



Brussels,  
Ares(2016)

## Opinion

### Title

**DG ENER – the Impact Assessment Report on Energy Union Governance**

(version of 28 July 2016)\*

### **(A) Context**

The Energy Union Strategy, adopted in February 2015, sets national and EU-wide targets on greenhouse gas emissions, renewable energy, energy efficiency and interconnectivity of electricity networks. The targets are interrelated and can only be achieved through a combination of EU and national policies.

The European Council agreed in October 2014 on the need for a governance system that is reliable and transparent and has a low administrative burden. It specified that this should bring together existing planning and reporting strands. In November 2015, the Energy Council provided detailed conclusions on the governance system of the Energy Union. It called on the Commission to present proposals for streamlining existing planning and reporting obligations in order to reduce administrative burden and ensure coherence.

The Commission presented Guidance to Member States on National Energy and Climate Plans in November 2015. In December 2015, the European Parliament adopted an own initiative report "Towards a European Energy Union," calling for a governance framework for the Energy Union.

### **(B) Overall opinion: POSITIVE**

**The Board notes that the impact assessments (IAs) on the improvement of the EU Electricity Market Design, on the Energy Union Governance, on the revision of the Renewables Directive and on the Bioenergy sustainable policy have been considered in parallel and that they are interlinked. As a result, a number of issues raised by the Board in the context of this impact assessment are cross-cutting to the other impact assessments.**

**The Board gives a positive opinion on the present impact assessment, on the understanding that the report shall be adjusted in order to integrate the Board's recommendations.**

#### *Issues cross cutting to other impact assessments*

**Both the IA on renewables and this IA include measures to monitor progress towards the target for renewables. The two reports need to explain how these measures interact. They also need to explain why additional monitoring measures are needed,**

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\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

**and why they do not consider the lighter option of standard review clauses in the relevant legislation. Such clauses would establish a time frame to review progress and assess the need for additional measures.**

***Issues specific to the present impact assessment***

**(1) The report should clarify the scope and ambition of the initiative. The logic structure of the policy problems, objectives and options (intervention logic) should clearly distinguish between streamlining of reporting, which is a classical REFIT exercise, and coordination of Member States' policies, which has a political dimension.**

**(2) Beyond the administrative savings linked to the streamlining of reporting obligations, the analysis of impacts should include any additional information requirements and benefits in terms of transparency and improvements in the quality of information.**

**(3) The report should explain the feasibility of a full governance process, including national strategies, monitoring of progress by the Commission and possible annual policy recommendations to Member States. This should cover the issue of the legal base, the prerequisites for an annual governance cycle, and the option of a greater integration into the European Semester.**

**The lead DG shall ensure that these recommendations are duly taken into account in the report prior to launching the inter-service consultation.**

**(C) Main recommendations for improvements**

**(1) Clarify the scope and intervention logic**

The IA needs to be clear whether this is about reducing reporting burdens or whether it reorganises energy governance more broadly. If the latter, it should consider the context in which the governance will be performed. This includes such factors as required political buy-in, links with other policy areas, administrative capacity for reform, private sector innovation capabilities, public awareness and expectations. The IA should also consider the organisational set-up, the mechanisms and working methods to be pursued, and the involvement of stakeholders. This broader approach to governance should be reflected in the objectives, the policy options and the analysis of impacts.

**(2) Links with other policy strands**

If the intention is to merge climate and energy processes into a common framework, the report should consider whether new 'silos' may emerge, and whether the framework can ensure full coordination across the many policy strands and processes, which may affect and be affected by the energy and climate change policies. Relevant policy strands include at least competitiveness policy, taxation policies and environmental policy. In addition, the IA should clarify links with the European Semester.

**(3) Objectives and policy options**

The report should be clearer about working methods and how these will promote progress to set up a new governance mechanism for energy and climate change. It will need to explain how the 'neighbour check' will be carried out and how this will become effective. The report should clearly present the pros and cons of the different governance methods that have been considered, including the option of incorporating recommendations into the European Semester. It should compare the options according to their degree of ambition, from streamlining reporting requirements to a full overhaul of governance structures. The need for new legislation needs to be explained, since targets can also be monitored via

standard review clauses in relevant legislation.

**(4) Impacts**

The report should be clearer about resource requirements and cost implications in the Commission, Member States and elsewhere. The report should consider the necessary parameters and need for flexibility when launching a new regulatory framework for governance, drawing on the experience of the European Semester. The report should also clarify if recommendations are to be developed every year. If this is the case, it should explain to what extent the limited progress reports will still provide enough information to revise recommendations. The report should also give a firmer idea of the information and data requirements necessary for completing the envisaged reporting templates. Finally, the anticipated benefits of a reinforced governance framework should be better explained.

**(5) Legal base**

The report should elaborate on the legal base for coordinating national policies in the energy and climate change field.

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated into the final version of the impact assessment report.*

**(D) Procedure and presentation**

As set out above, the intervention logic should be improved throughout the different sections of the IA.

**(E) RSB scrutiny process**

Reference number	2016/ENER+/029
External expertise used	No
Date of RSB meeting	14/9/2016