



EUROPEAN COMMISSION

Brussels, 28.6.2016
C(2016) 4039 final

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Communication on the "State of the Energy Union 2015" {COM(2015) 572 final}.

The goal of a resilient Energy Union with an ambitious climate policy at its core is to provide EU consumers – households and businesses – with secure, sustainable, competitive and affordable energy. Achieving this goal will require a fundamental transformation of Europe's energy system and significant efforts, in a coherent and coordinated fashion, from the EU, Member States and stakeholders.

To deliver on this ambition, the Commission Work Programme for 2016 foresees a number of important initiatives across the five dimensions of the Energy Union. In February 2016, the Commission came forward with a set of initiatives which aim to help Member States strengthen their security of supply, especially as regards natural gas. During the course of this year, the Commission will also come forward with initiatives such as a new Effort Sharing Decision, revisions of the Renewable Energy Directive and the Energy Efficiency Directive as well as with an ambitious initiative on market design thereafter.

The annual State of the Energy Union is one of the key building blocks for the Energy Union's governance, together with integrated national energy and climate plans as well as progress reports. These elements will be the building blocks of the Commission's proposal on governance of the Energy Union expected at the end of this year. Through this proposal, the Commission will respond to the European Council's call of October 2014 for it to deliver a reliable and transparent governance system without any unnecessary administrative burdens.

The 2015 State of the Energy Union took stock of the progress made so far and set out the course of action for 2016. It highlighted important progress across the five dimensions of the Energy Union but also acknowledged that more efforts are necessary at both the EU and national level to meet the challenges ahead.

The Commission welcomes the Camera Deputaților's support for action at EU level as set out by the State of the Energy Union and the progress made since the publication of the Energy Union Strategy on 25 February 2015. However, the Commission also notes the Camera

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Deputaților's concerns regarding the cost-effectiveness of EU measures and the possible effects on consumer prices. In that regard, the Commission would like to assure the Camera Deputaților that it carefully assesses cost-effectiveness when preparing its proposals as was the case, for example, for the proposal for a new Energy Labelling Regulation¹. Moreover, the upcoming proposal for a new market design will help to empower consumers and the Commission will also come forward with an updated report on energy prices and costs.

Furthermore, the Commission also takes seriously the Camera Deputaților's concerns regarding the security of supply. The new Security of Gas Supply Regulation² proposed by the Commission in February 2016 aims to improve the Union's capability to be prepared for and respond to supply crises through more solidarity between Member States and better regional cooperation. The Strategy for liquefied natural gas and gas storage³ will also help to diversify energy supply and make all Member States more resilient. Investments in infrastructure are equally important to secure supply and further integrate energy markets, for example through the European Fund for Strategic Investments (EFSI) which is already supporting projects in the field of energy. In this context, the Commission welcomes the Camera Deputaților's support for the Southern Gas corridor which, once completed, will make a key contribution to energy security and diversification within the European Union.

Lastly, Commissioners visiting national Parliaments to present and explain important proposals or initiatives is one way in which this Commission aims to fulfil its commitment to a new partnership with national Parliaments. In that regard, the Commission welcomes the Camera Deputaților's support for Vice-President Maroš Šefčovič's Energy Union Tour which has contributed towards deepening relations between national Parliaments and the Commission.

In response to the more technical questions in the Opinion, the Commission would like to refer the Camera Deputaților to the annex to this letter.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Camera Deputaților and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Maroš Šefčovič
Vice-President*

¹ COM(2015) 341 final. Link to the accompanying Impact Assessment:
https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_impact_assessment_part1_v7.pdf.

² COM(2016) 52 final.

³ COM(2016) 49 final.

ANNEX

The Commission has carefully considered each of the issues raised by the Camera Deputaţilor in its Opinion and is pleased to offer the following clarifications.

On the holistic approach – energy, economy and environment:

The Energy Union is based on a holistic approach encompassing several other policy fields linked to it such as digitalisation, innovation, competition, environment, industry etc. One of the core strengths of the Energy Union is that it goes beyond the energy and climate sector as it incorporates closely linked areas such as transport and research and innovation. Furthermore, the 2030 Framework together with the planned Governance of the Energy Union will assure that Member States retain a high degree of flexibility when implementing the objectives of the Energy Union, with due consideration for the relative economic strength of Member States. Hence, Member States should be able to choose the most efficient and therefore cost-effective path for their energy transition, taking into account their national circumstances.

On flexibility in national plans for energy and climate change:

The integrated national energy and climate plans, as envisaged in the Guidance to Member States on National Energy and Climate Plans from November 2015, should take a holistic approach and address the five dimensions of the Energy Union in an integrated way, recognising the interactions between them. While Member States should have the right to develop flexible policies suitable to national circumstances, national plans should set out the direction of national energy and climate policies and objectives in a way that is coherent with and contributes to delivering the objectives of the Energy Union.

On planning and reporting obligations:

Based on, inter alia, a fitness check of current reporting obligations and ongoing discussions with Member States, the European Parliament and stakeholders, the Commission will come forward with a proposal on the Governance of the Energy Union in late 2016. This proposal will include streamlining planning and reporting requirements in the energy and climate fields to reduce unnecessary administrative burdens. It will also ensure coherence, simplification and consistency between various planning and reporting streams whilst ensuring a sufficient level of detail for both planning and reporting.

On the effects of market liberalisation, energy prices and reaching the targets for renewable energy by 2030:

The Commission will come forward with a new reference scenario projecting the developments in the energy system under the policies already agreed on. This analysis is based on updated projections of both fossil fuel prices and technology costs. The impact assessment accompanying the forthcoming Commission proposals for reviews of the Effort Sharing Decision, Energy Efficiency and Renewables Directives will also include such an

analysis. Moreover, the Commission will present an updated and more detailed report on energy prices and costs later this year and will closely follow this aspect as we make progress towards reaching the energy and climate targets for 2030.

On the development of energy infrastructure in vulnerable regions:

Ensuring secure energy supplies at all times to all EU citizens is an overarching goal of EU energy policy and it is also one of the dimensions of the Energy Union strategy. A key aspect of the security of energy supply is further market integration enabled by energy infrastructure. The Commission – based on proposals from Member States – identified 195 energy infrastructure projects of common interest (PCIs) last year. These are essential for completing the European internal energy market and for reaching the EU's energy policy objectives of affordable, secure and sustainable energy. Projects represented in the list of PCIs include, for example, the Southern Gas Corridor and interconnectors between Romania and Bulgaria. PCIs may benefit from accelerated planning and permit granting and in particular from access to financial support totalling €5.35 billion from the Connecting Europe Facility.

On measures concerning eco-design and energy labelling:

More efficient products reduce household energy consumption and, therefore, household energy bills. Social and market factors such as the rate of replacement of products, the level of energy efficiency of new products acquired by EU households, user behaviour and the cost of energy have implications and vary in the different Member States. However, in forecasting the impact of EU measures, the Commission carries out projections based on average retail energy prices, typical use patterns and on EU-level data on past trends in the installed base and sales of products. The estimated energy and cost saving potential for each product group should, therefore, be accurate when considering the EU as a whole.

On heating and cooling:

The Commission's Strategy on Heating and Cooling⁴ presented in February 2016 provides a framework for integrating efficient heating and cooling into EU energy policies. It focuses on stopping energy leakage from buildings, maximising the efficiency and sustainability of heating and cooling systems, supporting efficiency in industry and reaping the benefits of integrating heating and cooling into the electricity system.

The Commission considers that a smarter and more sustainable use of heating and cooling is achievable as the technology is available. Actions can be deployed rapidly without prior investment in new infrastructure and with substantial benefits for both the economy and individual consumers, provided that (household) consumers can afford to invest or have access to the finance needed to do so.

⁴ COM(2016) 51 final.