

Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (Text with EEA relevance)

## CHAPTER 5

### ***Aggregate assessment of progress and policy response to ensure Union targets achievement — Commission monitoring***

#### *Article 29*

#### **Assessment of progress**

1 By 31 October 2021 and every two years thereafter, the Commission shall assess, in particular on the basis of the integrated national energy and climate progress reports, of other information reported under this Regulation, of the indicators and of European statistics and data where available:

- a the progress made at Union level towards meeting the objectives of the Energy Union, including for the first ten-year period the Union's 2030 targets for energy and climate, in particular for the purpose of avoiding any gaps to the Union's 2030 targets for renewable energy and energy efficiency;
- b the progress made by each Member State towards meeting its objectives, targets and contributions and implementing the policies and measures set out in its integrated national energy and climate plan;
- c the overall impact of aviation on the global climate, including through non-CO<sub>2</sub> emissions or effects, based on the emission data provided by Member States pursuant to Article 26, and improve that assessment by reference to scientific advancements and air traffic data, as appropriate;
- d the overall impact of the policies and measures of the integrated national energy and climate plans on the operation of the Union climate and energy policy measures;
- e the overall impact of the policies and measures included in the integrated national energy and climate plans on the operation of the European Union's emission trading system (EU ETS) and on the supply-demand balance of allowances in the European carbon market.

2 In the area of renewable energy, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made in the share of energy from renewable sources in the Union's gross final consumption on the basis of an indicative Union trajectory that starts from 20 % in 2020, reaches reference points of at least 18 % in 2022, 43 % in 2025 and 65 % in 2027 of the total increase in the share of energy from renewable sources between the Union's 2020 renewable energy target and the Union's 2030 renewable energy target, and reaches the Union's 2030 renewable energy target of at least 32 % in 2030.

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3 In the area of energy efficiency, as part of its assessment referred to in paragraph 1, the Commission shall assess progress towards collectively achieving a maximum energy consumption at Union level of 1 273 Mtoe of primary energy and 956 Mtoe of final energy in 2030 in accordance with Article 3(5) of Directive 2012/27/EU.

In carrying out its assessment, the Commission shall take the following steps:

- a consider whether the Union's milestone of no more than 1 483 Mtoe of primary energy and no more than 1 086 Mtoe of final energy in 2020 is achieved;
- b assess whether Member States' progress indicates that the Union as a whole is on track towards the level of energy consumption in 2030 as referred to in the first subparagraph, taking into account the assessment of information provided by Member States in their integrated national energy and climate progress reports;
- c use results from modelling exercises in relation to future trends in energy consumption at Union level and national level and use other complementary analysis;
- d take due account of relevant circumstances affecting primary and final energy consumption indicated by the Member States in their integrated national energy and climate plans, in accordance with Article 6(2).

4 In the area of the internal energy market, as part of its assessment referred to in paragraph 1, the Commission shall assess the progress made towards the level of electricity interconnectivity that the Member State aims for in 2030.

5 By 31 October 2021 and every year thereafter, the Commission shall assess, in particular on the basis of the information reported pursuant to this Regulation, whether the Union and its Member States have made sufficient progress towards meeting the following requirements:

- a commitments under Article 4 of the UNFCCC and under Article 3 of the Paris Agreement as set out in decisions adopted by the Conference of the Parties to the UNFCCC, or by the Conference of the Parties to the UNFCCC serving as the meeting of the Parties to the Paris Agreement;
- b obligations set out in Article 4 of Regulation (EU) 2018/842 and in Article 4 of Regulation (EU) 2018/841;
- c the objectives set out in the integrated national energy and climate plan with a view to achieving the Energy Union objectives and for the first ten-year period with a view to fulfilling the 2030 targets for energy and climate.

6 In its assessment the Commission should take into consideration the latest country-specific recommendations issued in the context of the European Semester.

7 The Commission shall report on its assessment in accordance with this Article as part of the State of the Energy Union report referred to in Article 35.

### *Article 30*

#### **Inconsistencies with overarching Energy Union objectives and targets under Regulation (EU) 2018/842**

1 Based on the assessment pursuant to Article 29, the Commission shall issue recommendations to a Member State pursuant to Article 34 if policy developments in that Member State show inconsistencies with the overarching objectives of the Energy Union.

2 A Member State that intends to use the flexibility pursuant to Article 7 of Regulation (EU) 2018/842 shall, as that information becomes available, include in the integrated national

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energy and climate plan the level of intended use and the planned policies and measures to fulfil the requirements laid down in Article 4 of Regulation (EU) 2018/841 for the period from 2021 to 2030.

### Article 31

#### **Response to insufficient ambition of integrated national energy and climate plans**

1 Where, on the basis of its assessment of the draft integrated national energy and climate plans pursuant to Article 9 or its assessment of the draft updates of the final plans pursuant to Article 14, and as part of the iterative process, the Commission concludes that the objectives, targets and contributions of the Member States are insufficient for the collective achievement of the Energy Union objectives and in particular, for the first ten-year period, for the Union's binding 2030 target for renewable energy and the Union's 2030 target for energy efficiency, it shall — as regards the Union's target for renewable energy — and may — as regards the other Energy Union objectives — issue recommendations to Member States whose contributions it deems insufficient to increase their ambition in order to ensure a sufficient level of collective ambition.

2 Where a gap between the Union's 2030 target and the collective contributions of Member States occurs in the area of renewable energy, the Commission shall base its assessment on the formula set out in Annex II which is based on the objective criteria listed in point (e)(i) to (v) of the first subparagraph of Article 5(1), whilst having due regard to relevant circumstances affecting renewable energy deployment as indicated by the Member State in accordance with the second subparagraph of Article 5(1).

Where a gap between the Union's 2030 target and the sum of the national contributions occurs in the area of energy efficiency, the Commission shall, in particular, evaluate the relevant circumstances listed in Article 6(2), information provided by Member States in their integrated national energy and climate plans, results from modelling exercises in relation to future trends in energy consumption and other complementary analysis as appropriate.

Without prejudice to the other provisions of this Article, and for the sole purpose of assessing whether a gap between the Union's 2030 target and the collective contributions of Member States occurs, the Commission shall, in its assessment, assume a national contribution of the Member States which did not submit their draft integrated national energy and climate plans in accordance with Article 9(1).

In its assumption, in the area of renewable energy, the Commission shall take into account the Member State's national binding target for 2020 as set out in Annex I to Directive (EU) 2018/2001, results from modelling exercises on renewable energy development and the results from the formula set out in Annex II to this Regulation. In the area of energy efficiency, it shall take into account modelling exercises in relation to future trends in energy consumption and other complementary analysis as appropriate.

In its assessment of the renewable energy contributions, based on the formula set out in Annex II, the Commission shall take into consideration any potential negative impacts on the security of supply and grid stability in small or isolated energy systems or in Member States' systems where there may be significant implications due to the change of synchronous area.

In its assessment of the energy efficiency contributions, the Commission shall take into consideration the potential impact on electricity system operation and grid stability

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in Member States where there may be significant implications due to the change of synchronous area.

3 Where, on the basis of its assessment of the integrated national energy and climate plans and their updates pursuant to Article 14, the Commission concludes that the objectives, targets and contributions of the integrated national energy and climate plans or their updates are insufficient for the collective achievement of the Energy Union objectives and, in particular, for the first ten-year period, for the Union's 2030 targets for renewable energy and energy efficiency, it shall propose measures and exercise its powers at Union level in order to ensure the collective achievement of those objectives and targets. With regard to renewable energy, such measures shall take into consideration the level of ambition of contributions to the Union's 2030 target by Member States set out in the integrated national energy and climate plans and their updates.

### *Article 32*

#### **Response to insufficient progress towards the Union's energy and climate objectives and targets**

1 Where, on the basis of its assessment pursuant to point (b) of Article 29(1), the Commission concludes that insufficient progress is made by a Member State towards meeting its objectives, targets and contributions, its reference points for renewable energy, or in implementing the policies and measures set out in its integrated national climate and energy plan, it shall issue recommendations to the Member State concerned pursuant to Article 34.

In its recommendations in the area of renewable energy, the Commission shall take into consideration the relevant circumstances indicated by the Member State in accordance with the second subparagraph of Article 5(1). The Commission shall also take into consideration renewable energy projects for which a final investment decision has been taken, provided that those projects become operational in the period 2021 to 2030 and have a significant impact on a Member State's national contribution.

In its recommendations in the area of energy efficiency, the Commission shall take due account of the objective criteria listed in points (a) and (b) of Article 6(1) and the relevant national circumstances indicated by the Member State in accordance with Article 6(2).

2 Where, on the basis of its aggregate assessment of Member States' integrated national energy and climate progress reports pursuant to point (a) of Article 29(1), and supported by other information sources, as appropriate, the Commission concludes that the Union is at risk of not meeting the objectives of the Energy Union and, in particular, for the first ten-year period, the targets of the Union's 2030 Framework for Climate and Energy, it may issue recommendations to all Member States pursuant to Article 34 to mitigate such a risk.

In the area of renewable energy, the Commission shall assess if the national measures provided for in paragraph 3 are sufficient to achieve the Union's renewable energy targets. In the case of insufficient national measures, the Commission shall, as appropriate, propose measures and exercise its power at Union level in addition to those recommendations in order to ensure, in particular, the achievement of the Union's 2030 target for renewable energy.

In the area of energy efficiency, the Commission shall as appropriate, propose measures and exercise its powers at Union level in addition to those recommendations in order to ensure, in particular, the achievement of the Union's 2030 target for energy efficiency.

In the area of energy efficiency, such additional measures may in particular improve the energy efficiency of:

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- a products, pursuant to Directive 2009/125/EC of the European Parliament and of the Council<sup>(1)</sup> and Regulation (EU) 2017/1369 of the European Parliament and of the Council<sup>(2)</sup>;
- b buildings, pursuant to Directives 2010/31/EU and 2012/27/EU; and
- c transport.

3 Where, in the area of renewable energy the Commission concludes, based on its assessment pursuant to Article 29(1) and (2), that one or more of the reference points of the indicative Union trajectory in 2022, 2025 and 2027 referred to in Article 29(2) were not met, Member States that have fallen below one or more of their national reference points in 2022, 2025 and 2027 as referred to in point (a)(2) of Article 4 shall ensure that additional measures are implemented within one year following the date of reception of the Commission's assessment in order to cover the gap compared to their national reference point, such as:

- a national measures to increase deployment of renewable energy;
- b adjusting the share of renewable energy in the heating and cooling sector set out in Article 23(1) of Directive (EU) 2018/2001;
- c adjusting the share of renewable energy in the transport sector set out in Article 25(1) of Directive (EU) 2018/2001;
- d making a voluntary financial payment to the Union renewable energy financing mechanism set up at Union level, contributing to renewable energy projects and managed directly or indirectly by the Commission as set out in Article 33;
- e using cooperation mechanisms set out in Directive (EU) 2018/2001.

Such measures shall take into account the Commission's considerations as set out in the second subparagraph of paragraph 1 of this Article. The Member States concerned shall include those measures as part of their integrated national energy and climate progress report.

4 From 1 January 2021 onwards, the share of energy from renewable sources in each Member State's gross final consumption of energy shall not be lower than a baseline share that is equal to its mandatory national overall target for the share of energy from renewable sources in 2020 set out in Article 3(4) of Directive (EU) 2018/2001. If a Member State does not maintain its baseline share as measured over a one-year period, the Member State concerned shall take, within one year, additional measures such as those as set out in points (a) to (e) of the first subparagraph of paragraph 3 of this Article sufficient to cover the gap within one year.

Member States fulfilling the obligation to cover the gap to the baseline shall be deemed to be in compliance with the obligations set out in the first sentence of the first subparagraph of this paragraph and in Article 3(4) of Directive (EU) 2018/2001 throughout the period where the gap occurred.

For the purposes of point (d) of the first subparagraph of paragraph 3 of this Article, Member States may use their revenues from annual emission allowances under Directive 2003/87/EC.

5 Where a Member State's share of energy from renewable sources falls below one or more of its national reference points in 2022, 2025 and 2027 as referred to in point (a)(2) of Article 4, it shall include in the next integrated report submitted to the Commission pursuant to Article 17 an explanation of how it will cover the gap compared to its national reference points.

6 Where, in the area of energy efficiency, without prejudice to other measures at Union level pursuant to the third subparagraph of paragraph 2 of this Article, the Commission concludes, based on its assessment pursuant to Article 29(1) and (3), carried out by the years 2022, 2025 and 2027 that progress towards collectively achieving the Union's energy efficiency

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targets referred to in the first subparagraph of Article 29(3) is insufficient, it shall propose measures and exercise its power at Union level in addition to those set out in Directive 2010/31/EU and Directive 2012/27/EU to ensure that the Union's 2030 energy efficiency targets are met.

7 Each Member State concerned referred to in paragraph 3 of this Article shall detail the additional implemented, adopted and planned measures as part of its following progress report referred to in Article 17.

8 Where, in the area of interconnections, the Commission concludes, based on its assessment pursuant to Article 29(1) and (4), in the year 2025 that progress is insufficient, the Commission shall cooperate with the Member States concerned by the year 2026 with the aim of addressing the circumstances encountered.

### Article 33

#### **Union renewable energy financing mechanism**

1 By 1 January 2021, the Commission shall establish the Union renewable energy financing mechanism referred to in point (d) of Article 32(3) to tender support for new renewable energy projects in the Union with the aim of covering a gap in the indicative Union trajectory. Support may be provided, inter alia, in the form of a premium additional to market prices, and shall be allocated to projects bidding at the lowest cost or premium.

2 Without prejudice to paragraph 1 of this Article, the financing mechanism shall contribute to the enabling framework pursuant to Article 3(4) of Directive (EU) 2018/2001 with the aim of supporting renewable energy deployment across the Union irrespectively of a gap to the indicative Union trajectory. To that end:

- a payments from Member States referred to in Article 32 may be complemented by additional sources, such as Union funds, private sector contributions or additional payments by Member States in order to contribute to the achievement of the Union target;
- b the financing mechanism may, inter alia, provide support in the form of low-interest loans, grants, or a mix of both and may support, inter alia, joint projects between Member States in accordance with Article 9 of Directive (EU) 2018/2001 and Member States' participation in joint projects with third countries referred to in Article 11 of that Directive.

3 Member States shall retain the right to decide whether, and if so, under which conditions, they allow installations located on their territory to receive support from the financing mechanism.

4 The Commission, assisted by the Energy Union Committee referred to in point (b) of Article 44(1), may adopt implementing acts to set out the necessary provisions for the establishment and functioning of the financing mechanism, in particular:

- a the methodology for the calculation of the maximum level of the premium for each tender;
- b the tender design to be applied, including conditions for delivery and associated penalties;
- c the methodology for the calculation of the payments of Member States and the resulting statistical benefits for the contributing Member States;
- d minimum requirements for Member States' participation, having regard to the need to ensure both continuity of the mechanism by means of a sufficient duration of

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- the Member State payment, as well as the maximum amount of flexibility for Member States' participation;
- e provisions ensuring the participation and/or approval of hosting Member States, and where necessary provisions relating to additional system cost charges.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 44(6).

5 Every year, renewable energy generated by installations financed by the financing mechanism shall be statistically attributed to the participating Member States, reflecting their relative payments. Projects supported by this financing mechanism that are financed by other sources than Member States payments shall not count towards Member States' national contributions but towards the Union binding target pursuant to Article 3(1) of Directive (EU) 2018/2001.

#### *Article 34*

### **Commission recommendations to Member States**

1 The Commission shall as appropriate issue recommendations to Member States to ensure the achievement of the objectives of the Energy Union. The Commission shall make such recommendations publicly available forthwith.

2 Where reference in this Regulation is made to this Article the following principles shall apply:

- a the Member State concerned shall take due account of the recommendation in a spirit of solidarity between Member States and the Union and between Member States;
- b the Member State shall set out, in its integrated national energy and climate progress report made in the year following the year the recommendation was issued, how it has taken due account of the recommendation. If the Member State concerned decides not to address a recommendation or a substantial part thereof, that Member State shall provide its reasoning;
- c the recommendations should be complementary to the latest country-specific recommendations issued in the context of the European Semester.

#### *Article 35*

### **State of the Energy Union report**

1 By 31 October of every year, the Commission shall submit to the European Parliament and to the Council a State of the Energy Union report.

2 The State of the Energy Union report shall include the following elements:

- a the assessment carried out pursuant to Article 29;
- b where appropriate, recommendations pursuant to Article 34;
- c the report on the functioning of the carbon market referred to in Article 10(5) of Directive 2003/87/EC, including information on the application of that Directive in accordance with Article 21(2) thereof;
- d biennially, from 2023, a report on Union bioenergy sustainability, containing the information specified in Annex X;

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- e biennially, a report on voluntary schemes in respect of which the Commission has adopted a decision pursuant to Article 30(4) of Directive (EU) 2018/2001, containing the information specified in Annex XI to this Regulation;
- f an overall progress report on the application of Directive 2009/72/EC;
- g an overall progress report on the application of Directive 2009/73/EC pursuant to Article 52 of that Directive;
- h an overall progress report on energy efficiency obligation schemes and alternative policy measures as referred to in Articles 7a and 7b of Directive 2012/27/EU;
- i biennially, an overall progress report on the renovation of the national stock of residential and non-residential buildings, both public and private, in line with the roadmaps set out in the long-term renovation strategies that each Member State shall establish in accordance with Article 2a of Directive 2010/31/EU;
- j every four years, an overall progress report on Member States' increase in the number of nearly zero-energy buildings in accordance with Article 9(5) of Directive 2010/31/EU;
- k an overall progress report on Member States' progress in creating a complete and operational energy market;
- l actual fuel quality in the different Member States and geographical coverage of fuels with a maximum sulphur content of 10 mg/kg aiming to provide an overview of the fuels quality data in the different Member States as reported pursuant to Directive 98/70/EC;
- m a progress report on competitiveness;
- n Member States' progress towards phasing out energy subsidies, in particular for fossil fuels;
- o other issues of relevance to the implementation of the Energy Union, including public and private support;
- p by 31 October 2019 and every four years thereafter, an assessment of the implementation of Directive 2009/31/EC.

#### *Article 36*

### **Monitoring of the governance mechanism**

In the context of the State of the Energy Union as referred to in Article 35, the Commission shall inform the European Parliament and the Council on the implementation of the integrated national energy and climate plans. The European Parliament and the Council shall, on an annual basis, address the progress achieved by the Energy Union on all dimensions of Energy and Climate policies.



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- (1) Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (OJ L 285, 31.10.2009, p. 10).
- (2) Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU (OJ L 198, 28.7.2017, p. 1).

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