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## EUROPEAN PARLIAMENT

## Tajani elected as president of the European Parliament



On Tuesday 17 January, Antonio Tajani was finally elected President of the European Parliament after four rounds of voting, comfortably beating the Socialist candidate Gianni Pittella by 351 votes to 202. Tajani will be a very different President to Martin Schulz as he has a much less combative style and will find it harder to have the Parliament’s voice heard in the European Council. He should however maintain good relations with Juncker and the Commission.

Tajani’s main problem will be that he starts with much of the left-wing parties against him. He is labelled as Berlusconi’s man in Brussels, and his views on LGBT rights and the role of women are constantly used against him. He has still not thrown off suspicion that he knew far more than he’s letting on in the Dieselgate scandal. And yet he is a survivor and a political animal who has confounded critics before and made it to the top. His name may not be recognised by Donald Trump but he’s well known in Brussels circles and unlikely to rock the boat too much or try and be too innovative a president. His campaign pledges were fairly modest – a smaller cabinet with gender parity and a member designated to peripheral regions and linguistic minorities.

Ironically, his style of presidency may suit some of his loudest critics. Philippe Lamberts, co-president of the Greens, argued that Martin Schulz had in fact weakened the Parliament by submitting it to the will of the Commission and European Council. He claimed that under Schulz it had taken less risks on legislation and the budget. These allegations echo the words of Pittella who is looking for clear blue water between the S&D and EPP and the bad blood between the two groups could herald a new era of uncertainty in the Parliament.

## ENERGY

## UK seeks clean energy collaboration as hard Brexit looms

UK Prime Minister Theresa May said that clean energy collaboration will be one of the UK’s key priorities in negotiating a ‘hard’ Brexit, but wider environmental protection will not.

She confirmed widespread speculation that the UK would seek to pull out of the EU single market for goods, capital, services and people, seeking “access” to the single market instead.



May reiterated that the UK would convert the body of EU law to domestic law through the forthcoming Great Repeal Bill and that it will be for the British parliament to decide on any changes to that law after “full scrutiny and proper parliamentary debate”. And she promised that any final Brexit deal would be put to a vote in both Houses of Parliament before it is agreed. Energy trade associations, such as RenewableUK, welcomed the focus on clean energy noting that, the UK should attract investment and export renewable energy products. Nevertheless industry needs clarity on the long-term vision and government ambition in areas such as energy storage, electric vehicles and bioenergy.

## EU power emissions down as coal declines

A “huge move” from coal to gas-powered electricity last year was the main driver of a 4.5% drop in emissions from the EU power sector, a new analysis suggested on Wednesday.

A **report** from think tank Agora Energiewende and NGO Sandbag found that the share of gas in the EU’s power generation mix increased while coal’s share declined from 24.6% to 21.6%. Poland still has some work to do in this respect, as the International Energy Agency (IEA) found: “Although important improvements have been made to modernise the Polish energy infrastructure, significant investments are still needed to ensure a sustainable supply of energy, reduce the share of carbon-intensive plants and increase the exploitation of renewable energy sources.” You can read the entire report **here**.

Emissions reductions will also demand a rise in clean power production. Between 2015 and 2016 the renewable share of EU electricity generation rose only from 29.2% to 29.6%, hindered by unfavourable weather conditions and weaker solar and biomass deployment. However, sinking prices for solar and offshore wind could both fuel “robust” growth in the future.

## Innovation and research roadmap for energy transition published



The European Technology and Innovation Platform for Smart Networks for Energy Transition (ETIP SNET) listed the priorities for 2017-2026 in its updated roadmap. The priorities defined in the Roadmap are organised in clusters and functional objectives. The clusters give an indication of the prioritised topics: modernisation of the network; integration of smart customers and buildings; security

and system stability; power system flexibility from generation, storage, demand and network; integration of decentralized resources of these kinds; economic efficiency and digitalization of the power system; network operations; and planning and asset management.

The full implementation of all R&I activities is estimated at 2.5 billion euros needed to finance innovation over the next decade both for transmission and distribution systems, and to be co-financed from the public and private sector. The roadmap can be read **here**.

ENERGY EFFICIENCY

## JRC report: Assessment of the first National Energy Efficiency Action Plans under the Energy Efficiency Directive

Whilst the proposed Directive on Energy Efficiency came out in November 2016 and is being negotiated by Parliament and Council, the current Energy Efficiency Directive still applies since 2012. It establishes indicative targets for 2020 and a set of binding measures in various sectors of the economy at national level. In compliance with the Directive’s provisions, Member States are required to present the progress and efforts made in the so-called National Energy Efficiency Action Plans (NEEAPs) every three years, starting from 2014. The Joint Research



Centre has undertaken the task of evaluating the first National Energy Efficiency Action Plans of the EED (NEEAP 2014) and the results of this work are presented in a **report**. It provides an overview of the national energy efficiency targets, outlines planned or implemented end-use and supply level measures and evaluates the energy savings resulting from the implementation of these measures. All Member States have now set indicative energy efficiency targets for the year 2020 in order to fulfil the provisions of Article 3 of the EED. While the latest available primary energy consumption data show that Member States are likely to overall reach the 2020 target at the EU – in part due to the impact of the economic crisis as well as energy efficiency improvements – the combined primary consumption at the EU level based on the reported national values in NEEAPs is less ambitious than the EU target. In particular, the primary energy consumption sums to 1542 Mtoe, instead of the EU target of 1483 Mtoe.

## Energy efficiency more cost-effective than estimated in the updated EC impact assessment

In an **updated** study with and for The Coalition for Energy Savings, Ecofys has investigated the European Commission’s **revised impact assessment** of November 2016 regarding different 2030 target levels in the Energy Efficiency Directive.

Renewing a **previous study** with the new data and findings, the team found that despite notable improvements in the Commission’s updated impact assessment, the applied methodology underestimates the cost-effectiveness of energy efficiency. While improvements include the presentation of multiple benefits, like security, employment and health, the assessment still sticks to a mere private perspective in analysing the cost.

According to the alliance, through a private and short-term perspective the assessment does not sufficiently take into account the role of public policy making in removing and reducing market barriers and changing energy market designs. Using an alternative method based on a societal cost-benefit analysis, the research shows that an energy efficiency target level of up to 40% could be cost-effective.



## Energy Performance of Buildings Directive: rapporteur known

The work on the Energy Performance of Buildings Directive in the European Parliament will be led by Bendt Bendtsen, a Danish centre-right MEP, who has been working on the Renewable Energy file in the past, and taken a strong stance in favour of renewable energy as a means to empower consumers. He mentioned: “I have myself invested in a house that uses both geothermal and solar power as well as heat pump technologies. I know first-hand the benefits it can bring to the individual consumer.” Bendt Bendtsen will draft a report on the Commission’s proposal and will enter into negotiations with the so-called “shadow-rapporteurs”: Members of Parliament of the same Industry committee, but from different political groups. The draft report will then be put to vote in the Industry committee. At a later stage, Bendtsen will also represent the Parliament’s position in the

so-called “trilogues”, informal discussions between Council, Parliament and Commission in order to reach a compromise on a common text between the three institutions.

## ELECTRICITY

## **EU electricity market design proposals under the spotlight at Abu Dhabi workshop**

On 17 January the European Commission organised a **workshop** on ‘European Union Energy Day: Transitioning the Electricity Sector’ at the **World Future Energy Summit** in Abu Dhabi (United Arab Emirates). It was part of a series of **EU Energy Days** that was initiated at COP22 in Marrakesh, and will be the Commission’s first opportunity to share and discuss its recently launched proposals for a **new Electricity Market Design** and for a **revised Renewable Energy Directive** in an international context.

Here you can find the presentation of “**Friends of the Supergrid**” and presentation of the **International Energy Agency**.



## RENEWABLES

## **Lower investment costs cannot deliver renewables alone**

In a study published by Ecofys, “**Mapping the cost of capital for wind and solar energy**”, researchers found that although it has become cheaper to invest in solar and wind power in Southeast Europe over the last two years, this has not automatically translated into greater deployment.



Lower capital costs “are necessary to bring down the deployment costs... however they are not sufficient for allowing business cases as such”, the researchers said. Countries will only benefit from the conditions “if adequate policies are in place”.

This new study makes clear that cheaper renewables investments are not a substitute for a supportive policy framework. Policy support proposed by the European Commission in its new Renewable Energy Directive could help ‘derisk’ renewables for investors, but they will not make up for national renewables support schemes and other enabling policies.

The researchers found that renewables investments still tend to be more expensive than other investments, for example in infrastructure, with a below-average drop in costs of capital over the last two years. Moreover, the cost of investing in wind and solar in Southeast Europe is “well above” that in the EU’s best performing member states, such as Germany.

In addition, they found that even though the costs of capital had come down, this often did not translate into new projects on the ground. There were no new onshore wind projects in the Slovak Republic, Hungary and Bulgaria for example, which the researchers attribute to the “lack of an effective support scheme”.

“Derisking can be a catalyst,” summed up project coordinator David de Jager from Ecofys. “[But] if you do not take deployment [policies] seriously, derisking will not do the job.”

## ETS

## **February Council deal on ETS ‘unlikely’**

At the December Environment Council, several Member States, including France and Germany, pushed for a Council position to be agreed at the next meeting of the environment ministers, scheduled for February.

But following the discussions, experts noted that the weight of the issues still to be agreed makes an agreement in February challenging. The issues



at stake range from the auctioning share of allowances to benchmarks for free allocation to industries at risk of carbon leakage. The arrangements to compensate industry for the indirect costs of carbon trading also remain controversial, while some countries have concerns about the new modernisation fund. France and Italy have been vocal supporters of an EU fund for indirect cost compensation. But others, including the UK and Germany, believe that the current arrangement allowing each member state to give aid to their industry is sufficient, ENDS understands.

At Parliament level, the Environment committee voted on the report drafted by Duncan MEP and the full European Parliament is expected to adopt its negotiating position on the file on 15 February. Talks between the institutions will start once the Council has finalised its position.