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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on the Governance of the Energy Union,

**amending Directive 94/22/EC, Directive 98/70/EC, Directive 2009/31/EC,
Regulation (EC) No 663/2009, Regulation (EC) No 715/2009, Directive 2009/73/EC,
Council Directive 2009/119/EC, Directive 2010/31/EU, Directive 2012/27/EU, Directive
2013/30/EU and Council Directive (EU) 2015/652 and repealing Regulation (EU) No
525/2013**

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Executive Summary Sheet

Impact assessment on Proposal for a Regulation on the Governance of the Energy Union

A. Need for action

Why? What is the problem being addressed? Maximum 11 lines

The existing EU acquis on planning, reporting and monitoring is not well suited to support the implementation of the Energy Union. Current obligations are often incoherent within the energy field and inconsistent between the energy and climate fields, leading to unnecessary administrative burden and inefficient regulation and planning. Furthermore, the current policy process between Member States and the Commission is inadequate to achieve the Energy Union objectives, notably the 2030 targets including for renewable energy and energy efficiency, and synchronisation with the Paris Climate Agreement. Member States, citizens as well as investors are affected. A REFIT Fitness Check of the existing obligations in the energy acquis as well as their interlinkages with the climate acquis was carried out

What is this initiative expected to achieve? Maximum 8 lines

The initiative aims at establishing Integrated National Energy and Climate Plans and streamlining planning, reporting and monitoring obligations in the energy and climate fields. It also aims at establishing a coordinated and coherent Governance process between the Commission and Member States, which at the same time enables the EU complying with its international climate obligations.

What is the value added of action at the EU level? Maximum 7 lines

EU level action is justified and necessary in view of the many transnational aspects of the Energy Union as well as the need to set up new National Plans and streamline existing obligations. Member States cannot ensure implementation through national regulation alone. Moreover, bearing in mind that some of the Energy Union objectives are set at EU level (in particular the 2030 target for renewable energy), an EU level process is required in order to meet these.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why? Maximum 14 lines

The Impact Assessment shows a preference for a single legislative act on Energy Union governance that replaces the relevant parts of the energy acquis and fully replaces the MMR. A single legislative act on Energy Union governance that replaces the relevant parts of the energy acquis and the relevant parts of the MMR comes close in terms of costs and benefits. The preferred package would also consist of Member States updating Integrated National Energy and Climate Plans twice during 2021 to 2030 and reporting biennially on their implementation through comprehensive Progress Reports. The Commission would annually monitor collective progress through the State of the Energy Union. It is proposed that the Commission should furthermore issue recommendations on National Plans based on a process set in legislation, as part of its monitoring and in order to ensure delivery of the Energy Union objectives.

Who supports which option? Maximum 7 lines

A majority of respondents to the Public Consultation support the general approach, and the preferred option. On the Governance process, Member States emphasised the necessity to balance investment certainty with flexibility to allow for adapting the National Plans to changing circumstances.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)? Maximum 12 lines

The Energy Union Governance will bring significant benefits to Member States, citizens and business through more stable policy frameworks and better informed policies across the five dimensions of the Energy Union. The preferred approach to the Governance is expected to generate substantial benefits in terms of a timely and more efficient achievement of the Energy Union objectives, promoting investor certainty and synchronising with the Paris Climate Agreement. The transition towards a more secure and sustainable energy system is estimated to require some € 200 billion annual investments in the next decade; the Energy Union Governance will allow for the necessary certainty and predictability to facilitate such investments and make them more efficient.

What are the costs of the preferred option (if any, otherwise main ones)? Maximum 12 lines

The preferred option for streamlining by a single legislative act is estimated to incur total cumulative costs for Member States in the period 2021-2030 of 219.3 million EUR, which include both one-time implementation cost and annual costs and imply estimated cost savings of 3.4 million EUR compared to the baseline. In comparison, streamlining by sector-specific legislation would incur total cumulative costs for Member States of 330.1 million EUR. Actual cost savings of the package of preferred options are expected to be higher than 3.4 million EUR, as the package, inter alia, proposes an alignment of the periodicity of planning, reporting and monitoring obligations which will reduce administrative burden. As regards the Governance process, costs were not quantified due to the procedural nature of options, but are expected to incur equal or somewhat higher administrative costs than the baseline due to the establishment of a new Governance process.

How will businesses, SMEs and micro-enterprises be affected? Maximum 8 lines

Positive impacts on businesses in general and SMEs in particular are expected through enhanced investor certainty and transparency resulting from 2030 planning for the Energy Union. The initiative will not affect the nature of information obligations nor introduce new ones on businesses.

Will there be significant impacts on national budgets and administrations? Maximum 4 lines

Member States' administrations will benefit from the streamlined planning and reporting obligations. They are also required to develop National Plans, which incur costs but also enable economic efficiency through better planning and cost-savings. Member States' administrations will also be affected by their participation in the new Governance with the Commission as well as other Member States.

Will there be other significant impacts? Max 6 lines

Citizens will be better informed about the Energy Union implementation by means of streamlined and more transparent obligations for Member States and the Commission. The preferred option is also expected to have positive environmental impacts and to increase the EU's performance regarding climate action.

D. Follow up

When will the policy be reviewed? Maximum 4 lines

No review of the legislative initiative has so far been planned. An evaluation of its implementation should be done in the mid-2020s, which might lead to a review.