



JOINT STATEMENT

Advocating for a flexible and coherent approach in the governance of the Energy Union

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SWEDENERGY
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Finnish Energy

*We welcome the ambitious framework proposed and the commitment of the European Commission towards the energy transition. **The Governance of the Energy Union Regulation provides the ideal framework to articulate Member States contributions to reaching our common climate and energy targets, in a coherent manner, by supporting complementarity rather than uniformity.** This framework should put the emphasis on the means needed to reach them in the most cost-efficient way. In the context of the discussions on the 2030 energy targets in the European Parliament, two priority issues need to be raised to commit to the main objective of the economy's decarbonisation:*

LET US REMEMBER THE POINT OF HAVING A GOVERNANCE FOR THE ENERGY UNION

The interaction between the EU ETS legislation and the energy and climate policies shall be monitored and addressed in order to ensure a strong CO2 signal.

We emphasize that the EU ETS mechanism must be the key tool for CO2 emission reductions at the European level. However, overlapping energy and climate policies can have a negative impact on the EU ETS and the CO2 price. As indicated in the European Commission's impact assessment for the Energy Efficiency Directive, a strengthened EED would contribute to a 35% decrease in the CO2 price, from €42/t to €27/t in 2030. Potential policy overlaps should therefore be quantified and addressed through an appropriate mechanism¹.

¹ In a recent [study](#), Pöyry proposed a Policy Coherence Mechanism that would reduce the amount of allowances to be released on the market in order to insulate the ETS from interferences. Another [recent study](#) published on October 11th by I4CE also emphasized the opportunity to create a consistent policy mix in the Governance regulation.

MARKET DEVELOPMENTS ARE NEVER LINEAR

The Energy Union must reflect and build upon each country's specificities and strengths if it aims to fulfill its commitments in a pragmatic and cost-efficient way.

As Member States have different energy characteristics and potential, it is essential to preserve the flexibility of European countries by giving them the possibility to deviate from linear trajectories and define the most cost-efficient strategy to reach collectively the energy and climate objectives. Linear trajectories should therefore be **indicative**.

In a market, the deployment of renewable energy does not follow a linear trajectory, a methodology which is also harming countries with a high share of renewable in their national energy mix. Furthermore, a vital part of the solution is to create a need for the renewable capacity. The increase of electricity in the transport and building sectors, the role of interconnections, the decrease of energy consumption per use are all significant leverages that should be taken into account in the way Member States contribute to the EU's objectives. This takes time, and the governance should be taking market developments on the demand side into account when assessing the progress. This requires Member States to strictly abide by the same planning and reporting requirements so as to give the European Commission the necessary means to compare the national strategies and ensure consistency at the European level.

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