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1

EU invests €444 million in key energy infrastructure

In Brussels, on 17 February 2017 EU Member States agreed on the Commission's proposal to invest €444 million in priority European energy infrastructure projects. The 18 selected electricity, smart grids and gas projects will contribute to achieving the Energy Union's goals by connecting European energy networks, increasing security of energy supply, and contributing to the sustainable development by integrating renewable energy sources across the EU.

The Energy Union strategy has at its centre the transition to a low-carbon, secure and competitive economy. Properly interconnected electricity lines and gas pipelines form the backbone of an integrated European energy market. Investing in sustainable and renewable energy sources helps accelerate the energy transformation in Europe and ensures that such a transformation is used for the EU industry to reach a leading position in low-carbon technologies, thereby fostering green growth and jobs – all

priorities of the Juncker Commission.

The money for the chosen projects comes from the Connecting Europe Facility (CEF), the EU's funding support programme for infrastructure.

Commission Vice-President for Energy Union Maroš Šefkovic said: *"I welcome today's agreement by the Member States. These are important projects with major cross-border implications. They are a tangible sign of what the Energy Union means for Europe and how the European Union can help making our countries stronger by cooperating closely together."*

Commissioner for Climate Action and Energy Miguel Arias Cañete said: *"This is another milestone in the setup of a cleaner, more competitive European energy market. An energy infrastructure which is fit for purpose is essential for renewables to thrive. Thanks to this upgrade, the proposals in the Clean Energy for All Europeans package are even closer to become a reality. The EU is demonstrating its commitment to delivering cheaper, more sustainable and*

secure energy to European consumers".

2

Renewables: Europe on track to reach its 20% target by 2020

How is Europe performing in renewable energy?

Having achieved a share of 16% renewables in its final energy consumption in 2014 and an estimated share of close to 16.4% in 2015, the EU as a whole is well on track to reach its 20% target by 2020. However, Member States will have to keep up their efforts in order to reach their national goals.

Europe as a whole is performing well in its deployment of renewables. In 2011, renewables generated 21.7% of the EU's electricity; three years later, this figure has reached 27.5%, and it is expected to climb to 50% by 2030. The EU's initial efforts in promoting the use of renewables facilitated this continued growth which resulted in lowered renewable costs: the prices of photovoltaic modules fell by 80% between the end of 2009 and the end of 2015. Renewables have now become cost-competitive, and sometimes even cheaper than fossil fuels.

The renewable energy sector plays a key role for the EU economy with a turnover of around €144bn in 2014 and more than one million people employed.

European investments have dropped by more than half since 2011 to €44bn last year, while global investments in renewable energy continue to increase to above €260bn.

3

Europe's energy transition is well underway

The Second Report on the State of the Energy Union shows that the modernisation of the European Union economy and the transition to a low-carbon era are happening.

In terms of greenhouse gas emissions, energy efficiency and renewable energy, Europe is on track to reach its 2020 targets. To further drive this process, the Commission is announcing a new Energy Union tour.

In line with its commitment to report annually on the state of the Energy Union, the European Commission is publishing its Second State of the Energy Union Report. This report looks at the progress made since the publication of the first State of the Energy Union in November 2015. These reports are central elements to monitor the implementation of this key priority of the Juncker Commission.

Maroš Šefčovič, the Vice-President responsible for the Energy Union, said: *"The Energy Union is about more than energy and climate alone; it is about accelerating the fundamental modernisation of Europe's entire economy, making it low-carbon, energy and resource efficient, in a socially fair manner. We should also strengthen the Energy Union's external dimension, to enhance the EU's global leadership role. Now that a large part of the relevant legislative proposals are on the table, 2017 should be the year of implementation. This is the message that I will bring to Member States during the new Energy Union tour, which I will launch on 3 February"*.

Miguel Arias Cañete, Commissioner for Climate Action and Energy, said: *"Europe is well on track to meet its 2020 climate and energy targets. Despite the current geopolitical uncertainties, Europe is forging ahead with the clean energy transition. There is no alternative. And the facts speak for themselves: renewable energy is now cost-competitive and sometimes cheaper than fossil fuels, employs over one million people in Europe, attracts more investments than many other sectors, and has reduced our fossil fuels imports bill by €16 billion. Now, efforts will need to be sustained as Europe works with its partners to lead the global race to a more sustainable, competitive economy."*

Since the publication of the first State of the Energy Union, several trends in the EU's transition to a low-carbon economy were continued and strengthened. The Commission will carry out further in-depth analysis of Member States' policies, using the new Energy Union Tour throughout 2017.

For the Energy Union, 2016 was the year of delivery where the vision of the Energy Union Framework Strategy was further translated into concrete legislative and non-legislative initiatives, above all with the "Clean Energy for all Europeans" package presented on 30 November 2016.

The EU as a whole has continued to make good progress on delivering the Energy Union objectives, in particular on the 2020 energy and climate targets (see MEMO/17/162 and MEMO/17/163). It has already achieved its 2020 final energy consumption target. The same is true for greenhouse gas emissions: in 2015, EU greenhouse gas emissions were 22% below the 1990 level. The EU is also on track in the renewable sector where – based on 2014 data – the share of renewables reached 16 % of the EU's gross final energy consumption. Another important trend is that the EU continues to successfully decouple its economic growth from its greenhouse gas emissions. During the 1990-2015 period, the EU's combined Gross Domestic Product (GDP) grew by 50 %, while total emissions decreased by 22 %.

Following the conclusion of the Paris Agreement in December 2015, it was the swift ratification by the EU that enabled the entry into force of the first-ever universal, legally-binding global climate deal on 4 November 2016.

In a fast-changing geopolitical environment, a successful Energy Union is crucial to protect the long term economic interests and well-being of Europe and of Europeans. That is why work on the Energy Union in the past months has included a reinforced focus on energy diplomacy, designed to strengthen security of energy supply, to expand exports of EU low carbon technology solutions and to boost Europe's industrial competitiveness.

In 2016, the Commission also presented a European low emission mobility strategy with a clear ambition: by mid-century, greenhouse gas emissions from transport should be at least 60 % lower than in 1990 and be firmly on the path towards zero, while ensuring the mobility needs of people and goods as well as global connectivity.

4

The Commission confirms unannounced inspections in the electricity sector in Greece

The European Commission confirmed that on 14 February 2017 its officials carried out unannounced inspections at the premises of companies active in the generation, transmission and supply of electricity in Greece.

The Commission has concerns that the relevant companies may have engaged in anti-competitive practices in breach of EU antitrust rules that prohibit the abuse of a dominant position (Article 102 of the Treaty on the Functioning of the European Union) or that they are in possession of information relating to such practices. The Commission officials were accompanied by their counterparts from the Hellenic Competition Commission.

Unannounced inspections are a preliminary step into suspected anti-competitive practices. The fact that the Commission carries out such inspections does not mean that the companies are guilty of anti-competitive behaviour nor does it pre-empt the outcome of the

investigation. The rights of defence, in particular the right of companies to be heard in antitrust proceedings are in any case well respected.

There is no legal deadline to complete inquiries into anti-competitive conduct. Their duration depends on a number of factors, including the complexity of each case, the extent to which the companies concerned cooperate with the Commission and the exercise of the rights of defence.

5

The EU tackles growing aviation emissions

The Commission is amending the EU Emissions Trading System (ETS) making it fit for tackling CO₂ emissions from aviation. This comes following an agreement by the International Civil Aviation Organization (ICAO) to stabilise international aviation emissions.

The European Union is a leading advocate for addressing fast-growing emissions from aviation. At the 2016 ICAO Assembly, the European Union and its Member States played an instrumental role in

securing a deal on a global market-based measure to stabilise international aviation emissions. The system will require airlines to monitor and report their annual CO₂ emissions on international routes and offset those exceeding 2020 levels.

Following this deal at global level, a revision of the EU Emissions Trading System is needed to maintain the contribution of the aviation sector to the European climate objectives and for the smooth implementation of the ICAO Global Market-Based Measure. The Commission is proposing to continue with the current geographic scope of the EU Emissions Trading System for aviation, covering flights between airports in the European Economic Area. This will ensure a level playing field and equal treatment of all airlines flying in Europe.

Commissioner for Climate Action and Energy Miguel Arias Cañete said: "With this proposal we are making sure that the aviation sector also contributes to our climate objectives. Now, we call on countries around the world to participate in the global scheme from the

beginning and help us finalise and implement sound environmental criteria to deliver real emissions reductions in the aviation sector."

Commissioner for Transport Violeta Bulc said: "Following ICAO's landmark agreement, the European Union is now focused on getting the global scheme up and running. We are serious about achieving carbon neutral growth for aviation, and we will provide technical and financial assistance to make it happen. Aviation is a global business and no country can be left behind!"

The proposal to revise the EU Emission Trading System will be discussed by the European Parliament and the Council, which are expected to finalise the co-decision process by the end of the year.

Environmental Implementation Review: new way to help Member States apply EU rules benefits citizens, administrations and economy

On Improving the application of EU rules on waste management, nature and biodiversity, air quality, water quality and management.

On 6 February 2017, the Commission adopted the Environmental Implementation Review, a new tool to improve implementation of European environmental policy and commonly agreed rules. This is the beginning of a new process. The Commission will address with Member States the causes of implementation gaps and find solutions before problems become urgent.

Full implementation of EU environment legislation could save the EU economy €50 billion every year in health costs and direct costs to the environment. According to Eurobarometer, 3 out of 4 citizens consider European laws necessary to protect the environment in their country, and 4 out of 5 agree that

European institutions should be able to check whether the laws are being correctly applied.

Karmenu Vella, Commissioner for Environment, Fisheries and Maritime Affairs, said: "Patchy and uneven implementation of environmental rules helps no one. Improving how environmental laws are applied benefits citizens, public administrations and the economy. This is where the Environmental Implementation Review (EIR) comes in. The European Commission is committed to helping Member States make sure that the quality of their citizens' air, water and waste management is of the highest standard. This Review provides the information, the tools and the timetable to do this".

The package includes: 28 country reports which map national strengths, opportunities and weaknesses; a Communication summarising the political conclusions of the country reports and examining common trends, in areas such as air quality, waste management and the circular economy, water quality and protecting nature and biodiversity; and recommendations for improvements to all Member States.

The Review shows that in the area of waste management, waste prevention remains an important challenge for all Member States, while six have not managed to limit the landfilling of biodegradable municipal waste. Full compliance with EU waste policy by 2020 could create additional 400,000 jobs.

Despite many local success stories in nature and biodiversity, the implementation of EU nature legislation needs to be stepped up, as confirmed by the EU Fitness Check of the Birds and Habitats Directives. Otherwise biodiversity loss will continue in the EU, compromising the capacity of ecosystems to provide for human needs in the future.

In 23 out of 28 Member States, air quality standards are still exceeded – in total in over more than 130 cities across Europe. Transport is a main source for air quality problems. Action on reducing environmental noise, the second-worst environmental cause of ill health, should also be increased.

In water quality and management, most Member States struggle to reach full compliance on collection and treatment of urban wastewater, and 13 face EU legal action. Nitrates

concentrations and eutrophication levels remain a serious issue in nearly all Member States.

There are a number of root causes common to several Member States: ineffective coordination between administrative levels, insufficient capacity, and lack of knowledge and data.

The launch of the EIR package will be followed by discussions with each Member State, the launch of a peer-to-peer tool to allow Member States to help each other with expertise, and political debates in the Environment Council.

Background

When commonly agreed rules are not properly implemented, the Commission can take legal action. In order to avoid this route, through the process of the Environmental Implementation Review, the Commission will work with Member States to enable them to better apply environmental policies and rules.

The Environmental Implementation Review (EIR) is part of the Commission's Better Regulation policy, which includes improving implementation of existing legislation and policies.

The Hellenic Regulation Institute is a scientific multidisciplinary forum founded by Metaxas & Associates Law Firm (www.metaxaslaw.gr) in an effort to host a well-founded dialogue between energy experts, academics and practitioners.

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