# Commission welcomes political agreement on conclusion of the Clean Energy for All Europeans package

**This concludes the political negotiations on the Clean Energy for All Europeans package and is a major step towards completing the Energy Union and combatting climate change, delivering on the priorities of the Juncker Commission. Negotiators were able to reach political agreement on the new Electricity Regulation and Electricity Directive. This agreement follows previous agreements on the Governance proposal, the revised Energy Efficiency Directive, the revised Renewable Energy Directive, the Energy Performance in Buildings Directive and the Regulations on Risk Preparedness and the Agency for the Cooperation of Energy Regulators (ACER).**

Commissioner for Climate Action and Energy Miguel **Arias Cañete** said*: Today's deal marks the completion of negotiations on the Clean Energy for All Europeans package, putting the EU in the lead in terms of rules to accelerate and facilitate the clean energy transition. This takes us a step closer towards delivering the Energy Union, one of the priorities President Juncker set out for this Commission at the start of the mandate. Today's agreement on the future electricity market design is a vital part of the package. The new market will be more flexible and facilitate the integration of a greater share of renewable energy. An integrated EU energy market is the most cost-effective way to ensure secure and affordable supplies to all EU citizens. The new rules will create more competition and will allow consumers to participate more actively in the market and play their part in the clean energy transition. I am particularly pleased that we agreed on a balanced approach to limit capacity mechanisms and reconcile security of supply with our climate objectives. Capacity mechanisms will not be used as a backdoor subsidy of high-polluting fossil fuels as that would go against our climate objectives."*

The new electricity market design proposals, a Directive and a Regulation, aim to adapt the current market rules to new market realities. They introduce a new limit for powerplants eligible to receive subsidies as capacity mechanisms. Subsidies to generation capacity emitting 550gr $CO_2$/kWh or more will be phased out under the new rules. Furthermore, the consumer is put at the centre of the clean energy transition. The new rules enable the active participation of consumers whilst putting in place a strong framework for consumer protection. By allowing electricity to move freely to where it is most needed, society will increasingly benefit from cross-border trade and competition. They will drive the investments necessary to provide security of supply, whilst decarbonising the European energy system. The new market design also contributes to the EU's goal of being the world leader in energy production from renewable energy sources by allowing more flexibility to accommodate an increasing share of renewable energy in the grid. The shift to renewables and increased electrification is crucial to achieve carbon neutrality by 2050. The new electricity market design will also contribute to the creation of jobs and growth, and attract investments.

**Next steps**

Following this political agreement, the texts of the Directive and Regulation will be prepared in all EU languages and then have to be formally approved by the European Parliament and the Council. Once endorsed by both co-legislators in the coming months, the new laws will be published in the Official Journal of the Union. The Regulation will enter into force immediately and the Directive will have to be transposed into national law within 18 months.

**Background**

On 30 November 2016, the Commission proposed new rules (a revised Electricity market regulation and a revised Electricity market directive) on the EU energy market design in order to help energy markets include more renewables, empower consumers, and better manage energy flows across the EU.

Markets need to be improved to meet the needs of renewable energies and attract investment in the resources, like energy storage, that can compensate for variable energy production. The market must also provide the right incentives for consumers to become more active and to contribute to keeping the electricity system stable. Today's electricity market has fundamentally changed since 2009, when the most recent legislation was introduced. The share of electricity produced by renewables is expected to grow from 25% to 55% in 2030. But when the sun does not shine and the wind does not blow, electricity must still be produced in sufficient quantities to deliver energy to consumers.

The proposed measures also contain measures that ensure that state interventions designed to make sure there is sufficient energy available are only used when really needed, and in a way that does not distort the internal electricity market.

Through the revised **Directive**, these new rules will put consumers at the heart of the transition – giving them more choice and greater protection. Consumers will be able to become active players in the market thanks to access to smart metres, price comparison tools, dynamic price contracts and citizens' energy communities. At the same time, energy poor and vulnerable consumers will enjoy better protection.

The revised Electricity **Regulation** brings stricter and harmonised rules for capacity mechanisms, reconciling thus the EU objectives of security of supply and emission reduction. Enhanced regional coordination will improve market functioning and thereby competitiveness while making the system more stable.

**More information**

Energy Union

Clean Energy for All Europeans package

Electricity markets

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# Atlantic and North Sea: Council agrees 2019 fishing quotas

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Fishing opportunities at the EU

Next year the number of **fish stocks** managed at maximum sustainable yield (**MSY**) **levels** will rise to **59**, and there will be additional protection for the **European eel.** At the same time EU fishermen in the Atlantic and the North Sea will be able to **increase** their **catches** of a number of **healthy stocks**.

After very intense negotiations, the **Council reached agreement** on **2019 catch limits** for the main commercial fish stocks in the area. The agreement is based on a strong commitment to the objectives of the Common Fisheries Policy (CFP): environmental, economic and social sustainability.

> As of 1 January 2019 we finally say goodbye to the wasteful practice of discarding fish. This is a milestone for the reformed Common Fisheries Policy, but also a challenge for our fishermen in basins like the Atlantic and North Sea. I am glad to say that today’s agreement takes this challenge fully into account and provides good solutions which address the socio-economic and environmental sustainability of EU fisheries.
>
> *Elisabeth Köstinger, Austrian Federal Minister for Sustainability and Tourism and President of the Council*

The Council decided in particular to **increase catches for a number of stocks**, including plaice in Skagerrak/Kattegat, the Southern hake stock, Western and Southern horse mackerel, cod, sole and plaice in the Irish Sea, and sole and megrim in the Bay of Biscay. **Decreases** were also agreed for **some stocks**.

The issue of **choke species** in mixed fisheries, i.e. species with a low quota that can cause a vessel to stop fishing even if it still has quota for other species, was addressed through **enhanced inter-area and inter-species**

**flexibility**. Moreover a **new quota exchange mechanism** was created for member states without a quota for by-catches in five fisheries: cod in the Celtic sea and west of Scotland, whiting in the Irish sea and west of Scotland, and plaice in the south-western part of area 7.

The Council decided to further protect **European eel** by extending the mandatory closures agreed for 2018 to recreational fisheries and glass eel fisheries. These measures will cover brackish waters such as estuaries, coastal lagoons and transitional waters, and will ensure consistency with the measures on eel in the Mediterranean Sea.

Finally concerning **northern seabass**, commercial fisheries will remain prohibited with some exceptions, taking into account the positive developments reflected in the scientific advice. It was decided that allowed catches would increase to 5.5 tonnes/vessel for hooks and line fishery, to 400kg for two months for trawlers, to 210 kg for seines, and 1.4 tonne per year for fixed gillnets.

For **recreational fisheries** the “bag limit” stays at 1 fish per day but for 7 months.

## Background

The Council agreement largely confirmed the initial Commission proposal, which established fishing opportunities in the form of **yearly total allowable catches** (TACs) and **quotas** by fish stocks in the different fishing zones, and fully respects scientific advice. TACs and quotas concern stocks that the EU manages either **autonomously or jointly with third countries**, for instance with Norway in the North Sea and the Skagerrak, or through agreements reached in the framework of Regional Fisheries Management Organisations (RFMOs).

Based on the scientific advice provided by the International council for the exploration of the sea (**ICES**), the Commission had proposed for 2019 to: (1) increase or keep current catch limits for 62 stocks, (2) reduce it for 22 stocks, and (3) set new by-catch quotas at low level for 8 stocks so as to reduce the fishing pressure. The Commission had also proposed a set of measures for **northern seabass** to allow higher catches for hooks and line fishery and a bag limit for recreational fisheries.

One of the main objectives of the reformed Common Fisheries Policy (CFP) is to ensure high long-term fishing yields (**maximum sustainable yield**) by 2020 at the latest. In December 2017, 53 stocks were already fished at MSY levels.

Together with MSY, another milestone of the reformed CFP is to reduce unwanted catches through the **landing obligation** (i.e. the prohibition to discard certain stocks at sea) which enters into **full application** as **from 1 January 2019** for all stocks under catch limits.

The setting of TACs and quotas is an annual management exercise decided upon by the Council in accordance with Article 43(3) of the TFEU. It takes place in parallel with the adoption of fishing opportunities in the Black Sea, and is preceded by a similar TAC setting exercise on deep sea fish stocks in

November (every second year), and on Baltic Sea stocks in October.

## Next steps

This regulation will be adopted through a written procedure, following finalisation by the legal/linguistic experts.

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# Europe’s electricity market rules get ready for the energy transition: provisional agreement between Presidency and Parliament

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The EU is updating its electricity market rules for a stronger, greener and more connected European grid.

The Presidency of the Council and representatives of the European Parliament today reached a provisional agreement on a directive and a regulation on electricity. The two files set out the future functioning of the EU’s electricity market and are cornerstones of the clean energy package. The agreement still has to be endorsed by the Council and the European Parliament.

> I am very happy that we have reached an agreement with the European Parliament on these two key files. This means that – provided member states confirm this result – we now have a political agreement on the entire clean energy package. It is an important step towards the completion of the Energy Union and puts us firmly on the path to deliver our contribution to the Paris Agreement.
>
> *Elisabeth Köstinger, Minister for Sustainability and Tourism of Austria and chair of the Council*

## Electricity directive

The aim of the directive on electricity is to ensure that the EU's electricity market is competitive, consumer-centred, flexible and non-discriminatory. The agreement gives **more rights to consumers** while protecting vulnerable customers and defines the roles and responsibilities of market participants.

A key element of the agreement is the ability of electricity providers to set their own prices. This will limit market distortions, lead to more competition and result in lower retail prices. At the same time, the Council has ensured that vulnerable customers will continue to be protected by allowing member states to apply regulated prices to vulnerable household customers. The directive also allows Member States to apply public interventions in price setting for the supply of electricity for other household customers and micro-enterprises for the purpose of a transition period to establish effective competition between suppliers and to achieve fully effective market-based retail pricing of electricity.

In future, customers will be able to participate directly in the market as active customers, for example by selling self-generated electricity, participating in demand response schemes or joining citizens energy communities. The directive also ensures that customers have access to price comparison tools, smart meters and dynamic electricity price contracts. By no later than 2026, customers will be able to switch electricity suppliers within 24 hours.

The electricity directive also sets out the regulatory framework for transmission and distribution system operators.

## Electricity regulation

The electricity regulation revises the rules and principles of the internal electricity market to ensure  it is well-functioning, competitive and undistorted. It also aims at supporting the decarbonisation of the EU's energy sector and removing barriers to cross-border trade in electricity.

New rules on trading and balancing responsibilities ensure that the variable electricity generation from renewable forms of energy can be accommodated, without creating discriminatory provisions or market distortions.

The regulation lays down the conditions under which member states can establish **capacity mechanisms** and the principles for their creation. These mechanisms aim at ensuring that the supply of electricity is sufficient during times of peak demand by remunerating resources for their availability. They have to be temporary and designed to address an identified resource adequacy concern.

An emission limit of 550 gr $CO_2$ of fossil-fuel origin per kWh of electricity is put in place. New power plants that emit more than that and which start commercial production after entry into force of the regulation will no longer be able to participate in capacity mechanisms. Existing power plants emitting more than 550 gr CO2 of fossil-fuel origin per kWh and 350 kg CO2 on average per year per installed kW will be able to participate in capacity mechanisms until 1 July 2025. The new provisions will help the EU reach its climate targets and at the same time protect investment security thanks to a grandfathering clause for capacity contracts that were concluded before 31 December 2019.

Another key element of the agreement is the establishment of **Regional Coordination Centres**, which support regional coordination of transmission system operators. They supersede the existing regional security coordinators, but have additional tasks related to system operation, market operation and risk preparedness. The regulation also creates a European entity of distribution system operators.

## Next steps

The agreements on both files will now be discussed by EU Ambassadors, who have to endorse the deals. The files will be formally adopted by the European Parliament and the Council at a later stage.

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# State aid: Commission approves reductions in renewable electricity and cogeneration surcharges for energy-intensive companies in Greece

Greece provides support to renewable electricity and high-efficient cogeneration of electricity and heat. This support is financed through a surcharge imposed on final electricity consumers based on their electricity consumption, known as the “ETMEAR levy”.

EU State aid rules, in particular the 2014 Guidelines on State aid for environmental protection and energy, authorise reductions – up to a certain level – in contributions levied on energy-intensive companies exposed to international trade and used to fund renewable energy support schemes. These provisions enable Member States to support renewable energies while safeguarding the international competitiveness of their energy-intensive companies.

The Commission found that the reductions of the ETMEAR levy will only be granted to energy-intensive companies exposed to international trade.

Furthermore, Greece submitted an adjustment plan to align the level of reductions for all eligible companies and to phase out after a transitory period the reductions for non-eligible companies that were benefitting from an ETMEAR levy reduction until now.

Therefore, the Commission found that the Greek measure and the adjustment plan are in line with EU State aid rules.  The measure will promote EU energy and climate goalsand ensure the global competitiveness of energy-intensive industries,without unduly distorting competition in the Single Market.

**Background**

The Commission approved the Greek renewable and cogeneration support scheme on 16 November 2016 (SA.44666).

The Commission's 2014 Guidelines on State Aid for Environmental Protection and Energy allow Member States to grant state aid for electricity from renewable energy sources and cogeneration, subject to certain conditions. These rules are aimed at meeting the EU's ambitious energy and climate targets at the least possible cost for taxpayers and without undue distortions of competition in the Single Market.

The 2014 guidelines also apply to non-notified reductions granted before the 1 July 2014. In order to ensure a smooth transition for the companies concerned, Member States are required to submit an adjustment plan to progressively bring non-notified reductions in line with the criteria of the 2014 guidelines.

More information on today's decision will be available, once potential confidentiality issues have been resolved, in the State aid register on the Commission's competition website under the case number SA.52413. The State Aid Weekly e-News lists new publications of state aid decisions on the internet and in the EU Official Journal.

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# State aid: Commission approves Bavarian project for Gigabit broadband networks

Commissioner Margrethe **Vestager**, in charge of competition policy said: *"The very high-capacity networks are increasingly important in our economies, for the education sector, for healthcare, for manufacturing or transport. Our decision that for the first time endorses a public investment to achieve the connectivity targets set out in the Gigabit Communication will help reach* *these targets while ensuring that competition is not unduly distorted, to the benefit of citizens and businesses."*

Germany notified to the Commission the Bavarian gigabit project, which aims to develop a new, publicly financed very high capacity connectivity infrastructure that will deliver a faster internet for households, companies and public institutions. The project represents a first step towards a future larger roll-out of such infrastructure in Germany.

The new network will be capable of offering speeds of 200 megabits per second (Mbps) for households and 1 gigabit per second (Gbps) for companies and public institutions. These broadband speeds are far above those that users currently have in the target areas.

The Commission has examined the Bavarian gigabit project and found that the new networks will bring about a significant improvement – a 'step change' – in connectivity. The Bavarian gigabit project is in line with the strategic objectives of the Gigabit Communication, as it allows for public investment in areas where the new 2025 targets are not yet met and no sufficient infrastructure is to be provided by private investors within the next three years.

To avoid duplication of infrastructures, the German authorities will take existing and planned investments by market operators into account in the following way:

- The infrastructure will connect customers that don't have access to certain minimum speeds yet: 100 Mbps download for households; 200 Mbps symmetric (upload and download) or more than 500 Mbps download for companies;
- The new networks will not be deployed where a very high capacity infrastructure is already in place or planned by private investors, such as fibre networks leading to the customers' premises or upgraded cable networks.
- Areas where there are two or more networks providing fast broadband (30 Mbps or more) in parallel are also excluded from the project.

The aid will be awarded on the basis of open, transparent and non-discriminatory tenders, with all technologies being able to compete for provision of the service. On this basis, the Commission has approved the Bavarian gigabit project under the Broadband State aid Guidelines. The project will contribute to the EU strategic objectives set out in the Commission's Gigabit Communication, which encourages investments into very high capacity networks across the EU.

Today's decision is the first time the Commission has looked at a support measure in the context of the objectives of the Gigabit Communication and, in particular, is the first support measure involving a "step change" approved by the Commission.

**Background**

Building on the EU's existing 2020 broadband targets, the Commission has identified in its Gigabit Communication the connectivity needs to build a European Gigabit society, where very high capacity networks enable the widespread use and development of products, services and applications in the Digital Single Market.

The existing 2013 Broadband State Aid Guidelines allow for such public investments where a market failure exists and where these investments bring a significant improvement (step change). This is also subject to certain other parameters to protect competition and private investment incentives.

The six municipalities in Bavaria where the project will be deployed are Berching, Ebersberg, Hutthurm, Kammerstein, Kleinostheim and Kulmbach.

The non-confidential version of the decision will be made available under the case number SA.48418 in the State Aid Register on the DG Competition website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.