



Background brief
Transport, Telecommunications and Energy Council
(Energy issues)

26 November 2015

The Council meeting will begin at 10.00, chaired by the Luxembourg Minister for Economy and Foreign Trade, Etienne Schneider. The Commission will be represented by Vice-president Šefčovič and Commissioner Cañete.

The Council is expected to reach a general approach on the proposal for a regulation setting a framework for **energy efficiency labelling**.

The Council will hold an orientation debate on **a new energy market design** and on **a new deal for energy consumers**

The Council is also due to adopt conclusions on **Energy Union governance**

In this context, ministers will take note of the first annual report of the Commission on the **state of the Energy Union**, presented by Commissioner Šefčovič.

Finally, ministers will be updated by the Commission on the state of play regarding **international energy relations**.

During a working lunch, ministers will have an exchange of views after being briefed by Commissioner Arias Cañete on the state of play regarding the preparations for the **climate change conference in Paris (COP21)**.

Press conference: at the end of the meeting (+/-17:30)

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Press conferences and public events by video streaming: <http://video.consilium.europa.eu>

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¹ This note has been drawn up under the responsibility of the Press Office.

Energy efficiency labelling

The Council is expected to reach a general approach on the proposal for a Regulation setting a framework for **energy efficiency labelling** and repealing Directive 2010/30/EU ([13917/15](#)). Energy labelling allows customers to make informed choices with regard to the energy efficiency and consumption of products, provides incentives for innovation and will thus contribute to the moderation of energy demand and the achievement of the Union's 2020 and 2030 energy efficiency targets².

The conclusions of the European Council of October 2014 ([EUCO 169/14](#)) set an indicative target of at least **27% increase in energy efficiency** at Union level in 2030. This target will be reviewed by 2020 with a view to reaching an Union level of 30%.

The proposal retains the main principles of the current legislative framework, but further clarifies, strengthens and extends its scope. It allows for the periodic rescaling of labels to encourage the production of ever more efficient products and avoid excessive use of higher efficiency classes.

The proposed regulation also contains clearer rules on promotional campaigns, advertisement, incentives and aims to improve enforcement mechanisms and transparency towards customers and the public by creating a database of products covered by energy labelling requirements.

The proposal on energy efficiency labelling is part of the Commission's Energy Union "summer package", which also launched the public consultation process on a **new energy market design** and included a communication on **a new deal for energy consumers**.

² [2030 climate and energy framework](#)

Energy market design and energy consumers

The Council will have an orientation debate relating to two Commission communications, on the basis of a Presidency background document ([13820/15](#)):

- launching the public consultation process on a **new energy market design** ([11018/15](#)) with a view to adapting the current electricity market design rules to the new challenges. This consultative process is a first step allowing the Commission to later discuss its results with member states and other interested parties;
- delivering a **new deal for energy consumers** ([11017/15](#)), which aims at putting the consumers at the center of the future energy system, taking advantage of new technology, new and innovative energy companies to enable all consumers to fully participate in the energy transition, as well as to manage their consumption in order to save them money and contribute to overall reduction of energy consumption.

Both communications are a follow-up to Commission Framework Strategy to develop a resilient [Energy Union with a forward looking climate policy](#), presented in February this year. Legislative proposals are expected during the second half of 2016.

In the expected evolution of the electricity system, the role of Distribution System Operators (DSOs) will significantly change. The majority of new installed renewable energy capacity, in particular from variable sources such as wind and solar, has to be integrated into the network at distribution level.

Likewise, the projected increasing demand generated through energy intensive appliances (heating and air conditioning, local storage and other) will be connected through this level. The distribution level is also the main entry door to the system for flexibility on the demand side, and DSOs are today already central in the data collection and management process – data which are essential for the further development of a smart system.

To structure the debate, ministers are invited to focus on the following questions:

- 1) What do Ministers think the role, responsibilities and powers of Distribution System Operators (DSO's) should have in the future electricity system and reformed market design? What could the EU do to enhance the possibilities of that role?
- 2) To what extent do Ministers consider that retail energy markets should be reformed in order to achieve this goal?
 - Which measures should be implemented in order to concretely empower consumers and reduce their energy bills, even in times of high energy prices?
 - Having in mind the need for more flexibility in the energy system, how do Ministers see the role of demand response and self-generation?

Energy Union governance

The Council is expected to adopt conclusions on Energy Union governance ([13818/15](#)), which will provide policy and technical guidance to the Commission for building the Energy Union in the months and years ahead, in particular regarding the governance instrument.

The [Energy Union with a forward looking climate policy](#), has five main dimensions which are closely interrelated and mutually reinforcing:

- energy security, solidarity and trust
- internal energy market
- moderation of energy demand through energy efficiency
- decarbonisation of the economy
- research, innovation and competitiveness

The implementation of all five dimensions, requires a reliable and transparent governance system without creating any unnecessary administrative burden for member states.

The governance system will monitor the EU's collective progress towards the achievement of EU energy and climate targets and its general policy objectives across the five dimensions, and thus provide for a consistent and transparent overview of the state of the Energy Union.

It will be based on the existing building blocks, such as national climate programmes, national plans for renewable energy and energy efficiency. It will ensure the necessary flexibility for member states and fully respect their freedom to determine their energy mix. Long-term planning by member states, covering the five dimensions equally, will also enhance the stability and predictability of the investment climate.

The conclusions identify as essential components of the governance system:

- a **National Energy and Climate Plan** ('National Plan) to be adopted by each member state, covering the period from 2021 to 2030
- **progress reports on the implementation of the National Plan**, both based on standardised templates;
- **constructive dialogues** between the Commission and the member states; and
- **monitoring and evaluation** based *inter alia* on key indicators;

In this context, Ministers will also take note of the first annual report of the Commission on the **state of the Energy Union**, adopted by the Commission on 18 November, and presented by the Commissioner Šefčovič. It makes an analysis of the energy situation at EU and national level, feeding on the Commissioner's visits to each member state and includes factsheets by country, as well as Commission's recommendations.

The Presidency will send a letter to the President of the European Council indicating the main results of the Council (i.e. key issues of the adopted conclusions, and outcome of the policy debate). This letter will constitute the response to the request of the European Council of March 2015 that the Council report on progress in the implementation of the Energy Union before the December European Council.

Other business

- **International energy relations**

Ministers will be updated by the Commission on recent and upcoming developments concerning international energy relations ([13174/15](#)), in particular:

- Ukraine/Russia/EU trilateral talks on gas
- [Energy Community](#)
- [Energy Charter Treaty](#)
- [International Energy Agency](#)
- Strategic Group for international energy cooperation
- [EU-MED energy cooperation](#)

- **Work programme of the incoming Presidency**

The Netherlands delegation will present its work programme in the energy field for the next six months.
