

**Opinion of the European Economic and Social Committee on the development of the governance system proposed in the context of the 2030 climate and energy framework**

**(exploratory opinion requested by the European Commission)**

(2015/C 291/02)

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On 16 January 2015, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on

*The development of the governance system proposed in the context of the 2030 climate and energy framework*

(exploratory opinion).

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 8 April 2015.

At its 507th plenary session, held on 22 and 23 April 2015 (meeting of 23 April), the European Economic and Social Committee adopted the following opinion by 152 votes to 6 with 5 abstentions.

## **1. Conclusions and recommendations**

1.1. The EU Climate and Energy Framework is based on substantial previous legislation, some of it incompletely transposed and ineffectively implemented. Bringing the Energy Union into being will require yet further legislation and, in particular, rigorous implementation of it. A robust governance framework is vital. Legislation is just the beginning — governance is the key to achievement. Implementation of policy requires commitment, involvement, engagement and goodwill from all stakeholders. The most effective type of governance is where agreeing methods for determining and implementing the objective is seen as a joint enterprise involving all stakeholders. The EESC therefore makes the following recommendations:

- A structured all-stakeholder dialogue must be linked to the governance process if societal blockages to regulatory and policy measures are to be reduced, and changes in behaviour and attitudes by citizens are to be supported.
- A clear political lead to establish and participate in a comprehensive dialogue between the stakeholders concerned and engagement on energy transition issues (for example climate, social justice and security) by the legislative institutions of the EU should be articulated and developed as a matching and supporting process alongside the Energy Union and Europe's efforts to combat climate change.
- A dialogue with the social partners to ensure an energy transition that combines an environmental dimension with social concerns.
- Primarily this should take the form of an independent and trusted European Energy Dialogue enabling a balanced representation of all stakeholders to exchange information, express views and influence policy-making on energy issues and consequently engage actively in the energy transition.
- Specifically, we urge the European Council and Parliament in their consideration of the Energy Union Package to adopt, as action points, the measures set out in section six of this Opinion on the implementation of a European Energy Dialogue to support the governance process.
- This dialogue will take place within a specific structure enabling all stakeholders to participate.

## 2. Introduction

2.1. The development of an Energy Union in the EU and the importance of the Climate Agreement talks in Paris at the end of 2015 demand effective governance mechanisms relating to energy transition. Following the Commission's Communication on the 2030 Framework for Climate and Energy the European Council approved it and also agreed upon the development of a reliable and transparent governance system to help ensure that the EU meets its energy policy goals. The 2030 Framework proposed a new governance framework based on national plans for secure, sustainable and competitive energy as well as a set of key indicators to assess progress over time. Such a framework should allow the attainment of the 2030 targets and facilitate coherence at EU level, while offering flexibility at a national level. A strong governance process would also provide an encouraging model and example in the context of global climate negotiations.

2.2. The need for effective governance cannot be stressed too strongly. The failure to achieve the deadlines of the third energy package, designed to complete a strong, single energy market in the EU, can largely be attributed to weaknesses in governance. National interests have prevailed when not aligned with demands that will strengthen the EU as a whole. A new governance process must overcome this.

2.3. Initially national objectives should be defined and an iterative process is suggested, both for internal development of such plans and for coordination into a coherent EU framework which meets agreed EU targets. Three steps are foreseen:

- (1) The Commission will develop guidelines on governance and national plans.
- (2) Member States will submit their National Plans based on an iterative process with the Commission and in consultation with neighbouring countries.
- (3) This will be followed by Commission assessment of the adequacy of national plans to deliver targets with the implication of negotiated adjustments through a continuing process until this is achieved. A possibility of a legislated governance structure would be held in reserve should the voluntary approach fail.

2.4. The European Commission has extensive experience of framing and implementing governance structures, experience which it is applying to this set of policy issues. This opinion supports the approach set out above but it will need to be pursued with rigour and conviction, with short timescales for the iterative process and incisive and fearless analysis shaping annual reports. As mentioned in its Opinion on the policy framework for climate and energy in the period from 2020 to 2030 <sup>(1)</sup>, the EESC emphasises its call on Member States to respond positively to an effective and strong governance procedure and to determine with the Commission and civil society how it can be fully implemented.

2.5. The EESC believes this framework should be enabled and reinforced by generating and harnessing widespread support from stakeholders, including social partners — employers and trade unions — through a structured European Energy Dialogue.

## 3. The nature of the governance process

3.1. The governance process must be consistent with the legal framework within which it operates. The legal framework sets out the objectives and methods of achieving the targets and must lead to long term policy certainty and continuity, particularly for investments, training and jobs. It should also provide relevant corresponding indicators. The governance process, which should be comprehensive and inclusive of all energy related legislation, must be able to resolve matters which are both complex and where differences of viewpoint and conflicting interests exist. Governance should support and supplement the decision-making process while offering flexibility to deal with potentially rapid changes. In essence governance should also be responsive to societal perceptions, technology, geo-politics and the market.

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<sup>(1)</sup> OJ C 424, 26.11.2014, pp. 39-45.

3.2. The governance system must also allow for an on-going, balanced and representative expression of views, preferences, perceptions and values and a way for these to continuously inform decisions and fine-tune policy. Governance must facilitate adaptability, not through frequent changes of course but through anticipating areas of difference and creating a consistent and inclusive dynamic.

3.3. These are demanding requirements and growing scepticism about the capacity of the EU to deliver equitable and effective energy transition has to be answered. Therefore the governance process itself requires a clear framework, accepted by the participants. The EESC is of the view that a conventional governance process will not be capable of delivering the above mentioned objectives without the involvement and support of civil society across Europe. This is recognised in the vision for the Energy Union: *'Most importantly our vision is of an Energy Union with citizens at its core, where citizens take ownership of the energy transition'* <sup>(2)</sup>. Therefore the development of a reliable and transparent delivery mechanism for the energy and climate objectives and the Energy Union should take place in parallel with a multilevel dialogue-based process centred around informing and involving all stakeholders. This is vital and, in order to be fair, the energy transition must take into account changes in the world of work and avoid negative social repercussions.

3.4. For the EESC governance does not mean an increase in bureaucracy but the adoption of a vigorous principles-based, policy centred approach aiming at the achievement of the agreed EU targets. Governance should permeate all levels and benefit from the integration of specialist and everyday knowledge. The EU is founded on values of peace, democracy, human dignity, pluralism, tolerance, and solidarity. These values which need to be translated into clear ethics principles, provide the foundation for assessing the critical issues in energy transition and can provide a universal basis for agreement. The challenge is to render these principles into an enforceable, efficient process which takes into account the expectations of society.

3.5. The EESC believes that the underlying societal values related to energy production and use require more emphasis in this governance process. When citizens feel their values and views are being recognised and debated in a forum that incorporates a fully European perspective it will add significant benefit, enable greater policy coherence and develop greater trust whilst cushioning against unforeseen policy change. The dialogue would identify those factors underlying the decisions taken by a country on energy transition. These are often derived from that society's value judgments, for example, on the environment, over and above technical and economic considerations. In these circumstances, particularly as national, regional, local and personal views about energy will vary, an appeal to a consistent, common or European, perspective can reach beyond a tendency to personal, local, short-term or national interest.

3.6. Specifically, a multi-level dialogue involves communicating these principles to all stakeholders and establishing a framework within which they can be discussed and issues resolved, where possible, at the local, regional, national and neighbouring country level. It is not a decision-making process, though decision makers must listen and be open to contributions and the participants should understand this.

#### **4. Multilevel dialogue as an essential governance element**

4.1. EU and national energy policies have a direct and significant, impact on the lives of citizens. However, the content and rationale of these policies is often not clear to the general public and can be misunderstood by civil society. This leads to generally weak public support or misconceptions involving essential aspects of future EU development. Detrimental consequences follow and there are many instances of not informing and involving civil society in both national and EU energy policy which leads to a general lack of trust and to policies not always achieving desired results.

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<sup>(2)</sup> COM(2015) 80 final.

4.2. To ensure this is an inclusive process, citizens, civil society organisations, national and local authorities and all types of energy organisations need to participate, through dialogue, in assisting the proposed governance mechanism. This will combine regional, national and European perspectives with a view to bringing operational added-value to policy making and implementation: actions must be carried out at national/regional level but take account of the broader (European) picture.

4.3. This dialogue process will focus on energy as a critical component in achieving a just and sustainable transition and the delivery of a climate-friendly policy. It must recognise the needs of the disadvantaged and the wide range of social and environmental concerns connected with energy. The European Energy Dialogue EED including the climate questions, will formulate a voluntary approach and an understanding — defined as a social contract on energy — which can be used by decision-makers as a substantive socially relevant framework. The continuing dialogue will be active in stakeholder and citizen implementation of the practical measures. In the short term, for reasons of efficiency and the need to meet the requirements of the governance process, the EED should concentrate on policy initiatives with substantial acceptability and ownership issues.

4.4. Such a process will also enable greater coherence of policy and consolidation of knowledge in specific areas — for example the special needs of islands and energy relationships with non-EU countries.

## 5. Close linkage with the governance process

5.1. Overall, the climate and energy framework is defined as being target-driven. It implies a reorientation by Member States of their energy mix and energy efficiency strategies in a way that retains national sovereignty whilst also being complementary with neighbours and converging on agreed EU-level objectives. The outline governance structure (see 2.3) consists of a general guideline framework being proposed by the Commission followed by regional discussions, submission, assessment and review of national programmes and continuing adjustment until a satisfactory conclusion is reached.

5.2. The EESC strongly supports this approach believing it to be consistent with the urgent need to provide a securer, more competitive and greener energy provision to all in Europe. The governance structure should also help minimise reporting requirements and reduce related bureaucracy. It should take due account of the very relevant and increasing regional, cross-border features of energy activities. However, the effectiveness of such an approach will require cohesive political will and this must be built by the convergence of citizens' attitudes across all 28 Member States.

5.3. The EESC sees the EED as playing a formative role throughout this process and continuing in terms of implementation and stakeholder support once agreement is reached. No time should therefore be lost in establishing, through a strong political lead, the EED as a linked foundational process, especially as national plans are anticipated as being agreed and in operation before 2020. The Committee had previously recommended the inclusion of the energy dialogue in the Communication on the Energy Union and is encouraged that this has been included: '*involve an energy dialogue with stakeholders to inform policy-making and support active engagement in managing the energy transition*'<sup>(3)</sup>. It notes that there is still no identification of a specific action point in relation to governance that would provide the necessary endorsement to build the supporting structures of the EED and urges that this be remedied by the Council and Parliament adopting the measures on dialogue proposed in section 6 of this Opinion.

5.4. A governance process lies at the interface between policy and implementation. In the case of energy it has to facilitate solutions on the wide range of trade-offs and compromises that, in real life, will be necessary. The Committee sees its proposed European Energy Dialogue as a vital lubricant in this process. The energy transition involves movement, change and, inevitably, a certain amount of friction. The EED can reduce friction between stakeholders at all levels and between Member States.

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<sup>(3)</sup> COM(2015) 80 final, p. 18.

5.5. The European Energy Dialogue (EED) will be a process supporting the implementation of the Energy Union objectives by enabling all stakeholders to exchange information, express views and influence policy-making on energy issues. The EED will foster understanding of the necessary trade-offs, ownership of the vision, contribution to and acceptance of the solutions, and ultimately behavioural change in support of the policy measures underpinning the Energy Union. A broad EED will allow for national energy preferences to be better conveyed and taken into account at EU level and be of benefit for decision makers.

The EED will bring about:

- a better understanding of policy formulation and implementation of the Energy Union, contributing to the visibility, acceptance and success of this key priority of the Commission;
- an informed view of the public, providing more political certainty, and the evidence of an open, focused and results-oriented process. This informed view will result from the practical combination of the European-wide interactive EED conversation and everyday knowledge;
- a better understanding by energy users of their role and measures available to them for enhancing their energy economy, leading to more consumer engagement, the basis for a renewed and positive relationship with energy suppliers;
- a 'neutral conversation space', fostering trust and legitimacy through framing and facilitating discussion rather than through suggesting a predetermined conclusion.

## 6. Possible implementation path

6.1. As with the formal governance process the EED, though pan-European in nature, will need establishing in each MS, recognising existing national energy dialogue initiatives but incorporating as targets the objectives of the climate and energy framework. Where national energy dialogues are already taking place integration with the EED would be mutually beneficial and provide a structured but more flexible mechanism that will support the Commission reviewing the elements of the national plan and offer a focus for informing consumers, helping energy suppliers to engage and build trust and providing a channel for the many concerns of different groups about energy security, affordability and sustainability. In summary the following steps would be necessary:

- Substantial funding and resources for the EED will be required. The mechanism will be put in place for establishing an independent and non-biased funding pool drawn primarily from stakeholders throughout the energy production and supply chain, supplemented by appropriate EU and MS government support. Overall the EED will be a highly cost effective way of engaging consumers of all types in energy modulation and recognising and stimulating the contribution of 'prosumers'.
- While the Commission should provide clear guidance on the structure of the national plans, on the possibility of updates/revisions, on reporting obligations and on the enforceability of national plans, the EED, in consultation with the Commission and all key stakeholders, will develop guidelines on establishing national energy dialogues.
- A fully independent coordinating EED structure will be established to encourage action and implementation in each MS. This structure should contribute, inter alia, to the necessary review by the Commission of the content and ambition of national plans as well as their implementation. This will emphasise the contribution that stakeholders can make to policy formation.

- A national 12 month stakeholder engagement and support process in each MS will lead to an involvement and dialogue programme being established with the debate on the priorities of the national plan being a primary topic. Such a process should also look at ensuring the predictability and stability of national plans.
- National plan debate and regional discussions with neighbouring national EED groups will take place. Member States' national plans should provide an account of consultations with neighbouring Member States, inter alia, within the EED, and the resulting areas of regional cooperation.
- EU level discussions between all energy dialogue groups will follow. These discussions, channelled through the independent coordinating structure, should have advisory status with EU institutions and enhance the cost-effectiveness of the policies of the EU and MS.
- Full use will be made of online tools, for example those developed by DG CONNECT, to support policy evolution through participation and engagement.

6.2. A more detailed outline of the EED was adopted by the EESC in its Opinion on *Needs and methods of public involvement in the energy policy field* <sup>(4)</sup>. The EED is envisaged as permanent 'dialogue', more fully described as an independent, all-stakeholder process using best engagement practice with a trusted and continuing role in implementing the energy transition. The EESC is fully committed to this initiative and will take a lead and, alongside others, provide active support.

## 7. Final remarks

7.1. The EESC welcomes the Commission's statement <sup>(5)</sup> indicating that the governance structure will have to be developed taking into account the views of the European Parliament, Member States and stakeholders. The vocal support and agreement of civil society smoothes the path to achieving challenging targets. By connecting to people's lives and concerns an EED-supported governance process will help bring the Energy Union in tune with citizens' expectations. It will secure an understanding of energy challenges and trade-offs and improve acceptability and trust — not least by demonstrating the capacity to listen to and involve stakeholders.

7.2. In addition there will be a significant reduction in the long-term political cost as a process will be in place whereby all stakeholders are involved in designing energy transition that a majority of people want and that is forward-looking and pragmatic. This is an issue that impacts everybody and can lead them to positively reassess their perception of the EU and its processes and recognise the EU's added value and open governance.

Brussels, 23 April 2015.

*The President*  
*of the European Economic and Social Committee*  
Henri MALOSSE

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<sup>(4)</sup> OJ C 161, 6.6.2013, pp. 1-7.

<sup>(5)</sup> Communication, A policy framework for climate and energy in the period from 2020 to 2030 (COM(2014) 15 final).