



European
Commission



Clean Energy for all Europeans

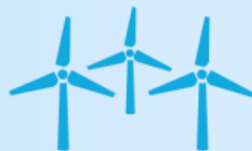


WHY DO WE NEEDED THIS PACKAGE?

THE ENERGY SYSTEM OF TOMORROW WILL LOOK DIFFERENTLY

2030

50% of electricity to come from renewables



2050

Electricity completely carbon free



Thanks to the EU - ambitious **energy and climate commitments**



With leadership comes responsibility

Unique opportunity to **modernise our economy** and to

boost competitiveness

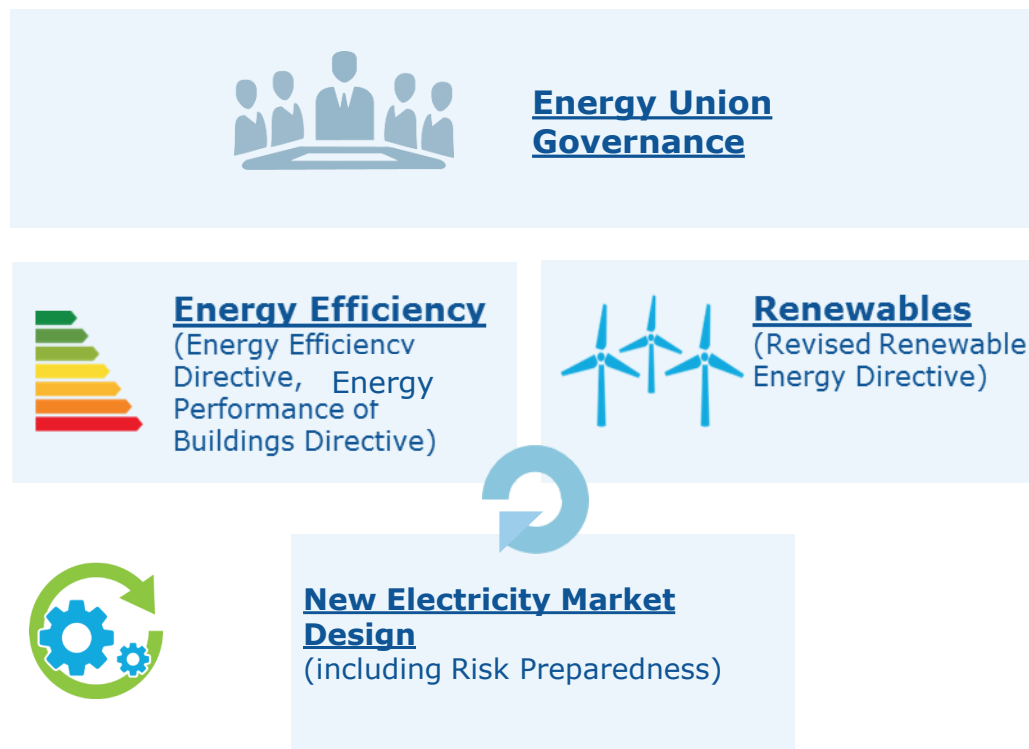
create the growth and jobs we need

HOW DO WE GET THERE?

THE RIGHT REGULATORY FRAMEWORK FOR POST – 2020

" In essence the new package is about tapping our green growth potential across the board"

Commissioner Miguel Arias Cañete (2016)



ENERGY EFFICIENCY

ACHIEVING THE BINDING 30% ENERGY EFFICIENCY TARGET BY 2030



Energy Efficiency Directive

- Binding 30% energy efficiency target for 2030;
- Create 400,000 new jobs;
- Reduce gas imports by 12%;
- Save € 70 billion in fossil fuel imports;
- Empower consumers by granting access to information on their energy consumption.



Energy Performance of Buildings

- Clear vision for a decarbonised building stock by 2050;
- Smart & Efficient buildings through use of Information and Communication Technologies and Smart Technologies;
- Smart Finance for Smart Buildings initiative:
 - More effective use of public funding
 - Aggregation of funds
 - De-risking
- Protect vulnerable groups & address energy poverty.



Ecodesign Working Plan 2016-2019

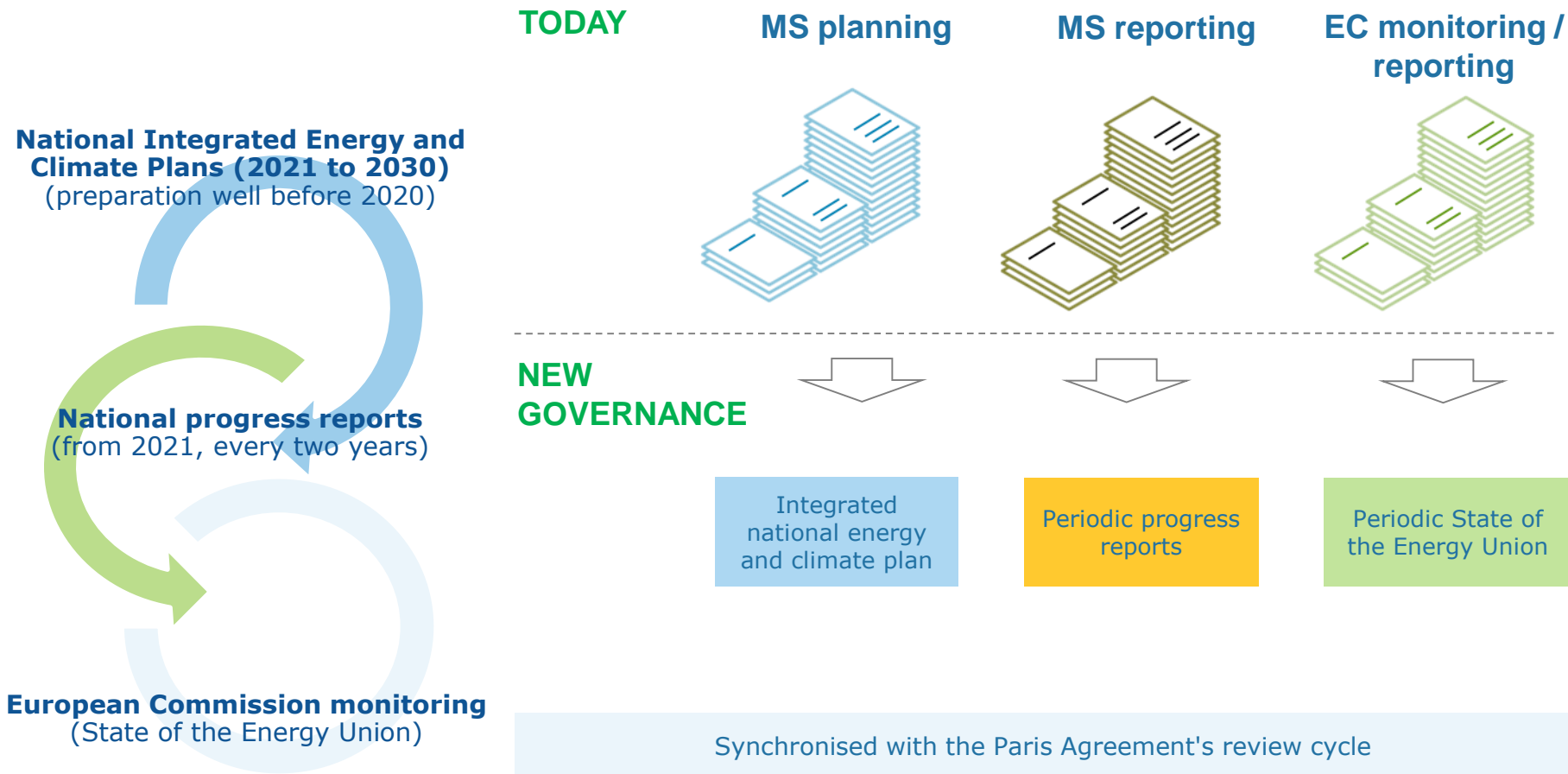
- List of new product groups;
- Outline on how ecodesign will contribute to circular economy objectives;
- Specific measures on air conditioning;
- Guidelines on voluntary agreements.

THE REVISED RENEWABLE ENERGY DIRECTIVE – MAIN OBJECTIVES



ENERGY UNION GOVERNANCE

STREAMLINING AND INTEGRATION OF ENERGY AND CLIMATE PLANNING AND REPORTING



NEW MARKET DESIGN



Boost wholesale market **flexibility** and provide **clear price signals** to facilitate the continuing penetration of renewable energies and ensure investments



Enable **active consumer participation** and ensure that **consumers are protected and benefit** from progress in energy technologies



Promote **regional cooperation** and provide a true **European dimension to security of supply**

One market design : four instruments

Electricity Regulation (RECAST)

- Contains majority of new wholesale market rules

Electricity Directive (RECAST)

- Contains majority of new retail market rules

ACER Regulation (RECAST)

- ACER tasks and procedures

Regulation on Risk preparedness (NEW)

- Member States put in place appropriate tools to prevent, prepare for and manage electricity crisis situations

MARKETS FIT FOR PURPOSE

COMPETITIVE ENERGY MARKETS ARE AT THE HEART OF A COMPETITIVE ECONOMY

Strengthened short-term markets

Increase **cross-border trading opportunities** over shorter timeframes (intraday and balancing markets)

Reward flexibility for generation, demand-response and storage

Allow **prices to show real value** of electricity in terms of time and location (scarcity pricing)

Competitive retail markets

Flexible network management

Regulated prices phased out

Fair market access for new market players such as new service providers

Distribution operators as neutral but **active market facilitators**

Level-playing field among sources

Rules on **priority access** and dispatch

Curtailment rules

Remuneration on equal terms on market principles

Extended **balancing** responsibilities

Regional cooperation

Regional Operation Centres (TSOs)

Common rules on **crisis prevention**

European framework for capacity remuneration

New tasks for **ACER/EU DSO**



Cost-effective transition

- **Make the energy transition cost effective**
 - Establishing a level playing field, strengthening short-term markets and unlocking demand response alone will generate cost savings of at least €9.5 billion/year by 2030;
 - A coordinated approach to resource adequacy provides total capacity savings of ~80 GW (EU 28) corresponding to 4.8 b€/year of investments.
- **Make the market the prime generator of investments**
 - Well-functioning markets can deliver the necessary (flexible) investments:
 - Overcapacity is gradually reduced (mainly by exit of highly emitting plants)
 - Scarcity pricing allows for full cost recovery of most technologies
 - Flexible assets (CCGTs) remain profitable on average
 - RES E investments gradually become more and more market based

Key areas of political debate

- 1 Commission decision on **bidding zones**
- 2 **Emission threshold** for resources committed in capacity mechanisms
- 3 Decision-making competence of **Regional Operational Centres (ROCs)**
- 4 Phase-out - **retail price regulation/energy poverty**

Outlook

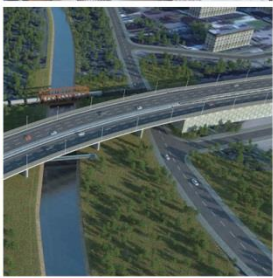
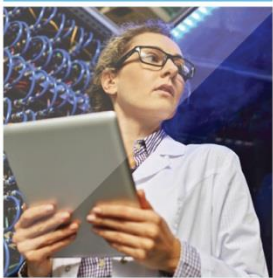
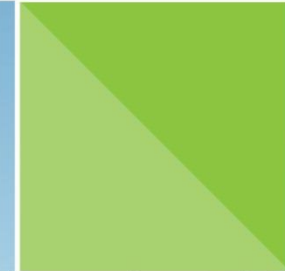
*13 December 2016 - **Joint Declaration of Presidents:***

The energy files are given a priority within the inter-institutional work in 2017

- European Parliament (KARIŇŠ report, ITRE vote 11/12)*
- Council (Presidencies)*



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Thank you for your attention!

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