



July 2017

GOVERNANCE OF THE ENERGY UNION: DELIVERING ON ENERGY & CLIMATE PLANS, WHILE KEEPING COMPETITIVENESS IN CHECK

BusinessEurope calls on EU policy makers to stick to the true role of the proposal on the Governance of the Energy Union. As such, it shall contribute to the enforcement of the energy and climate framework and not serve as an instrument to bypass other parallel legislative processes and political agreements. The proposal should put the competitiveness dimension back among the main objectives to ensure viable and cost-effective delivery by all stakeholders. This will also require more flexibility and less burdensome solutions. More focus on the principles rather than on details should be a priority.

The key role of the proposal is to create a robust system of reporting, monitoring and enforcement measures to help achieve the agreed targets and the objectives of the Energy Union. In this sense, BusinessEurope makes the following observations and recommendations on the proposal and the ongoing legislative work:

Strengthen the competitiveness dimension

In the integrated climate and energy plans, the proposal clearly specifies that member states shall define national objectives with regard to competitiveness. However, this dimension is currently absent in the list of policies and measures and should therefore be reintroduced. In order to properly evaluate European and global industrial competitiveness, specific indicators should be included in the proposal.

Member states should set and argue their commitments on specific policies based on bottom-up assessment of their potential, linked to their economic structure, spatial planning and additional criteria. This approach implies to take into account an impact on consumers and final energy prices.

Coherence in time lines and policies

More coherence in the time lines of different national plans, contributions and trajectories is needed. In the Commission proposal, both 2030, 2050 and a 50-year perspective are included. This asks for wide range of reporting obligations, which should be streamlined. Also, the linear trajectories for national contributions should in no case be used as targets, but rather serve as the basis for the assessment of the progress. To maintain flexibility, member states should not be obliged to establish trajectories for different sectors and technologies in their plans.



Following the political agreement¹ and framework of energy and climate policies, the Governance proposal should not act to set specific targets. These are to be defined in the respective legislative proposals, respecting the balanced approach agreed by the European Council rather than a competition of policies. Governance should make a strong reference to the directives and ensure coherence of the instruments.

Less overlaps and more complementarity

BusinessEurope proposes to reverse the counterproductive circle of overlapping policies by establishing a policy framework where the multiple policy instruments mutually reinforce each other. Specifically, when preparing new policies and decisions eventual overlaps should always be avoided. Once adopted, the system of data reporting and evaluation incorporated in the regulation should provide for an evidence on unintended outcomes and for a guidance how to remove them.

More flexibility and less-burdensome solutions

The Governance proposal should ensure sufficient flexibility. The requirements for the preparation of the national plans should not be too detailed, but rather principle-based. More focus on the process and less on the details would hence be favourable. Member states need more flexibility in order to formulate solid and useful, yet ambitious plans. National specificities must be taken into account. The proposals on regional cooperation, dialogue and consultations are positive, but shall be realised by the member states concerned retaining sufficient flexibility.

At the same time, the proposal leaves too much uncertainty about enforcement by the Commission as well as additional actions and gap-filling measures. More principles and guidance regarding future measures would hence increase the predictability for member states and other stakeholders.

It is also important to make sure the Governance proposal does not bring increased reporting burden for companies. Reports should be limited to truly relevant data that is comparable and based on a harmonized reporting system.

¹ European Council conclusions, 24 October 2014