EU Policy News Bulletin
Energy

November 2017

AT A GLANCE: THIRD REPORT ON STATE OF THE ENERGY UNION OUT – EUROPEAN COMMISSION PROPOSES EV-TARGETS – SMART READINESS INDICATOR STUDY PUBLISHED

EDITION CONTENT

BREXIT

Barnier calls for a EU-UK partnership based on fair rules

In a **speech** to the Centre for European Reform, Michel Barnier, who is leading the Brexit negotiations on behalf of the European Commission, defended the single market as a package of 4 indivisible freedoms and the UK's choice to leave the single market meant it would lose the benefits of membership.

In the same speech, Michel Barnier **warned** that a future trade deal will depend on a level playing field between the UK and EU. He acknowledged that this will not be easy as for the first time ever the challenge will be to limit divergence of rules rather than maximise convergence. He stressed "there will be no ambitious partnership without common ground in fair competition, state aid, tax dumping, food safety, social and environmental standards".

EU leaders will meet on 14-15 December to decide if "significant progress" has been made on the three divorce issues to allow talks to move onto the future trade arrangement and a transitional period for the two or more years after the UK leaves on 29 March 2019. Theresa May will meet Jean-Claude Juncker for a dinner on 4 December. December 4 is also the deadline set by Donald Tusk for the UK to make an improved offer to allow time for the European Council conclusions to be drafted.

The European Parliament will debate the state of play of the talks on 13 December and adopt a non-binding resolution giving their opinion on whether sufficient progress has been made. The European Parliament coordinator, Guy Verhofstadt, has warned that the Parliament still has concerns over citizens' rights. European People's Party leader, Manfred Weber (EPP-DE), who has often been the most ardent critic of the UK's position, softened his stance after a meeting with Theresa May on 15 November and he was more optimistic a deal could be reached in December.

SOURCE: INTEREL

RENEWABLES

European Parliament Industry Committee votes on Renewable Energy Directive recast

By voting on the Renewable Energy Directive at the end of the month, the European Parliament's industry and energy committee agreed that 35% of energy consumed in the EU should come from renewable sources by 2030.

The author of the report, the Spanish social democrat José Blanco López, immediately called on all political groups to back the report in a full plenary vote early 2018, warning of an "arduous road ahead" in talks with the EU Council. "The alarm bells are ringing," he said.

According to recently released documents, the Council is still considering backing a 27% target proposed by the European Commission a year ago as it finalises its own position on post-2020 reforms to the legislation ahead of a vote slated for 18 December.

SOURCE: ENDS EUROPE

ELECTRICITY MARKET DESIGN

Energy intensive industries criticise support for power

Energy intensive industries urged EU lawmakers to minimise subsidies to both conventional and renewable forms of power generation. In a **joint statement** they also argue that efforts to boost energy efficiency should focus on buildings rather than industry, in a joint statement issued ahead of key votes and negotiations in Brussels.

Capacity mechanisms, where conventional power plants receive state support to remain on standby to cover periods of high demand from users and low output from renewable sources, should be implemented only for a limited time if at all, the statement reads.

The European Commission strongly opposes such schemes. In **proposals** to reform electricity market rules, it has called for an emissions performance standard that would disqualify coal plants from such schemes.

The European Parliament's industry and energy committee is due to vote on adopting a **draft position** on the proposal on 11 December.

SOURCE: ENDS EUROPE

EC reveals Third Report on the State of the Energy Union and priority projects for energy integration

This month the European Commission announced a list of "projects of common interest" (PCI), eligible for EU funding and support. The list contains projects including 110 electricity and smart grid, 53 gas and oil, mostly cross-border projects designed to improve the integrated internal energy market.

The PCIs were announced as part of the **Third Report on the State of the Energy Union**. According to the report, the EU was on track to implement the project and deliver jobs, growth and investment. Enabling actions, it said, were being put in place to support the clean energy transition.

The shift to electricity is intended to help integration and transmission of renewable energy as well as increased grid resilience and security.

Commissioner for climate and energy Miguel Arias Cañete said the list showed the Commission was orienting infrastructure policy more "towards the needs of the clean energy transition".

Earlier this month he said there would be a "big shift" to electricity but some gas projects were still "essential to a diversified gas market".

Environmental campaigners disputed the Commission's claim to have shifted away from gas. In a joint statement, **seven NGOs** said officials had "clustered" multiple gas projects together, and that the list in fact included around 90 gas projects, more than in 2015.

The European Parliament has two months to object to the list, and the next one will be published in 2019.

ELECTRIFICATION OF TRANSPORT

European Commission proposes targets for EVs by 2025-30

The European Commission proposed more stringent CO_2 standards for cars and vans earlier this month, obliging car manufacturers to reach a -15% by 2025 and a -30% by 2030 in CO_2 emissions. The Commission also wants to trigger the European car industry to produce more EVs, and foresees an incentive scheme in its proposal: rather than a production quota to boost the production of electric and other clean vehicles, carmakers who exceed aspirational targets for the ratio of EVs in annual production will be granted partial exemptions to the emissions standards to their conventional vehicles. Carmakers achieving a share of EVs which is higher than the proposed benchmark level of 15% in 2025 and 30% in 2030, will be rewarded in the form of a less strict CO_2 target. No penalties are foreseen for not reaching the EV target.

SOURCE: DODS + INTEREL

SMART BUILDINGS

European Commission looks into smart readiness indicator

Last month MEPs voted on the Energy Performance of Buildings Directive (EPBD), and approved an article to delegate power to the Commission to draft a "framework methodology" on smartness indicators. The Commission will, through delegated acts, determine the smartness indicator value, rating the ability of a building or building unit to adapt its operation to the needs of the occupant and the grid and to improve its energy efficiency and overall performance.

The Commission asked **VITO**, the Flemish Institute for Technological Research, to perform a first study on what technologies could enter into the scope for the methodology in defining a smart-ready building. The report lists technologies such as bus systems, communication protocols or building automation systems. Regarding the term smart, the report considers certain capabilities as smart – focusing on optimization, interaction with occupants and being interoperable and adaptive. The term "ready" indicates that the option to take action exists in the building, but is not necessarily realized.

Please find the report attached to the email accompanying this bulletin.

SOURCE: INTEREL