

EU Energy Union - COSLA Update

Yesterday, the European Commission published its [Energy Union package](#) including an ambitious **roadmap for the EU internal energy market**, a blueprint for the ongoing **UN climate change negotiations** and a communication on **electricity interconnections**. In particular important to note is that this package picks up Local Authority specific issues on **energy efficiency, energy from waste (incinerators), and clean transport**. We highlight below the elements of the package most relevant for Scottish Local Authorities.

1) Legislation affecting Councils

Waste to Energy

Interestingly, the Commission is explicitly looking to establish synergies between energy efficiency, **resource efficiency and the circular economy** (i.e. waste framework revision). However, it is not specifying how it wants to go about this. It merely announces a Communication on Waste to Energy in 2016. *COSLA will assess this based on the work that we have been doing over the past years with Councils on the revision of the waste framework legislation.*

Energy Efficiency

On **energy efficiency**, the Commission is keen to emphasise that this needs to be considered on equal par as energy production and diversification. In 2016, it will launch a review process of some of the key legislation including the **Energy Performance in Public Buildings Directive (EPBD)**, **the Energy Efficiency Directive (EED)** – which has just been implemented in Scotland – and the eco-labelling legislation. *COSLA has worked on these dossiers in past negotiations to ensure that refurbishment targets for public buildings are not passed down to Local Authorities. We will oppose any potential target in the review that has not been evaluated in terms of costing. Considering the so recent coming into force of the EED, we are questioning such a rash revision of this dossier.* Also, the Commission will bring forward an **EU Strategy on heating and cooling** in the course of this year.

Climate change

The Commission has set out its **blueprint for the ongoing UN Climate Change negotiations**, building on the EU position from last October with its new GHG reduction target of 40%, renewables target of 27% and energy efficiency target for 2030. Now, a few months before all countries need to hand in their intended GHG reduction target to the UN Secretariat, the Commission advocates a **carbon reduction of 60% by 2050 (measured in 2010 levels, not in 1990 levels as previously)**. Strikingly, the EU blueprint for the global agreement (a successor to the Kyoto Protocol) does not once mention local government. *We find this is out of step with the Commission's new attention to the role that Local Authorities are playing in mitigation and adaptation and in finding effective local solutions to make economies more resilient to climate change (see e.g. Covenant of Mayors, Mayors Adapt).*

Also, provided that the Market Stability Reserve (MSR) for the EU Emission Trading Scheme is adopted – the European Parliament has just come out in favour of its introduction by 2018 – the EU Commission will table a proposal to reform the system within this year.

Transport

In 2016, the Commission will also review the market access rules for road transport (in view of improving energy efficiency in transport) as well as the Directive for promoting clean vehicles (for promoting electro-mobility). *COSLA has been working on urban mobility and air quality dossiers and we will assess the review process on the basis of the material that we have gathered with*

Councils. There is a clear risk that the Commission may use this to bring to the back door the issue of EU legislation on urban mobility which they were comprehensively defeated a year ago.

2) Broader policy issues

Energy market

First and foremost, the Commission is aiming at diversifying and ensuring a stable energy supply (building on its Energy Security Strategy from last year) and create an internal market for energy. At the same time, it is aware that the energy mix is ultimately up to the Member States to determine. Nonetheless, as regards renewables, the Commission wants to focus on integrating renewables progressively and efficiently into the market and ensure existing legislation is better implemented. It proposes to this end an initiative on market design and regional electricity markets, along with a review of the Directive concerning measures to safeguard security of electricity supply in 2016. Most importantly, it will propose a new Renewables Directive (RES) within the next two years (also reflecting the new 2030 target for renewables).

Additionally, the EU Commission will report biannually on energy prices, regulated tariffs, energy taxation policies as well as the impact and the public support for pricing measures. It therefore intends to increase the transparency on energy pricing, ultimately to contribute to tackling energy poverty (by providing better data). Closely linked, the Commission **emphasises the role of Local Authorities in providing information to consumers, offering user-friendly tools or financial incentives for energy savings measures** (for instance, the HEEPS programme in Scotland is providing financial incentives for energy efficiency measures). It is to be welcomed that the EU Commission acknowledges that any social policy measures to tackle energy poverty is beyond the power conferred upon it, while it is showing that it is aware of the underlying issues of fuel poverty.

In 2017, the Commission intends to review the guidelines on state aid for environmental protection and energy. COSLA will assess the process closer to the time.

Interconnections

Last year, the EU has already set a minimum interconnection target for electricity at 10% (of electricity production capacity) by 2020; it now proposes a **15% electricity interconnection target for 2030**. It also plans to strengthen the Agency for Cooperation of Energy Regulators (ACER), which is currently assisting national regulators on cross-border issues, by giving it more regulatory and monitoring powers. Indeed, the UK is identified as one of the Member States with only a 6% interconnection capacity (neighbouring Ireland with 9%). Here, the Commission also emphasises the major infrastructure projects that are to be implemented through the Connecting Europe Facility (CEF) and the main energy corridors. Additionally, the Commission wants to speed up the granting of permits and integrate renewables, for instance offshore wind energy, better into electricity networks and the market (see also above).

Governance

The Commission is keen on an integrated governance and monitoring process (incl. annual reporting) that would streamline planning and reporting requirements and reduce unnecessary administrative burdens. It advocates that this would benefit long-term certainty for investors and allow better communication with citizens and stakeholders. *COSLA is keen that this energy governance framework does not undermine the competences, in particular planning authority and economic development competences, of Scottish Councils. In Scotland, Local Authorities play a crucial role in bringing forward the low-carbon economy, a role that goes beyond the information provision to consumers that the EU Commission envisages in its package.*

At the same time, the Commission wants to bring together energy and climate actions for better policy coherence as demonstrated by launching this package. This is reflecting much of the approach that is taken by policy-makers at the local and regional level in Scotland.

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