



Policy Update

Climate and Energy

CAN Europe General Assembly October 2018

A short update on the climate files

- **EU Emissions Trading System**
 - Published in OJ on 19 March
 - Carbon price: around 18 EUR
 - Carbon Leakage list (50 sectors, 12 subsectors = 96%)
 - Energy Intensives: Cross-sectorial decarbonisation mapping
- **Climate Action Regulation (Effort Sharing)**
 - Published in OJ on 19 June
- **LULUCF Regulation**
 - Published in OJ on 19 June

Market Design - capacity mechanisms

Def. Of Capacity mechanisms: measures taken by Member States to ensure that electricity supply can match demand in the medium and long term.

Presented as means to support investment to fill the expected capacity gap and ensure security of supply are often abused to subsidise fossil fuels, coal in particular

Key issues around the capacity mechanisms negotiations

- Resource adequacy assessment
- Implementation (existing mechanisms, existing contracts)
- 550 timing and possible exemptions
- Contracts and mechanism length

Capacity mechanisms

	EP	Council
resource adequacy assessment	european + roadmap + concrete timeline	european or national + plan with timeline
contract length	max. 1 yr	-
capacity mechanism length	max. 5 yrs	4 yrs to phase out
implementation	asap	asap except existing mechanisms
550 for new plants	asap	31.12.2025
definition of a new plant	commercial production	final investment decision
550 for existing plants	5 yrs since regulation comes into force	2030 + 5
exemption from 550	200kg CO ₂ x kW x yr for strategic reserves	700 kg CO ₂ x kW x yr for all capacity mechanisms

other issues ia. strategic reserves definition, reliability standard etc.

Legislative files agreed in June 2018

	Main outcomes	Main takeaways
Energy Efficiency Directive (EED)	<ul style="list-style-type: none"> - A headline target of at least 32.5% with an upward review in 2023 - A national annual 0.8% energy savings requirement with a longterm perspective 	<ul style="list-style-type: none"> - Well coordinated action from stakeholders played a major role - Support from progressive countries was also a key
Renewable Energy Directive (RED)	<ul style="list-style-type: none"> - A <i>binding</i> target of at least 32% with an upward review in 2023 - Good provisions on self-consumers and renewable energy communities - Disappointing outcome on bioenergy 	<ul style="list-style-type: none"> - No national binding targets anymore - Governance regulation (NECPs) key: <ul style="list-style-type: none"> (i) for (sectoral) targets and trajectories (ii) to monitor and assess specific policies and measures
Governance Regulation (GOV)	<ul style="list-style-type: none"> - National Climate and Energy Plans (NECPs) and Longterm strategies (LTs) - A process for checking and assessing ambition and delivery gap - Provisions on regional cooperation and public participation 	<ul style="list-style-type: none"> - No national binding targets: new era - An iterative process but also accountability through gap filler exercises - Scrutiny of national and EU action becomes even more important

Let the implementation begin!

- Monitor the process of transposition to ensure that weaknesses of the adopted legislation are not abused
- Push for highest possible ambition in the NECPs:
 - Monitor the preparation of draft NECPs to provide recommendations for higher ambition
 - Explore possibilities to assess draft NECPs to identify good and bad practises
 - Input the recommendations of the Commission to increase pressure on Member States
 - Ensure consistency between NECPs and longterm strategies

Next steps in the process

Market Design

- Trialogue on 13 November (tbc)
- Trialogue on 5 December (tbc)
- Political approval during Energy Council on 19 December?

EED, RED and GOV

- EP Plenary votes (November?)
- Council approval (December)
- Publication in Official Journal (December)
- Entry into force 20 days later
- Transposition of EED 18 months after entering into force (22 months for some provisions on metering and billing)
- Transposition of RED by 30 June 2021
- Governance regulation immediately applicable in all countries



Thank you for your attention!

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