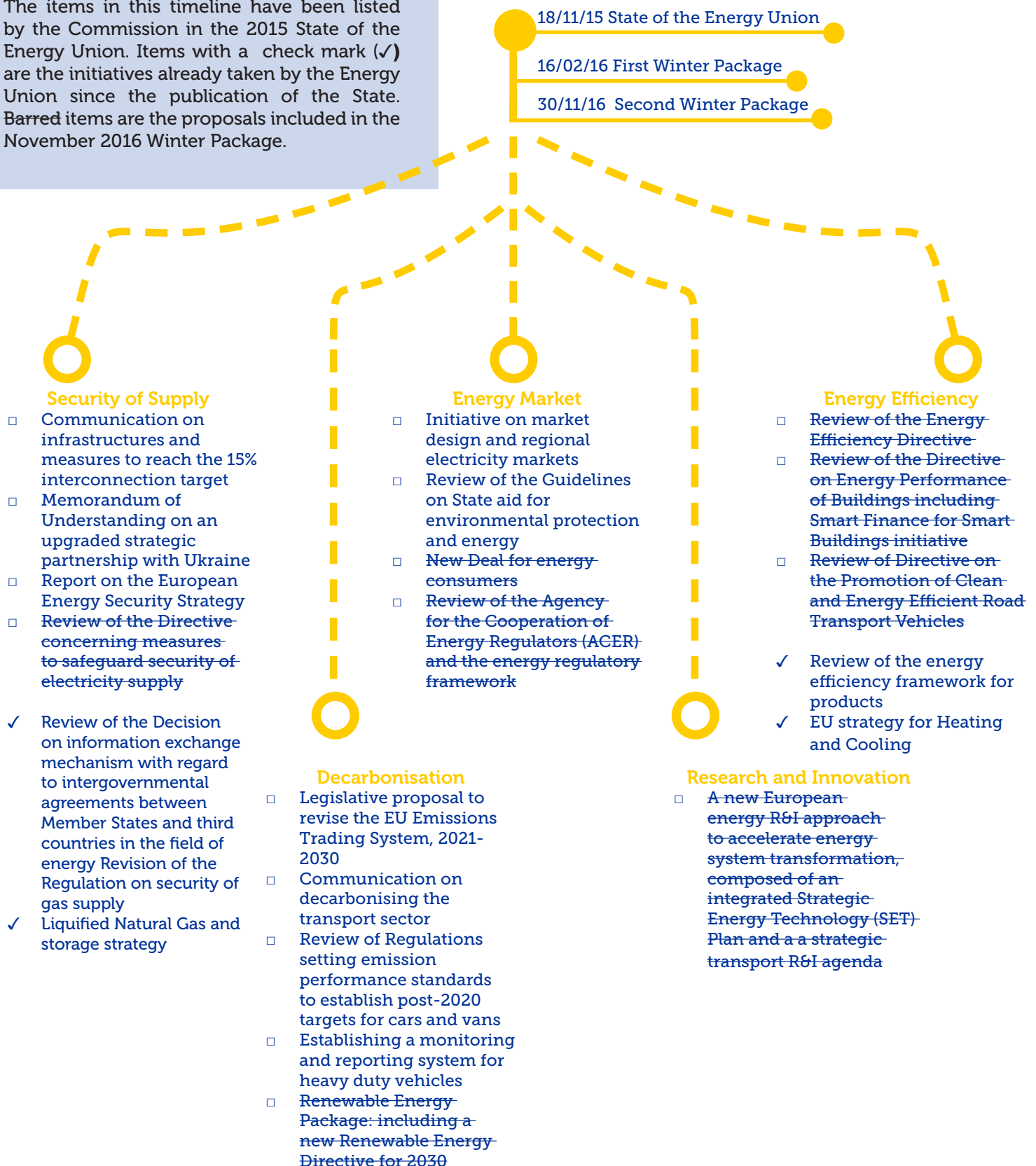
Even if the proposal for governance is likely to have a relatively small effect on energy policy, its great attention to climate policies could make it a useful (and needed) tool for the coordination of national efforts to achieve the EU climate target in relation to its Paris Agreement commitment.

List of documents

- [Proposal for a regulation on the Governance of the Energy Union](#)
- [Proposal for a revised regulation on a European Agency for the Cooperation of Energy Regulators \(ACER\)](#)
- [Impact assessment on the Governance of the Energy Union](#)

Roadmap for the Energy Union

The items in this timeline have been listed by the Commission in the 2015 State of the Energy Union. Items with a check mark (✓) are the initiatives already taken by the Energy Union since the publication of the State. Barred items are the proposals included in the November 2016 Winter Package.





What is the Energy Union Watch?

The Energy Union Watch, a project launched by the Istituto Affari Internazionali (IAI) in cooperation and with the support of Edison, responds to the exigency of following step by step the evolution of one of the most ambitious initiatives launched by the Juncker Commission, the Energy Union, and bringing the discussion closer to public opinion and the key stakeholders.

The project aims to monitor the activities of the key EU institutions—the European Commission, the Council of the EU, the European Parliament and the European Council—on the five Guiding Dimensions envisaged by the Energy Union. The Energy Union Watch also covers and illustrates the debate among the key national and European stakeholders, including industrial players, think tanks, and interest groups, on the evolution of the policies and the measures adopted in the framework of the Energy Union. Finally, in order to sensitise the citizens and contribute to the public debate, it offers an analytical assessment of the milestones and results achieved in the framework of the Energy Union, presenting a set of recommendations for the activities to be proposed and implemented.

The Energy Union Watch is produced on a quarterly basis, collecting official documents, public information and open source data, which are processed and analysed by the IAI team. The content of the Watch will evolve over time, integrated and enriched thanks to a process of interaction with experts and stakeholders belonging to the IAI and Edison networks.

About the IAI

<http://www.iai.it/en/>

 @IAIonline

Founded by Altiero Spinelli in 1965, the Istituto Affari Internazionali does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffariInternazionali), two series of research papers (Quaderni IAI and IAI Research Papers) and other paper series related to IAI research projects.

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Updated 30 November 2016