

COUNCIL OF THE EUROPEAN UNION



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PRESS RELEASE

2854th Council meeting

Transport, Telecommunications and Energy

Brussels, 28 February 2008

President	Mr Andrej Vizjak,
	Minister of Economy of Slovenia



Main results of the Council

The Council adopted conclusions on the European strategic energy technology plan.

The Council held a public policy debate on the **climate-energy** package, focusing on the proposal for a directive on the promotion of the use of **energy from renewable sources**.

The Council also held a public policy debate on the **internal energy market** package.

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¹ • Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.

- Documents for which references are given in the text are available on the Council's Internet site (http://www.consilium.europa.eu).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

The governments of the Member States and the European Commission were represented as follows:

Belgium: Mr Paul MAGNETTE

Bulgaria: Ms Galina TOSHEVA

Czech Republic: Mr Martin ŘÍMAN Mr Tomáš HÜNER

Denmark: Ms Connie HEDEGAARD

Germany: Mr Peter HINTZE

Estonia: Mr Juhan PARTS

<u>Ireland:</u> Mr Eamon RYAN

Greece: Mr Christos FOLIAS

<u>Spain:</u> Mr Ignasi NIETO MAGALDI

<u>France:</u> Mr Jean-Louis BORLOO

Italy: Mr Marco STRADIOTTO

<u>Cyprus:</u> Mr George CHACALLI

<u>Latvia:</u> Mr Kaspars GERHARDS

<u>Lithuania:</u> Mr Vytas NAVICKAS

Luxembourg: Mr Jeannot KRECKÉ

<u>Hungary:</u> Mr Csaba KÁKOSY

Malta: Ms Theresa CUTAJAR

<u>Netherlands:</u> Ms Maria van der HOEVEN

<u>Austria:</u> Mr Martin BARTENSTEIN

<u>Poland:</u> Mr Waldemar PAWLAK Minister for Climate and Energy

Deputy Minister for the Economy and Energy

Minister for Industry and Trade Deputy Minister for Industry and Trade, Industry and Energy Section

Minister for Climate and Energy

Parliamentary State Secretary to the Federal Minister for Economic Affairs and Technology

Minister for Economic Affairs and Communications

Minister for Communications, Energy and Natural Resources

Minister for Development

Secretary General for Energy, Ministry of Industry, Tourism and Trade

Ministre d'État, Minister for Ecology and for Sustainable Development and Town and Country Planning

Under Secretary of State, Ministry of Economic Development

Deputy Permanent Representative

Minister for Economic Affairs

Minister for the Economy

Minister for Economic Affairs and Foreign Trade, Minister for Sport

Minister for Economic Affairs and Transport

Deputy Permanent Representative

Minister for Economic Affairs

Federal Minister for Economic Affairs and Labour

Deputy Prime Minister, Minister of Economy

Portugal: Mr Manuel PINHO

Romania: Mr Darius MESCA

<u>Slovenia:</u> Mr Andrej VIZJAK Mr Igor ŠALAMUN

<u>Slovakia:</u> Mr Ľubomír JAHNÁTEK

<u>Finland:</u> Mr Mauri PEKKARINEN

<u>Sweden:</u> Ms Maud OLOFSSON

United Kingdom: Baroness VADERA Minister for Economic Affairs and Innovation

State Secretary for Energy, Ministry of the Economy and Finance

Minister for the Economy Director General for Energy, Ministry of Economy

Minister for the Economy

Minister for Economic Affairs

Deputy Prime Minister and Minister for Enterprise and Energy

Parliamentary Under Secretary of State, Department for Business, Enterprise and Regulatory Reform

Commission: Mr Andris PIEBALGS

Member

ITEMS DEBATED

EUROPEAN STRATEGIC ENERGY TECHNOLOGY PLAN - Council conclusions

The Council adopted the following conclusions:

"THE COUNCIL

WELCOMES the presentation of the Communication "A European Strategic Energy Technology Plan (SET Plan)" by the Commission, in response to an invitation by the Spring 2007 European Council;

AND AGREES ON THE FOLLOWING FUNDAMENTAL PRINCIPLES FOR A EUROPEAN ENERGY TECHNOLOGY POLICY:

A European Energy Technology policy, aimed at an accelerated development and wide-scale application of clean, sustainable and efficient energy technologies is an essential element for the achievement of the European Union's ambitious energy and climate goals for 2020, and will contribute to the worldwide transition to a low-carbon economy by 2050. This policy will help to achieve the goals of the Lisbon Strategy by pursuing research, innovation and enhanced competitiveness and will contribute simultaneously to the three pillars of the Community energy policy: security of supply, sustainability and competitiveness.

The European Energy Technology policy should increase synergies at Community level whilst avoiding the duplication of efforts, and should take into account existing cooperation structures in energy technology Research, Development, Demonstration and Deployment (RDD&D).

This policy requires increased and sustained funding, for RDD&D on clean, sustainable and efficient energy technologies including "market pull" measures in areas where the incentives for the private sector are not sufficient to enable an accelerated market uptake of products incorporating clean, sustainable and efficient energy technologies. At the same time, resources should be used in a more targeted way by increasing the focus of RDD&D activities in EU and Member States' programmes.

Europe must pursue advances in a broad portfolio of energy technology fields and simultaneously allow Member States to pursue RDD&D in line with their own national situation and preferences. Thus, Member States can choose freely the optimal combination of energy technologies and of R&D priorities, in line with their prerogative to decide upon their own energy mix.

The European experience and know-how in clean, sustainable and efficient energy technologies and their market introduction strategies should be improved upon, multiplied, and applied throughout the European Union. All sectors in the EU economy which are involved in energy-producing, energy-saving and energy-using products and services must be guided and stimulated towards the use of cleaner and more efficient energy technologies.

The full engagement of the private sector is essential. Therefore, industry, investors, innovators and researchers must be provided with a stable and predictable policy framework which gives clear signals, regulatory certainty and transparency and concrete commitments, at European as well as national level, so as to allow them to plan and decide in the medium- and long-term perspective required. In particular, financial and non-financial support mechanisms must take full account of this medium- to long-term perspective. Furthermore, for each type of energy technology, the policy framework should address, where needed, the entire supply chain from basic research to full-scale market penetration.

AND THEREFORE AGREES THE FOLLOWING GOALS AND ACTIONS:

- 1. to set up the priority Industrial Initiatives as proposed by the Commission, taking careful account of existing initiatives and their various stages of development, and launch each one of them as early as feasible. These initiatives should be of a voluntary nature, and can take the form of public-private partnerships or of joint programming by groups of interested Member States. Proposals for these initiatives should demonstrate their cost-effectiveness and added value. Further Industrial Initiatives may be necessary, and therefore Council encourages the Commission to continue to examine areas with great potential such as marine energy, energy storage and energy efficiency for this purpose. Council underlines that the mention of a particular initiative has no implication regarding the provision of financial means for this initiative from the Community budget.
- 2. to further increase efforts on energy efficiency by supporting and stimulating RDD&D on end-use technologies to realise the significant energy-saving potential in the EU, inter alia by means of further increasing acceptance and raising awareness, taking appropriate regulatory measures including standard setting and making good use of public purchasing policy.

- 3. to set up by the summer of 2008 a group of high level government representatives from each Member State (the "High Level Steering Group"), which convenes in order to exchange information and propose options for an optimisation of overall energy RDD&D efforts in the European Research Area through joint programming; and furthermore, to establish a structured, open and inclusive dialogue between research centres leading to a European Energy Research Alliance. Proposals for these mechanisms should demonstrate their cost-effectiveness and added value for energy research and innovation efforts at Community level, taking into account existing policy instruments and coordination mechanisms, including at international level. The functioning and continuation of these mechanisms that would become redundant should cease to function. Ways and means to include other stakeholders for example, by means of a European Energy Technology Summit should be sought.
- 4. to aim for substantial increases in European, and when appropriate, national funding for energy RDD&D, including for energy research capacity building, commensurate with the achievement of the Community's energy and climate goals, as far as the absorption rate of its research base allows;
- 5. to improve and enlarge the Community's world-class knowledge base of energy researchers and research institutes ("capacity building"), including by reducing barriers to mobility, attracting world-class human capital, improving science education, and by asking the European Strategy Forum on Research Infrastructures (ESFRI) to identify the need for European research infrastructures in the field of energy technologies, such as renewable energy technologies;
- 6. to develop, where appropriate, covenants between government, industry and researchers for different types of energy-producing and energy-saving technologies, in support of the objectives of the SET-Plan.

Such measures and commitments may include:

- = public-private partnership arrangements, implementation of clusters;
- = fiscal "carrot-and-stick" approaches for both the research and market introduction phases of energy-saving, energy-using and energy-producing products and services, according to their performance level;
- = government commitments to put optimal "market pull" measures in place when the technology concerned reaches a predefined level of maturity;

- = industry commitments to accelerate and expand the market introduction of clean and efficient energy-using products;
- = government commitments to simplify, reduce or remove administrative barriers in all policy areas which hinder the market introduction of clean and efficient energy-using or energy-producing products, and to develop simple "one-stop-shop" solutions for permits for renewable energy production installations;
- = setting standards and norms for clean and efficient energy products and services, at EU and international level;
- 7. to make, where possible and appropriate, policies and measures including Community programmes in all relevant areas such as research, state aid, agriculture, transport and public procurement, supportive of the achievement of the overarching and binding energy and climate change goals agreed by the Spring 2007 European Council;
- 8. to further promote international cooperation on RD&D on clean, sustainable and efficient energy technologies, by developing and applying differentiated strategies, building upon ongoing cooperation with third countries, where mutual interest and benefits exist. In this process, the cooperation and contribution of European industrial market leaders in clean, sustainable and efficient energy technologies should be sought, and the promotion of the leadership and competitiveness of European industries in those energy technologies should be an important element. Emphasis should be given to cooperation with large energy-consuming countries, countries or regions which are leaders in the field of advanced energy technology, countries with evident potential for the cost-efficient application of certain clean, sustainable and efficient energy technologies, and developing countries and transition countries able and willing to 'skip a step' in their economic development by making directly a large-scale transition to the application of these energy technologies;

AND IN THIS CONTEXT INVITES THE COMMISSION

- 9. in 2008, to start work on the above agreed goals, in close consultation and cooperation with Member States and other relevant actors, including by preparing a Communication on financing low carbon technologies, and by engaging in planning and preparatory steps for the transition to low carbon energy networks and systems;
- 10. to review the Strategic Energy Technology Plan at regular intervals, and to establish as a matter of priority an open-access European energy technology information and knowledge management system;
- 11. to implement, where appropriate, the relevant Community Programmes in support of the goals of the SET Plan, respecting fully their respective legal bases."

CLIMATE ACTION AND RENEWABLE ENERGY PACKAGE

Following the Commission's presentation of the climate-energy package, the Council held a public policy debate, focusing on the proposal for a directive on the promotion of the use of energy from renewable sources (5421/08).

The climate change-energy package¹, adopted by the Commission on 23 January, complements existing measures aimed at reaching the overall objective - endorsed by the European Council in March 2007 (7224/1/07) - of a 20% reduction in greenhouse gases by 2020 compared to 1990 and of achieving a 20% share of renewable energies in overall EU energy consumption by 2020, including a 10% target for biofuels.

The outcome of the debate, which was held on the basis of a presidency questionnaire (5935/08), will provide guidance for the further work of the Council and its preparatory bodies. In view of the nature of the climate-energy package, two horizontal questions, to be shared with the Environment Council of 3 March, focused on the ambition of the package as a whole and on sustainability criteria. Two questions addressed to energy ministers focused on renewable energy sources and on the trade in guarantees of origin.

The presidency summarised the debate along the following lines:

- Delegations welcome the **climate-energy package** in general as well as the **proposal on the promotion of the use of energy from renewable sources** as an important means to achieve the climate and renewable energies goals and, in line with the objectives and targets endorsed by the 2007 Spring European Council, express their general support for the ambition of the package as a whole.
- Early adoption of the instrument has been urged by several delegations.

¹ The package contains:

- proposal for a review of the directive 2003/87/EC on the EU emissions trading scheme (ETS) (*5862/08*, lead: the Environment Council);
- proposal for a decision on the greenhouse gas emissions covering non-ETS sectors (5849/08, lead: the Environment Council);
- proposal for a directive on the promotion of the use of energy from renewable sources (5421/08, lead: Energy Council);
- proposal for a directive on carbon capture and storage (5835/08, lead: the Environment Council),
- a Commission Communication on the early demonstration of sustainable power generation from fossil fuels plants and their funding (5780/08, lead: the Energy Council)
- guidelines on state aid for environmental protection (lead: the Competitiveness Council).

- The national targets are considered to be very ambitious some even think they are too ambitious and, in order to achieve them, there is *inter alia* a need for
 - much **flexibility** on *how* to achieve them,
 - increasing **public support** for renewable energies and
 - **certainty** with respect to the **support schemes**, including the guidelines on state aid for environmental protection; in this context, it is crucial to have some assurance that, after 2014, the successor to these guidelines will be equally supportive.
- The importance of the indicative trajectories for reaching the targets has been confirmed, but here also, flexibility seems to be necessary.
- Solidarity has been highlighted as another essential aspect.
- Balance is needed between competitiveness, security of supply and sustainability.
- In the same way, the importance of **trade in guarantees of origin** has been underlined as a flexible instrument which should enable and not hinder Member States to reach their targets, as well as the continuation of **current national support schemes** for renewables. The interaction of the different instruments will probably need more clarification..
- The contribution of energy efficiency is considered as essential to achieve the objectives.
- With respect to biofuels, there is broad support for **ambitious sustainability criteria**; however, these criteria should not diminish the competitiveness of European industry nor should they lead to trade barriers; indeed, import of and trade in biofuels will be necessary to achieve the target in this field. Moreover, the **cost-effectiveness** of the sustainability scheme will have to be ensured.
- Several delegations have indicated that sustainability criteria should apply to **all forms of biomass**. In this context, consistency between the renewables directive and the fuel quality directive is essential.
- Finally, the need for **cost efficiency** has been underlined as an essential element.

INTERNAL ENERGY MARKET

The Council held a public policy debate on the internal energy market package on the basis of a presidency note ($\underline{6324/1/08}$).

This was a very useful debate where most member states voiced their opinions. There were different opinions concerning the proposal of the Commission, the proposal by eight member states, the non-paper of the Commission as well as the United Kingdom contribution.

The debate showed support by member states for further work towards a compromise solution at working group and the permanent representatives committee level. Further work should lead to political agreement on the third package by June TTE Council.

OTHER BUSINESS

- International relations in the field of energy and security of supply

The Council took note of the information provided by the Commission on international relations in the field of energy and security of supply.

The Commission reported on the international relations events and developments which have taken place since December 2007. This information covered *inter alia* the International partnership for energy efficiency cooperation, relations with Turkmenistan and Ukraine, the Euro-Mediterranean energy cooperation, Energy Community, as well as the 2nd strategic energy review to be adopted by the Commission in November 2008, which will focus on security of supply.

OTHER ITEMS APPROVED

<u>ENERGY</u>

International Partnership for Energy Efficiency Cooperation

The Council adopted the European Community position for negotiations on the declaration on the International Partnership for Energy Efficiency cooperation. After further negotiations with key countries, the declaration could be signed in the coming months.

The aim of the Partnership would be to provide a forum for discussion, consultation and exchange of information; it would not formally develop or adopt standards or efficiency goals. It would thus facilitate actions such as: exchange of information, encouraging development of energy efficiency technologies, increasing financing and cooperation efforts to accelerate deployment of energy efficiency technologies and research, exchange info/work towards global standards, encourage green public procurement and promote effective regulatory frameworks which foster energy efficiency. The Partnership would be established by an International Energy Agency (IEA) Implementing Agreement open to all countries.

APPOINTMENTS

Committee of the Regions

On a proposal from the Italian government, the Council adopted a decision appointing

- Mr Giovanni SPERANZA, Sindaco del Comune di Lamezia Terme

as alternate member for the remainder of the current term of office, ending on 25 January 2010.