

Energy Union governance – a mystery beast

At the end of the year the European Commission will be releasing a new animal into the EU legislative jungle. It's not a sexy beast that makes the headlines. Indeed few people have even heard of it. But it's a friendly creature and has a vital role to play in helping Member States make the transition to a low carbon economy.

Early reports are sketchy. But they suggest the governance beast could be a new species, not a hybrid.

Some are hoping it will turn out to be weak and feeble. But that would deal a blow to investor confidence and put the low carbon transition at risk.

Instead, here's how we imagine it...



NB: we realise that some of these characteristics may be in sectoral legislation, not the Governance instrument.

The governance beast: handling instructions

Eyes



Regardless of targets or ambition, Member State plans must take a **2050 perspective**. Planning only to 2030 makes no sense given infrastructure lifetimes and is a recipe for stranded assets.

Paws



Without urgent action, climate change is likely to be catastrophic for humans and nature alike. But plans to cut emissions must also take account of **broader environmental issues** such as biodiversity.

Reproduction



The EU has to move to a **100% renewable energy** system. The alternatives – nuclear and CCS – are too expensive, too dirty, and too late. EU rules should facilitate, not hamper, green investment.

Claws



The Paris agreement committed to a **review and ratchet mechanism**. The EU governance instrument should embed this in EU law.

Nose



Effective monitoring on the basis of good and consistent indicators is essential if Member States (and the EU) are to know if they're on track, and be in a position to take corrective action.

Details



EU planning and reporting requirements should be pragmatic. But Member State **plans have to be detailed** to be credible to investors, to encourage private investment and reduce the cost of capital.

Hands



Member States must have flexibility to tailor policies to national circumstances. They also need **administrative support** – from each other and the EU – to make the transition a success.

Wings



The EU's governance regime should include **targets in line with the Paris commitment** to “pursue efforts to limit climate change to 1.5°C”. The current 2030 and 2050 targets don't come close.

Teeth



The new governance regime must include **strong compliance measures** to ensure EU and Member State targets are met. And these have to be clear from the outset, to give investors confidence.

Fur



Member State plans and support schemes should embody the principle of **efficiency first**, and look to cut demand or make it more responsive before investing in new supply.

Tummy



Substantial investment in new infrastructure is needed. Member States should develop **capital raising plans** that identify how they will mobilise the public and private investment needed to deliver their plans.

Heart



The shift to a low carbon economy will bring huge benefits, but the EU must ensure **a fair and just transition**, and help people adapt to the big changes required.

Ears



If their plans are to be comprehensive, legitimate and credible then Member States need to **listen to stakeholders** and work in partnership with businesses and civil society.

Horns



Energy security and resilience is non-negotiable. Member State plans should set out how they will keep the lights on with high levels of wind and solar – and no coal-fired plant.

Legs



Targets for 2030 and 2050 must be **legally binding** if they are to be credible and give businesses certainty about the direction of travel. Templates and indicators should also be legally binding.

Call



Member States should be required to meet **strict reporting requirements**, so that everyone knows what's going on and can react accordingly.