

AT A GLANCE: NO DEAL BREXIT IS A 'LOSE-LOSE' FOR EU ENERGY SECTOR – EUROPEAN PARLIAMENT'S ENVIRONMENT COMMITTEE GIVES GREEN LIGHT TO AMBITIOUS CO2 EMISSIONS TARGETS FOR TRUCKS – EUROPEAN PARLIAMENT'S ENVIRONMENT COMMITTEE BACKS 55% 2030 CLIMATE TARGET – SLOW PROGRESS ON THE REFORM OF THE EU RULES ON THE INTERNAL ELECTRICITY MARKET – EUROPEAN COMMISSION DRAFTS STRATEGY FOR DECARBONISATION IN 2050

Edition Content

BREXIT

No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks **P.3**

CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

TABLE OF CONTENTS

BREXIT: No deal Brexit is a 'lose-lose' for EU energy sector

CO2 EMISSIONS FROM TRANSPORT: European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks

CLIMATE TARGETS: European Parliament's Environment Committee backs 55% 2030 climate target

ELECTRICITY MARKET DESIGN: Slow progress on the reform of the EU rules on the internal electricity market

GHG EMISSIONS REDUCTION: European Commission drafts strategy for decarbonisation in 2050

GLOSSARY

Trilogues: Informal negotiations between the European Parliament, Commission and Council of the EU to reach an agreement on a specific legislative proposal. Agreement then needs to be formally adopted by the Parliament and Council.

MEP: Member of the European Parliament

Council of the EU: Co-legislator, made up of representatives from Member State Governments. Has a six-month rotating presidency, currently held by Austria until the end of the year 2018.

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.

Edition Content

BREXIT

No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks **P.3**

CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

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BREXIT

No deal Brexit 'lose-lose' for EU energy sector



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Industry leaders from Europe's energy sector warned policymakers that a "no deal" stemming from the Brexit negotiations would have a detrimental impact to the energy sector.

Eurelectric, which represents Europe's electricity sector, wrote an open letter ahead of a crucial EU summit last month urging negotiators to consider the impact on security of supply, energy bills and climate action that failure to reach a deal would bring.

UK government guidance highlighted that a collapse in Brexit negotiations would jeopardize the single electricity market on the island of Ireland. "In our view it would be hugely detrimental, from a cost and security perspective, to not preserve its function," Eurelectric secretary general Kristian Ruby said.

No deal would also create a "lose-lose situation" for the EU's internal energy market and undermine its emissions trading scheme (ETS) after a recent surge in the carbon price. "The overall balance of the EU-ETS could be severely disrupted by the withdrawal of UK, because the UK is currently the net supplier of allowances", Ruby wrote.

The letter adds: "We believe it will be of mutual benefit for a deal to be reached on the withdrawal agreement and it is vital that any political declaration includes energy and climate change as priority areas which are clearly addressed."

With no agreement reached at the European Council summit in October 2018, the upcoming summit on the 13th and 14th of December 2018 is one of the last opportunities to reach a Brexit agreement and allow time for ratification in the UK and European Parliaments.

(Sources: Politico Pro + Interel)

Edition Content

BREXIT

No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks **P.3**

CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

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CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks

The European Parliament's Environment Committee (ENVI) adopted a legislative report last month to reduce CO2 emissions from trucks. The report envisages a 35% carbon dioxide emissions reduction target for heavy duty vehicles up to 2030, more than the European Commission's initial 30% proposal. This proposal is the first attempt to set CO2 emissions reduction targets for the heavy vehicle sector in Europe.



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The report also includes a 20% target for 2025, as well as benchmarks under which truck-makers need to make zero and low emission vehicles (ZLEVs) account for 5% of their fleet in 2025 and 20% by 2030. The latter will be revised by 2022. Members of Parliament set mandatory targets to provide sufficient planning and certainty for investors across the wider value chain. If truck-makers do not comply with these ZLEV targets, they will face higher emission reduction targets.

Moreover, the text includes an on-road emissions testing system which is intended to deliver transparency and ensure greater competition among manufacturers. The report also proposes binding minimum share of zero-emission urban buses of 50% per fleet by 2025 and 75% by 2030.

Similarly, as what happened with the outcome of vote on CO2 emissions for cars and vans, both truck-makers' associations and center-right MEPs have openly criticized the result of the vote, considering that such ambitious targets are unrealistic and will put competition and jobs at risk.

The Parliament's plenary is due to vote on the report the second week of November 2018. If approved, EU institutions are expected to engage in negotiations to hammer out a final compromise, which would ideally be issued before the European elections in May 2019.

(Source: Politico Pro + Interel)

Edition Content

BREXIT

No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks **P.3**

CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

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CLIMATE TARGETS

European Parliament backs 55% 2030 climate target



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MEPs agreed last month that the EU's 2030 emissions reduction target should be increased from 40% to 55%, and shared criticism addressed to the EU environment ministers for failing to commit to tougher climate action.

In the Parliament's plenary, MEPs agreed by 29 votes to 19 on a motion for a resolution calling for the EU to increase its nationally determined contribution (NDC) towards the Paris goals. The resolution on the December 2018 COP24 meeting in Katowice noted that current commitments "would limit global warming only to a temperature rise of about 3.2°C and would not even come close to 2°C". It called on all parties to update their NDCs by 2020 to close the gap on the Paris objectives.

The author of the resolution, MEP Jo Leinen (S&D, DE), said the plenary had made a "courageous plea" to the Council of the EU and Commission. "A reduction of 55% will bring us on track with the Paris Agreement and in line with the objective to limit global warming to well below 2°C," Leinen said.

The vote, said Leinen, was the right response to the **IPCC report** earlier in October, which heightened a sense of urgency for climate action. "The EU must take responsibility and take a united and ambitious stance at COP24 in Katowice," he said.

Ministers at the Environment Council on 9 October said current NDCs "fall far short of what is required" and recently adopted climate and energy legislation would "have an impact" on the bloc's target. They said the Council of the EU was ready to "communicate or update its NDC by 2020" taking into account the efforts of all parties to meet the Paris objectives.

Fifteen governments called for a higher EU target, including those from France, Germany, Italy, the Netherlands, Spain, Sweden and the UK.

(Source: **ENDS Europe**)

Edition Content

BREXIT

No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

European Parliament's Environment Committee gives green light to ambitious CO2 emissions targets for trucks **P.3**

CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

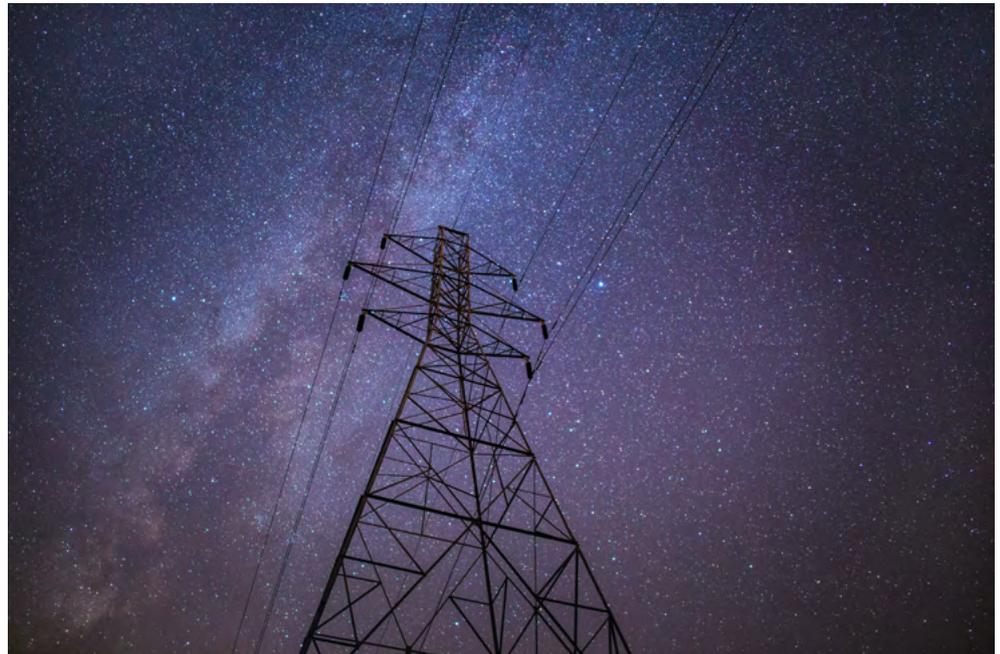
GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

If you have any suggestions for content, or would like to know more about IEEE's European Public Policy activities, please contact eppc@ieee.org. Thank you

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market



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The Electricity Market Design Directive is currently under review in "trilogue negotiations", which involve the European Commission, the Parliament and the Council of the EU. This is the final stage of the legislative process, before it is officially rubber-stamped by the Parliament and the Council of the EU, and can be sent to Member States for transposition into national law.

MEP Krisjanis Karins (EPP, LT), the Parliament's negotiator on the file in the trilogue negotiations, informed the Industry Committee in the Parliament last month on the state of play of the negotiations. In the second trilogue held on 11 September, lawmakers touched upon several provisions related to consumer protection and empowerment, namely concerning dynamic price contracts, switching, comparison tools, and billing.

Some compromises and deals were reached, while other controversial points remained open. It is expected that the future role of distribution system operators (DSOs) (also with regard to EV-charging) might be one of the critical points of the discussions. The negotiators endorsed the provisional agreements concluded in technical meetings prior to the trilogues, and there is still a wide possibility for further discussion at the technical level. Trilogues also continued on 18 October, during which lawmakers dealt with capacity mechanisms. However, no informative session has been held in the Industry Committee on that last trilogue.

Moving forward, the aim of the negotiators is to close the file before the Energy Council on 19 December 2018.

(Source: Intere!)

Edition Content

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No deal Brexit 'lose-lose' for EU energy sector **P.2**

CO2 EMISSIONS FROM TRANSPORT

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CLIMATE TARGETS

European Parliament backs 55% 2030 climate target **P.4**

ELECTRICITY MARKET DESIGN

Slow progress on the reform of the EU rules on the internal electricity market **P.5**

GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050 **P.6**

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GHG EMISSIONS REDUCTION

European Commission draft strategy for decarbonisation in 2050



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As part of the European Commission's policy priorities in the area of energy and climate for the next legislature, the current Commission is planning to release its long-term EU Strategy for the reduction of greenhouse gas emissions in accordance with the Paris Agreement. A draft of the EU Commission Staff Working Document on the 2050 Strategy was leaked at the end of October, and it will largely guide the Commission's work to develop the final 2050 strategy during next year. The document is still under elaboration and the release of the final version is expected for the end of November 2018.

There are multiple Commission DGs working in parallel on the same document, including DG Energy, DG Environment, DG Climate Action, DG Grow, and DG Move. Therefore, the Commission may still make changes to the draft before its release. Regarding the content, the document does not make any major policy announcements, but the European Commission highlights the beneficial aspects of storage, especially in light of the need for more RES integration. The European Commission also sees great potential in the further uptake of renewables.

In relation to buildings, the European Commission recognises the potential of "smart buildings", which thanks to the development of building automation and control, will optimise their operation, notably in terms of energy consumption and maintenance of their technical systems and appliances.

In addition, the European Commission foresees a sustainable mobility based on strong action on vehicle efficiency, accompanied by appropriate policies to support innovation, the deployment of recharging/refuelling infrastructure and alternative fuels and powertrains. Stronger integration of transport with the energy system and progressive change of the transport fuel mix will also be essential for low-emission mobility.

(Source: Intere!)