

ZEP Advisory Council 51

5th July 2017

Agenda Item 5: Overview of European Parliament, Council & other relevant activities

Council Presidency

On 1 July Estonia will assume the Council Presidency.

Energy Council meeting 26 June

This Energy Council meeting focused on reaching a general approach on the Energy Efficiency Directive and revised Energy Performance of Buildings Directive. It was noted that the Estonian presidency will focus on ensuring progress on the remaining files of the Clean Energy package, such as electricity market design, renewables, and governance.

The Council discussed a progress report on the legislative files under the Clean Energy package, in particular electricity market design, energy from renewable sources and governance. Issues raised by member states included:

Electricity

Rules on capacity mechanisms

Providing fair conditions for all technologies

Renewable Energy

New sustainability criteria for forest biomass

Increasing greenhouse gas savings requirements for advanced biofuels and their expected availability

ETS Reform

A trilogue meeting took place on 27 June. MEP Julie Girling (ECR, UK), who took over as Rapporteur on the ETS reform, lead the European Parliament delegation. Key results from the trilogue negotiations at this stage include:

- Agreement to increase the annual rate of the ETS cap from 1.74% to 2.2%.
- Agreement to retain 57% share of allowances for auction.
- Agreement on the need to double the uptake rate of the market stability reserve (MSR).



- Disagreement on whether to cancel 800 million allowances from the MSR in 2021 (Parliament proposal) or delete allowances in the MSR above the equivalent of the previous year's auction volume from 2024 (Council proposal).
- Agreement on the overall structure on setting benchmarks proposed by Council, but disagreement on the figures for the benchmarks, as well as the references to delegated and implementing acts as the method for allocating free allowances.
- Disagreement on the Just Transition Fund (Parliament proposal)
- Disagreement on the Modernisation Fund.

Next steps:

10 July (tbc): Next trialogue meeting expected.

13 July: Informal meeting of Environment Ministers.

Effort Sharing Regulation

On 14 May 2017, the European Parliament voted through its decision on the Effort Sharing Regulation, which sets national targets to reduce greenhouse gas emissions from non-ETS sectors (including energy, transport, industrial processes and product use, agriculture and waste) for the 2021 to 2030 period.

Key amendments include:

- Introduction of a long-term pathway to reducing the greenhouse gas emissions of the Union by 80 to 95% compared to 1990 levels by 2050.
- Changing the baseline year for MS reduction plans to 2018, as opposed to 2020 as proposed by the Commission, to provide a starting point closer to real emission levels.
- Increased flexibility in respect of annual limits, allowing MS to transfer up to 10% of its annual emission allocation for a given year to other Member States for the years 2021 to 2025 (up to 5% for the years 2026 to 2029); and to bank the excess part of its annual emission allocation up to a level of 5% of its annual emission allocation to subsequent years until 2025
- A new flexibility through the Early Action Reserve which will allow countries to carry up to of 90 Mt surplus permits from the current commitment period to the next.
- Margin of manoeuvre for LULUCF activities: Parliament endorsed the Commission proposal for an additional use of up to EUR 280 million net removals from land use, land use change and forestry. The ENVI committee has proposed a lower level of 190 million net removals.

Next steps: July 2017 (tbc): Expected start of interinstitutional negotiations

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Energy Union

Industry Committee Co-Rapporteur Claude Turmes (Greens/EFA, LU) and Environment Committee CO-Rapporteur Michele Rivasi (Greens/EFA, FR) have published their 'Draft report on the Governance of the Energy Union'. The Committees have shared competence for the report.

The report:

- Suggests that Member States should be required to explain the way existing and planned policies will attract private investment alongside public finance
- Proposes that Member States establish a permanent multi-level energy dialogue platform for stakeholders to discuss the national energy and climate plans.
- Calls on the Commission to consider developing an EU Methane Strategy.
- Amends the text to state that the EU needs to achieve a “fully renewables-based energy system” by 2050.
- Recommends a binding renewables target of 2030 of at least 45%.
- Notes that the national plans should set 2030 national binding targets for GHG emission reductions, renewable energy, energy efficiency and electricity interconnections.

Next Steps:

- 11 October: Joint Industry and Environment Committee vote