# EU Policy News Bulletin

## *Energy*

February 2019


**AT A GLANCE:** EUROPEAN PARLIAMENT RELEASES FIRST FORECAST FOR SEAT PROJECTIONS IN NEXT ELECTIONS – THE EUROPEAN PARLIAMENT MOVES FORWARD ON EU LONG-TERM CLIMATE STRATEGY FOR 2050 – EU INSTITUTIONS CLOSE DEALS ON CLEAN MOBILITY – INTERNATIONAL RENEWABLE ENERGY AGENCY RECOGNIZES THE EU FOR LEADERSHIP – WIND SUPPLIED A RECORD 14% OF EUROPE'S ELECTRICITY IN 2018 - COUNCIL OF THE EU ALLOWS EUROPEAN REGIONAL DEVELOPMENT AND COHESION FUNDING TO BE USED FOR FOSSIL FUELS

## Edition Content



## GLOSSARY

**MEP:** Member of the European Parliament, a co-legislator within the EU that is made up of representatives from political parties throughout Member States.

**COUNCIL OF THE EU:** Co-legislator, made up of representatives from Member State Governments. Has a six-month rotating presidency, currently held by Romania until the end of June 2019.

**REGULATION:** EU legislative act that is binding in its entirety and is to be applied in its entirety across the EU by all EU Member States.

**DIRECTIVE:** EU legislative act that sets out a goal that all EU Member States must achieve. However, it is up to the EU Member States to adopt their own laws on how to achieve the EU goals enshrined in the Directive.

**IMPLEMENTING ACTS:** Primary responsibility for implementing EU law lies with EU countries. However, in areas where uniform conditions for implementation are needed (taxation, agriculture, the internal market, health and food safety, etc.), the Commission adopts an implementing act.

**COMMITTEE:** Members of the European Parliament are divided up among 20 specialized standing committees. These committees instruct proposals through the adoption of reports, propose amendments to Plenary and appoint a negotiation team to conduct negotiations with the Council on EU legislation.

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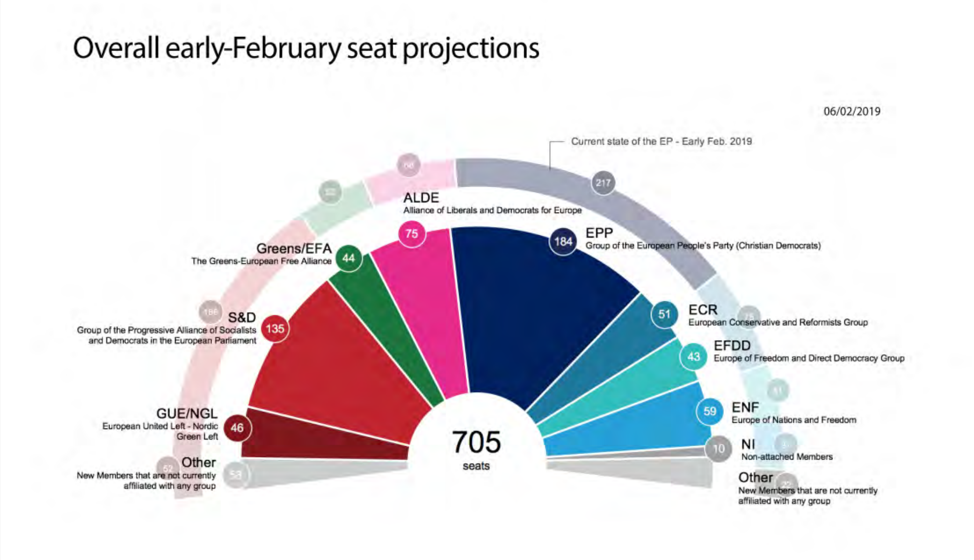
EUROPEAN ELECTIONS

# European Parliament releases first forecast for seat projections in next elections

The European Parliament released its **first seat projections** earlier this month, which revealed some data on the political trends ahead of the elections.

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According to the projection, there will be a rise of the more Eurosceptic political groups, which will presumably secure 4 out of 5 biggest national delegations in the Parliament. The German CDU will be the largest party, in principle, with 29 MEPs (down 5 on 2014) but closely followed by Italian Lega Nord (27), Italian 5 Star Movement (22), Polish Law & Justice (22) and Le Pen's Rassemblement National (21). No Socialist delegation gets close, with the largest national delegation forecast to be the Spanish on 16 closely followed by the Germans (15) and Italians (15) who lose respectively 12 and 16 seats.

Despite this trend, the 3 main pro-integration parties remain on course to form a majority. In the 2014 mandate, the European People's Party (EPP), the Progressive Alliance of Socialists and Democrats (S&D) and the Alliance of Liberals and Democrats for Europe (ALDE) group formed 62% of the Parliament, a figure that is set to fall to 58% if we include the French En Marche (LREM). No other majority to the right or left seems likely and if the pro-European Greens are added to the picture, a comfortable majority should be found to counter extreme-end forces. The dynamic between the big three groups is set to change, with EPP and in particular the S&D registering major losses (3 and 6% respectively) while ALDE/LREM jump from 9 to 13%. This should ensure greater parity between the three groups and gives the latter a strong hand in demanding top EU jobs. The days of the Parliament's presidency being shared between EPP and S&D could be over.

The data also confirms the large turnover of MEPs expected this May 2019, which is likely to be above the traditional 50% . The figure will vary greatly between Member States and between political groups. Germany, for example, which has released most of its lists, shows that the Socialists and CDU have given sitting MEPs the most winnable places. In comparison, the Alternative for Germany (AfD) and Liberals have put forward almost completely new teams. This will have an impact when it comes to the allocation of high-level political positions and new reports, which

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traditionally have gone to the returning and experienced MEPs while newcomers take time to reinforce their position and influence within the Parliament.

Given that the EPP/S&D/ALDE groups are expected to drive the European Parliament's programme, the large number of Italian and French MEPs outside these groups are likely to reduce their national influence. Adding together national MEPs sitting in the EPP, S&D and ALDE, the Germans again come on top (55 MEPs) but followed by the Spanish (43) and French (36) with the Romanians (28) above the Polish and Italians.

**(Source: Interel)**

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EU'S LONG-TERM CLIMATE STRATEGY

# The European Parliament moves forward on EU long-term climate strategy for 2050

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On 20 February 2019, the European Parliament's Environment Committee (ENVI) voted on the amendments for the European Parliament's resolution on the EU long-term climate strategy for 2050. The resolution was adopted with 49 votes in favour, 6 against and 6 abstentions. According to the ENVI Committee, the EU should increase its 2030 target for greenhouse gas emission reduction by 15 points to 55%, in order to meet the goals of the Paris Agreement.

The strategy was originally proposed by the European Commission on 28 November 2018 to set out the benchmarks for achieving a "climate-neutral" society by 2050. This initiative found its origin in a call from the European Parliament and the European Council, to develop an EU-wide "approach" for a climate-neutral future. Although the strategy's format is a Communication, which makes it a non-binding document, its political value is significant as it will influence the upcoming European Commission work programmes and policy priorities for the next years starting in 2020.

MEPs in the ENVI Committee voted on a resolution and called on the Commission to:

- Consider technology development in both supply and demand in the heating and cooling sector, highlighting its increased energy efficiency;
- Underline the importance of smart technologies such as smart charging infrastructure and;
- Highlight the positive role that renewable energy, energy efficiency and grid enchantment will bring to the European economy in terms of jobs and cost reduction.

In terms of next steps, the European Parliament is expected to vote on the resolution in plenary during the week of 11-14 March 2019.

**(Source: Interel)**

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CLEAN MOBILITY

# EU institutions close deals on clean mobility


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In February 2019, EU negotiators reached a provisional deal on two legislative proposals, which were cornerstones of the **Clean Mobility Package** set out by the European Commission in 2017.

Firstly, the EU regulators reached a tentative **deal** on the so-called Clean Vehicles Directive (CVD), which sets new clean vehicle targets through public procurement for public authorities, covering cars, buses and other municipal fleets like garbage trucks. This reform aims at tackling air pollution in cities across Europe. Air pollution reached high peaks across Europe in 2018, which made several cities call for bans on diesel and petrol vehicles.

Secondly, the EU institutions struck a **deal** on the first-of-a-kind Regulation on CO2 emissions standards for heavy-duty vehicles (HDVs), setting out substantial reduction targets for CO2 emissions from HDVs through binding target for 2025 and 2030.

According to the agreed text, manufacturers will have to reduce the CO2 emissions of their HDVs by 15% by 2025, and by 30% by 2030, compared with 2019 levels, subject to a review to set the post-2030 targets by the Commission in 2022. Truck manufacturers which do not comply will have to pay a financial penalty in the form of an excess emissions premium.

In addition to setting binding targets, the provisional text introduced a 2% sales benchmark for zero and low-emission vehicles (ZLEVs)as of 2025 to incentivise manufacturers to invest in alternatives. . While this ZLEV scheme is voluntary, manufacturers that exceed 2% of sales of ZLEVs will be rewarded with a less stringent CO2 target.

In terms of next steps, both agreements will be formally approved first by the European Parliament's Environment Committee at the end of February 2019 and then by the European Parliament in plenary and the Council, most probably before the EU elections in May 2019..

**(Source: Politico Pro + Interel)**

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RENEWABLE ENERGY

# International Renewable Energy Agency recognizes the EU for leadership

The International Renewable Energy Agency (IRENA) has signaled the EU as a role model for renewable energy in a **report** looking at ways to integrate wind and solar into power systems.

The report emphasises that it is "crucial" to learn from countries at the forefront of integrating variable renewables. With wind and solar accounting for close to 15% of electricity generation, the EU's grid accommodates the world's highest levels of variable renewable power. The report lists 30 innovations grouped into four categories: enabling technologies (e.g. batteries), business models (e.g. aggregators), market design (e.g. time-of-use tariffs) and system operation (e.g.

©<No intersecting link>

the role of distribution system operators). It includes more than 200 real-world examples of projects trialing and implementing these innovations.

The agency explores synergies between these innovations to come up with a list of 11 "solutions" to increase power system flexibility and, by extension, enable greater take-up of variable renewables. The solutions span supply-side, grid, demand-side and system flexibility. The goal is also to reduce the costs of system operation, which the report notes accounts for half of the cost of electricity in the EU.

An impact assessment of the solutions suggests that demand side and market design innovations are a good place to start, thanks to their lower costs and moderate to high impact. Grids, storage and power-to-X solutions are better suited to more advanced systems, since they come at higher cost but also offer greater flexibility. According to IRENA's report, two solutions are no-regret options for all power systems: advanced forecasting to reduce wind and solar generation uncertainty and demand-side management.

IRENA believes that the Paris Climate Agreement requires 85% renewables in the global power system by 2050, with variable renewables covering 60% of overall electricity generation.

**(Source: ENDS Europe)**

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RENEWABLE ENERGY

# Wind supplied a record 14% of Europe's electricity in 2018


WindEurope, the trade association promoting the use of wind power in Europe, released a **report** in February 2019, which provided an overview of electricity generation by wind power in 2018.

According to the report, wind power accounted for a record 362 terawatt hours of electricity generation in 2018, marking a year-on-year increase of two percentage points. While wind provided roughly one in seven of every kilowatt hour consumed across Europe, there was wide regional variation. Denmark covered 41% of its electricity needs with wind power, while in Germany, which has the most installed capacity, it covered 21% of needs. The UK saw the largest increase, with the share of renewable wind power rising from 13.5% to meeting 18% of national demand.

Giles Dickson, CEO of WindEurope, explained that 2018 was the worst year for new wind energy installations since 2011. More concretely, growth in onshore wind fell by over half in Germany and collapsed in the UK. There were, however, signs of future investment, thanks in part to an increase in planned deployment of offshore wind turbines, but the outlook remained uncertain, Mr. Dickson said in a press interview.

The wind power industry, like solar and other green power sectors, is expected to gain market presence thanks to the forthcoming national energy and climate plans that EU governments are required to finalise by the end of 2019, setting out how they intend to meet 2030 targets, which include one of 32% renewable energy consumption.

**(Source: ENDS Europe)**

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FOSSIL FUELS

# Council of the EU allows European regional development and cohesion funding to be used for fossil fuels

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The Council of the EU wants to allow EU cohesion funding to be used for gas-based heating systems and investment in the transportation of natural gas, according to a **negotiating document** concerning the European Regional Development Fund (ERDF) and Cohesion Fund regulation for the next period 2021-2027. This text was approved by EU ambassadors on 15 February 2019 as the Council's "partial mandate for negotiations" with the European Parliament.

The proposal is more permissive when it comes to the use of funding for fossil fuels than a **report** on the same regulation adopted by the European Parliament›s Regional Development Committee earlier in February 2019.

According to the Council's position, the ERDF and Cohesion Fund shall not support investment related to fossil fuels, except for "the replacement of coal-based heating systems by gas-based heating systems for climate mitigation purposes" and "investment in the distribution and transport of natural gas substituting coal."

Investment in these two exemptions, however, "shall not exceed an overall amount of 1 percent of the total programme's allocation from the ERDF and Cohesion fund under the investment for jobs and growth goal for the Member State concerned." Another exception proposed to the fossil fuel funding ban is "investment related to clean vehicles."

The European Parliament is expected to vote on the file in plenary in March 2019 to enter into inter-institutional negotiations with the Council and the European Commission.

**(Source: Politico Pro)**

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