



Council of the
European Union

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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
Subject:	European Council (23 and 24 October 2014) - Draft guidelines for the conclusions

With a view to the forthcoming meeting of the European Council, delegations will find below the state of progress regarding the various topics on its agenda. Where possible, first indications are given on the elements the President of the European Council intends to include in the draft of the conclusions.

Member States are invited to provide their reactions, in order to help guiding the preparations for the draft European Council conclusions which will be submitted in one week.

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I. CLIMATE AND ENERGY POLICY FRAMEWORK 2030

The European Council will agree on the 2030 climate and energy policy framework for the European Union, based on the principles identified in its conclusions in March 2014 and containing the following elements:

- An EU target of a 40% domestic reduction in GHG emissions by 2030 compared to 1990, to be delivered collectively by the EU in the most cost-effective manner possible, with the reductions in the ETS and non-ETS sectors amounting to 43% and 30% by 2030, respectively. All Member States will participate in this effort, balancing considerations of fairness and solidarity;
- A reformed emissions trading system (ETS) with a cap on the maximum permitted emissions changed from 1.74% to 2.2% from 2021 onwards and continued **100%** free allocation **based on realistic benchmarks and recent production** to prevent the risk of carbon leakage as long as no comparable efforts are undertaken in other major economies;
- Renewal of the existing NER300 facility [, with the scope extended to low carbon innovation in industrial sectors and the initial endowment increased to 400 million allowances (NER400)] **and further European investment in Carbon Capture and Storage (CCS) technologies;**

- A new reserve of [1-2%] of the EU ETS allowances to address particularly high additional investment needs in low income Member States (GDP per capita¹ below 60% of the EU average), with the aim of improving energy efficiency and modernising their energy systems to provide their citizens with cleaner, secure and affordable energy. This reserve will serve to establish a fund managed by the EIB;
- Distribution of the EU ETS allowances to be auctioned by the Member States: for the purposes of solidarity and growth, 10% will be distributed among those countries whose GDP per capita did not exceed 90% of the EU average, while the rest will be distributed on the basis of verified emissions;
- Methodology to set the national reduction targets for the non-ETS sectors: ~~continued application until 2030 of the methodology agreed in the Effort Sharing Decision for 2020, with efforts distributed on the basis of relative GDP per capita.~~ In order to reach the necessary EU reduction, all Member States will contribute to the overall EU reduction in 2030 **on the basis of cost-effectiveness** with the targets spanning from 0% to -40% compared to 2005. ~~Targets for the Member States with GDP per capita above the EU average will be relatively adjusted to reflect cost-effectiveness within this group and domestic ambition levels.~~ In order to ensure cost-effectiveness of the collective EU effort and convergence of emissions per capita by 2030, the use of **existing and new** flexibility instruments will be significantly enhanced. Reduction of emissions in the transport sector will also be taken into account;
- An EU target for a share of renewable energy consumed in the EU of at least 27% in 2030 compared to 1990;
- An EU target for improvement in energy efficiency of ~~30~~**25**% in 2030 compared to projections of future energy consumption **without directly or indirectly binding targets for member states.**

¹ All references to GDP in 2013 in EUR at market prices.

Recalling its conclusions of June 2014, the European Council will also agree further actions reducing the EU's energy dependence and increasing its energy security for both electricity and gas:

- Advancing, and where appropriate, identifying new projects of common interest (PCIs) necessary to reach the existing electricity interconnections target of 10%, with the highest priority given to those which link the energy islands to the rest of the internal energy market;
- ~~An increased target for electricity interconnections of 15% by 2030 to be achieved via implementation of the PCIs;~~
- Better coordination of efforts, streamlining of national administrative procedures, further development of a policy to protect critical energy infrastructure, increased EU bargaining power in the energy negotiations via, ~~in particular, an information exchange mechanism and~~ **on demand** Commission's assistance in the negotiations and use of foreign policy instruments to pass consistent messages.

A reliable and transparent governance system will be developed to ~~help ensure~~ **monitor the progression towards** ~~that the EU meets all of its~~ energy policy goals, with the necessary flexibility for Member States ~~and~~ in full respect of their freedom to determine their energy mix, **and avoiding additional administrative burden.**

II. ECONOMIC ISSUES

The European Council will address the economic situation in the European Union on the basis of a presentation by the Commission and work undertaken by the Council. The European Council is not expected to adopt written conclusions.

III. OTHER ITEMS

p.m. The European Council may also address specific external relations issues in the light of developments on the international scene.

[*poss.* Subject to a vote of consent by the European Parliament on the President, the High Representative of the Union for Foreign Affairs and Security Policy and the other members of the Commission as a body, the European Council will adopt a decision appointing the European Commission.]
