EUROPEAN COMMISSION

*Brussels, 19.4.2016*

*C(2016) 2163 final*

*Dear President,*

*The Commission would like to thank the Senát for its Opinion concerning the Commission's energy summer package, including the proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments {COM(2015) 337 final}, the proposal for a Regulation of the European Parliament and of the Council setting a framework for energy efficiency labelling and repealing Directive 2010/30/EU {COM(2015) 341 final}, the Commission's Communication "Delivering a New Deal for Energy Consumers" {COM(2015) 339 final} and the Commission's Communication Launching the public consultation process on a new energy market design {COM(2015) 340 final}.*

*The package is an important step towards implementing the Energy Union strategy with a forward-looking climate change policy, launched as one of the political priorities of the Juncker Commission in February 2015.*

*The Commission welcomes the Senát's broad support for creating a resilient Energy Union and reducing greenhouse gas emissions. As confirmed by the European Council in the context of the 2030 Climate and Energy Policy Framework, the EU Emissions Trading System (EU ETS) remains the key instrument to reach greenhouse gas emissions reduction targets. The Commission takes note of the Senát's concerns regarding the effectiveness of the EU ETS, as well as its potential impact on the competitiveness of the EU economy. The Commission would like to reassure the Senát that the legislative proposal to reform the EU ETS for the period between 2021 and 2030, presented by the Commission in July 2015, in addition to the instrument to stabilize the market, addresses these issues.*

*Furthermore, the Commission is confident that the historic climate agreement reached in Paris in December 2015 contributes to creating a global level-playing field in terms of climate policies. The Commission on 2 March 2016 presented a Communication assessing the implications of the Paris Agreement {COM(2016) 110 final} and a*

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*CZ – 118 01 PRAGUE 1*

*Proposal for a Council Decision on the signing, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change {COM(2016) 62 final}.*

*In response to the more technical comments regarding competitiveness in the Senát's Opinion concerning the proposal for a Directive to enhance cost-effective emission reductions and low-carbon investment, the Commission would like to refer to the attached annex.*

*The Commission has taken due note of the views expressed by the Senát and agrees that the new energy labelling framework should provide stable and unambiguous rules. In response to the more technical comments in the Senát's Opinion concerning the framework for energy efficiency labelling the Commission would like to refer to the attached Annex.*

*In that regard the Commission would like to add that the points made in the Annex are based on the initial proposal presented by the Commission, which is currently in the legislative process involving both the European Parliament and the Council. The Council reached a general approach under the Luxembourgish Presidency on 26 November 2015 and the European Parliament is expected to deliver its opinion in the first half of 2016. The Commission remains hopeful that an agreement will be reached in the course of this year.*

*The Commission has also taken note of the Senát's views on the support for renewable energy sources and agrees that it should not cause excessive costs that would not be reasonably proportionate to benefits, and that the safety of energy infrastructure and thus energy supplies should be ensured.*

*Finally, as regards the question of the costs associated with renewable energy projects, it is true that the significant advances in renewable energy technology combined with massive roll-out caused in some cases unexpected reductions in the production costs of renewable energy, leading governments to adapt the support schemes when there is excessive compensation. Nevertheless, the Commission considers that those changes should be made public and not alter the return on already made investments. Such abrupt changes may have negative impact on investors' confidence and reduce their willingness to finance new renewable energy projects, which will be most needed to achieve the post-2020 EU level target of at least 27% for renewables.*

*The Commission hopes that these clarifications address the issues raised by the Senát and looks forward to continuing our dialogue in the future.*

*Yours faithfully,*

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| *Frans Timmermans*<br>*First Vice-President* | *Miguel Arias Cañete*<br>*Member of the Commission* |

***ANNEX***

*The Commission has carefully considered each of the issues raised by the Senát in its Opinion and is pleased to offer the following clarifications concerning the proposal for a Regulation of the European Parliament and of the Council setting a framework for energy efficiency labelling.*

*The Commission proposal for a new energy labelling framework builds on the success of the EU energy label over the past 20 years, which has encouraged the development of ever more energy efficient products. As a result, the energy labels need updating as many models are in the highest classes providing no differentiation for consumers. In addition, the Commission's review has shown that the A+, A++ and A+++ classes are less effective than the A-G scale in persuading consumers to buy more efficient products. The Commission therefore proposed returning to the original A to G energy label scale and periodically 'rescale' energy labels.*

*Incentives : On the issue of which class Member States should target when they provide incentives for products with energy labels, the Commission proposal maintains the same approach as was agreed by the European Parliament and the Council in Directive 2010/30/EU. Given that the energy label already provides a motivation for consumers to buy more efficient products, when Member States provide additional incentives for buying energy-efficient products it is important that these aim at significant additional energy savings.*

*Administrative costs : The Commission designed the system for the rescaling of energy labels in Article 7 of the proposal in such a way so as to limit both confusion for consumers and administrative burden for businesses. Confusion for consumers is limited by making the transition time in which both old and new labels could be found in shops for the same product group as short as possible. Likewise, the administrative burden for businesses is limited by rescaling only every 10 years. The administrative burden was assessed in the Commission's impact assessment and amounts to approximately EUR one million per year for the retail sector and EUR five million per year for industry, together amounting to two cent per product sold on the EU market. Given that the requirements are mandatory, manufacturers and dealers should be able to pass these costs on to consumers, for whom they are greatly offset by the energy saving – and thus monetary – benefits.*

*Communication of changes : The proposal foresees in Article 4(4) that Member States inform consumers of the introduction of new and updated labels though information campaigns.*

*Delegated acts : The scope for delegated acts under the Commission proposal is the same as under Directive 2010/30/EU which it should replace. The scope is broad, because different product groups have different characteristics and it is difficult to address the specificities of the different product groups in the framework legislation.*

*Competitiveness : The Commission proposal for the revision of the EU ETS, currently in the legislative process involving the European Parliament and the Council, contains specific provisions to address the international competitiveness of industrial sectors exposed to competition from industry operating in jurisdictions with less ambitious climate policies. In particular, the free allocation of allowances is proposed to be focused on sectors considered to be exposed to a higher risk of relocating their production outside the EU. In addition, Member States are encouraged to provide compensation to industry for indirect carbon costs, in line with State aid rules.*