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Main results of the Council

*The Council held a public policy debate on the Commission communication on **energy prices and costs** in Europe. Ministers once again recalled the importance of completing the internal energy market by 2014 and the need to further develop new energy infrastructure to secure the uninterrupted supply of energy throughout the EU at affordable prices. Ministers also highlighted the continued need for households and industry to reduce their energy consumption by improving energy efficiency and energy savings. Furthermore, ministers stressed the importance of creating a level playing field on the world energy market to strengthen the competitiveness of European industry and to mitigate the increasing price differential with third-country competitors.*

*The Council also held a public policy debate on a Commission communication for a **2030 framework for climate and energy policy** from the energy policy perspective so as to ensure complementarity with the policy debate held in the Environment Council on the previous day. Ministers stressed, in particular, that future climate and energy policies should aim to balance different objectives: sustainability and credible pathways towards a low-carbon economy, with affordable energy prices, safe and secure energy systems and European competitiveness. They also expressed support for the Commission's aim to attain future climate and energy objectives in the most cost-efficient way.*

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OTHER ITEMS APPROVED

none

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- 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.

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Estonia:

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Ms Anna-Karin HATT

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United Kingdom:

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Secretary of State for Energy and Climate Change

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Mr Günther OETTINGER

Member

ITEMS DEBATED

ENERGY

Energy prices and costs in Europe

The Council held a public policy debate on the Commission communication on "Energy prices and costs in Europe" on the basis of three questions suggested by the Hellenic presidency ([6524/14](#)).

At the end of the debate, the presidency noted that ministers:

- welcomed the Commission communication on "Energy prices and costs in Europe" and expressed broad support for the proposed actions to reduce energy costs as presented in its Communication, while noting that not all of them are relevant to all member states;
- again recalled the importance of completing the internal energy market by 2014 and the need to further develop new energy infrastructure to secure the uninterrupted supply of energy throughout Europe at affordable prices, especially for vulnerable consumers;
- underlined the importance of a strong regional approach;
- also underlined the continued need for households and industry to reduce their energy consumption by improving energy efficiency;
- acknowledged that the differences between wholesale and retail prices would need further attention, pointing out, however, that these differences are to a certain extent caused by member states' national circumstances. Furthermore, the increase of international energy prices should also be regarded as an important factor in this context;
- broadly expressed support for the need to benchmark network costs and practices to ensure European convergence, underlining, however, that due regard must be given to national circumstances when seeking to identify best practices;
- found it important to preserve flexibility as regards the use of state aid which should be consistent with our energy and competitiveness objectives;

- stressed the importance of creating a level-playing field on the world energy market to strengthen the competitiveness of the European industry and to mitigate the increasing price differential with third-country competitors;
- emphasised that supporting competitiveness and reducing energy costs also contribute to social cohesion in member states and will help to preserve jobs and reduce unemployment. Enhancing energy efficiency will help vulnerable consumers, benefit the building sector and contribute to our climate objectives.

The presidency will report on the outcome of the ministerial discussion to the President of the European Council in preparation for the European Council meeting of 20 and 21 March 2014. The discussion will also feed into draft Council conclusions to be presented for adoption at the TTE (Energy) Council on 13 June 2014.

The Commission communication ([5599/1/14 REV 1](#)) was presented on 22 January in response to a request from the European Council in May 2013 ([EUCO 75/1/2013, page 5](#)), which called on the Commission to present an analysis of the composition and drivers of energy prices and costs in Europe. The communication provides that analysis and will help policy makers understand the context of recent price rises, their impact on energy consumers and the political implications.

The communication focuses on electricity and gas prices and costs, including their impact on citizens' access to stable and affordable energy prices and on the EU's industrial competitiveness. As there are no major differences between oil and coal prices across the globe, these sectors were not specifically covered in the communication. According to the communication, the consumer price for electricity and gas is composed of the following three elements: energy prices (wholesale and retail prices), network costs (transmission and distribution costs) and taxes/levies (general and targeted levies). The communication points out that prices, and especially costs, have continued to rise overall for both households and industry despite falling or stable consumption.

2030 framework for climate and energy

The Council held a public policy debate on a Commission communication for a 2030 framework for climate and energy policy. To structure the debate, the presidency proposed three questions ([6520/14](#)) from the energy policy perspective so as to ensure complementarity with the policy debate held in the Environment Council on the previous day.

At the end of the debate, the presidency highlighted in particular the following:

- future climate and energy policies should aim for the right balance between objectives: sustainability and a credible pathway towards a low-carbon economy, but also affordable energy, safe and secure energy systems and competitiveness;
- the calls for an integrated and coherent policy approach and for achieving future climate and energy objectives in the most cost-efficient way;
- flexibility is the key word so as to allow member states to pursue a low-carbon transition in accordance with their national circumstances, preferred energy mix and energy security considerations;
- the coming state aid rules should not reduce the flexibility needed to deliver on climate and energy objectives in an efficient way;
- there is a broad understanding that a credible greenhouse gas emissions reduction target consistent with the EU's 2050 pathway should be a core component of a new 2030 framework: there is, however, a spectrum of views on whether it should be the core component or one objective together with fresh impetus on renewables and on energy efficiency;
- there is a need for a fair distribution of effort between member states and between sectors;
- the role of renewable energy sources for more sustainable and competitive energy systems and the challenges resulting from efforts to integrate renewable energy into market conditions;
- emphasis was put on achieving a truly integrated EU energy market and its infrastructure and interconnections, including for isolated regions, based on a strong regional approach;

- greater energy efficiency has a key role to play in the 2030 framework. Member states are thus awaiting the Commission's examination on progress towards the 2020 energy efficiency target and clarity on any future Commission initiatives;
- suggestions for a new governance system needs to be considered further; the announced flexibility for member states to choose policies based on needs, cost-efficiency and capabilities is welcome, and the member states' right to determine their energy mix was underlined;
- finally, setting indicators could place a 2030 framework more firmly within energy policy objectives through greater focus on competitiveness and security of supply; their precise role and practical function do, however, require more thought.

The presidency will report on the outcome of the debate to the President of the European Council in preparation for the European Council meeting of 20 and 21 March 2014.

The Commission communication ([5644/1/14 REV 1](#)), presented on 22 January, suggests a framework for future EU energy and climate policies and is intended to launch a process to arrive at a shared understanding of how to take these policies forward in the future.

The main elements of the proposed framework include:

- a greenhouse gas emissions reduction target of 40 % below 1990 levels, to be achieved solely through domestic measures (without the use of international credits);
- a renewable energy target of at least 27 % of energy consumption, with flexibility for member states to set national objectives;
- energy efficiency as a key component of the 2030 framework; a review of the energy efficiency directive will be concluded later in 2014.

The Commission also outlines a new governance system based on national plans for competitive, secure and sustainable energy to be drawn up by member states. In addition, it proposes a set of indicators intended to assess progress over time and to provide a factual base for a potential policy response.

OTHER ITEMS APPROVED
