



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 27 May 2014
(OR. en)**

10180/14

**CLIMA 51
ENV 474
ENER 194
IND 170
COMPET 299
MI 456
ECOFIN 508
TRANS 283
AGRI 382**

NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

No. Cion doc.: 5644/14 CLIMA 6 ENV 60 ENER 27 IND 24 COMPET 43 MI 69 ECOFIN 65
TRANS 31 AGRI 35 - COM(2014) 15 final+ REV 1 (en) + REV 2 (pl)

Subject: Communication from the Commission on "A policy framework for climate and energy in the period from 2020 to 2030"
- Policy debate

1. On 22 January 2014, the Commission adopted the Communication "A policy framework for climate and energy in the period from 2020 to 2030", together with an impact assessment ¹. The aim of the proposed framework is to drive continued progress towards a low-carbon economy and a competitive and secure energy system.

¹ 5644/14 + REV 1 (en) + REV 2 (pl) + ADD 1 + ADD 2.

2. The framework proposes a reduction target for domestic greenhouse gas emissions of 40% by 2030 compared to 1990. The sectors covered by the EU Emissions Trading Scheme (ETS) would have to deliver a reduction of 43% in GHG in 2030 and the non-ETS sector a reduction of 30% compared to 2005. The targets for the non-ETS sector remain to be allocated among the individual Member States. For renewables, the framework proposes an EU wide target of at least 27%, with flexibility for Member States to set national objectives. No targets are proposed for energy efficiency but the issue is due to be discussed in detail in the context of the review of the Energy Efficiency Directive.
3. The Communication was accompanied by a legislative proposal to establish a market stability reserve for the ETS². The reserve, which would operate from 2021 onwards, is aimed at improving the resilience of the ETS to market shocks as well as enhancing market stability. Discussions on the Commission's proposal are currently ongoing in the Working Party on the Environment.
4. The European Parliament adopted a non-legislative resolution on the 2030 framework on 5 February 2014³.
5. The Council (Environment) held a policy debate on the 2030 framework on 3 March 2014 on the basis of two questions prepared by the Presidency⁴. The President of the Council summarised the outcome of the discussion, as well as of the policy debate held at the Council (TTE) of 4 March, in a letter dated 13 March, addressed to the President of the European Council, as a contribution to the discussion on the topic at the March European Council.
6. In its conclusions of 21 March 2014⁵, the European Council stated that a coherent European energy and climate policy must ensure affordable energy prices, industrial competitiveness, security of supply and achievement of the EU's climate and environmental objectives. In the context of the negotiations on a global climate agreement, the European Council confirmed that the EU will submit its contribution at the latest by the first quarter of 2015, as should all major economies, and that the EU target for 2030 for greenhouse gas emission reductions will be fully in line with the EU objective for 2050.

² Doc. 5654/14 + ADD 1 + ADD 2

³ P7_TA(2014)0094.

⁴ Doc. 6422/14

⁵ EUCO 7/1/14 REV 1, paragraphs 15-23

7. With a view to taking stock of progress at its meeting in June and to taking a final decision on the new policy framework no later than October 2014, the European Council invited the Council and the Commission "to rapidly develop the following elements:
- analyse the implications for individual Member States of the Commission's proposals for EU-wide targets for emission reductions and renewable energy;
 - elaborate mechanisms which will result in an overall fair effort sharing and foster the modernisation of the energy sector;
 - develop measures to prevent potential carbon leakage and call for long-term planning security for industrial investment in order to ensure the competitiveness of Europe's energy-intensive industries;
 - review the Energy Efficiency Directive in a timely manner and develop an energy efficiency framework." ⁶
8. At the Informal Meeting of Ministers for the Environment held in Athens on 14 May, the ministers held a discussion on the proposed 2030 framework and focussed on two questions: identifying the priority elements to be agreed at the October 2014 European Council, and the definition of the key criteria for the distribution of efforts in the non-ETS.
9. Discussions and consultations, in particular on the elements identified by the European Council, continue at different levels and various fora, including with experts from Member States. It should be noted also that the Commission has recently launched a public consultation on post-2020 carbon leakage provisions in the ETS.

⁶ EUCO 7/1/14 REV 1, paragraph 18

10. In the view of the Presidency, priority elements still to be agreed with a view to the decision in October 2014 include the question of targets, in particular the greenhouse gas emission reduction target, and the overall ambition level, including the general principles accompanying the framework such as effort-sharing and the proposed governance structure. Furthermore, according to the Commission estimations, the investment expenditure to support the 2030 framework will pose a challenge to all Member States and particularly to lower income Member States (< 90% EU GDP/Capita).
11. With a view to advancing discussions on the key elements and to guide the policy debate at the Council (Environment) on 12 June 2014, the Presidency has prepared the following two questions, which concern firstly the role of different economic sectors in efforts to reduce emissions and, secondly, the investment needs related to the implementation of the 2030 policy framework.
- *Which sectors, based on your national circumstances, have significant potential to contribute to the reduction of greenhouse gas emissions in the EU in the 2030 perspective, or pose particular challenges in this regard?
How could their specificities be taken into account in the climate and energy policies after 2020?*
 - *What kind of EU policies and tools can contribute to addressing the investment needs of the 2030 climate and energy framework?*
12. With a view to contributing to the preparation of the June European Council, the Presidency will report to the President of the European Council on the outcome of the debate. Delegations are requested to focus their interventions at the Council on key messages and to provide additional elements in writing.
13. The Committee of Permanent Representatives is invited to take note of the questions prepared by the Presidency and to forward them to the Council.
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