

Finnish Energy key messages on the Governance of the Energy Union

Finnish Energy welcomes the commission proposal for the regulation on the Governance of the Energy Union. We are committed to reaching the common energy and climate targets for 2030. The governance is a new approach to ensuring coordinated common efforts. It is of utmost importance to coordinate policies on the internal energy market. However, flexibility for member states should not be lost. We would like to underline some strengths of the proposal and propose some areas of improvement.

1. The main aim of the governance should not be to streamline reporting, but to ensure that member states' efforts for the common targets for renewable energy and energy efficiency are well synchronized and cost efficient - not hampering the internal energy market. This includes avoiding national policies that overlap with the EU emissions trading system. National policies targeting the ETS sector result in a surplus of emission allowances, significantly damaging carbon pricing and therefore investability in climate solutions on the market. Hence, governance should see that:
 - o National emission reduction policies are primarily targeted to the non-ETS sector, where majority of the emissions are. I.e. focus on heating, cooling and transport.
 - o Impact of created overlaps to oversupply are quantified and reported.
 - o Procedures to mitigate the build-up of surplus are put in place.
2. Balanced approach to reach the climate target, security of supply and affordable energy requires flexibility and room of maneuver for the member states according to their national circumstances. The governance must therefore not result in EU level targets becoming de facto allocated rigidly to member states' targets.
3. Regional cooperation is to be facilitated and supervised by the commission throughout the process.
4. A balance is to be sought in gap-filling. A planning gap is to be filled in a consultative process, respecting cost-efficiency on European level. A delivery gap should be filled with additional efforts to non-ETS sectors and costs borne by respective member state.

The commission proposal is next processed by the Parliament with ITRE Committee and Claude Turmes (LU, Greens) leading the work. The council has plans to find a general understanding during the Maltese presidency and aims for a final agreement by the end of 2017. Finnish Energy would very much like to provide more information on the points mentioned above. We look forward to interacting with You during the process to ensure a balanced outcome. Please let us know if we can be of any assistance.

For additional information, please contact:

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