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Proposal for a

COUNCIL DECISION

on the position to be adopted, on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Annex IV (Energy) to the EEA Agreement

(RED II)

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. SUBJECT MATTER OF THE PROPOSAL

This proposal concerns the decision establishing the position to be adopted on the Union's behalf in the EEA Joint Committee in connection with the envisaged adoption of the Joint Committee Decision concerning an amendment of Annex IV (Energy) to the EEA Agreement

2. CONTEXT OF THE PROPOSAL

2.1. The EEA Agreement

The Agreement on the European Economic Area (*'the EEA Agreement'*) guarantees equal rights and obligations within the Internal Market for citizens and economic operators in the EEA. It provides for the inclusion of EU legislation covering the four freedoms throughout the 30 EEA States comprising of EU Member States, Norway, Iceland and Liechtenstein. In addition, the EEA Agreement covers cooperation in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture, collectively known as "*flanking and horizontal*" policies. The EEA Agreement entered into force on 1 January 1994. The Union together with its Member States is a party to the EEA Agreement.

2.2. The EEA Joint Committee

The EEA Joint Committee is responsible for the management of the EEA Agreement. It is a forum for exchanging views linked to the functioning of the EEA Agreement. Its decisions are taken by consensus and are binding on the Parties. The responsibility for coordinating EEA matters on the EU side is with the Secretariat General of the European Commission.

2.3. The envisaged act of the EEA Joint Committee

The EEA Joint Committee is expected to adopt the EEA Joint Committee Decision (*'the envisaged act'*) regarding the amendment of Annex IV (Energy) to the EEA Agreement.

The purpose of the envisaged act is to incorporate into the EEA Agreement Commission Delegated Regulation (EU) 2022/759 as regards a methodology for calculating the amount of renewable energy used for cooling and district cooling¹ and Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources².

The envisaged act will become binding on the parties in accordance with Articles 103 and 104 of the EEA Agreement.

3. POSITION TO BE TAKEN ON THE UNION'S BEHALF

The Commission submits the annexed draft Decision of the EEA Joint Committee for adoption by the Council as the Union's position. The position, once adopted, should be presented in the EEA Joint Committee at the earliest possible opportunity.

¹ Commission Delegated Regulation (EU) 2022/759 of 14 December 2021 amending Annex VII to Directive (EU) 2018/2001 of the European Parliament and of the Council as regards a methodology for calculating the amount of renewable energy used for cooling and district cooling, OJ L 139, 18.5.2022, p. 1.

² Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82, as corrected by OJ L 311, 25.9.2020, p. 11 and OJ L 41, 22.2.2022, p. 37.

The annexed draft Decision of the EEA Joint Committee includes adaptations for the EEA EFTA States as outlined in the recitals and adaptations text in the annexed draft Joint Committee Decision, which go beyond what can be considered mere technical adaptations in the sense of Council Regulation (EC) No 2894/94³. The Union position shall therefore be established by the Council.

4. LEGAL BASIS

4.1. Procedural legal basis

4.1.1. Principles

Article 218(9) of the Treaty on the Functioning of the European Union (TFEU) provides for decisions establishing ‘*the positions to be adopted on the Union’s behalf in a body set up by an agreement, when that body is called upon to adopt acts having legal effects, with the exception of acts supplementing or amending the institutional framework of the agreement.*’

The concept of ‘*acts having legal effects*’ includes acts that have legal effects by virtue of the rules of international law governing the body in question. It also includes instruments that do not have a binding effect under international law, but that are ‘*capable of decisively influencing the content of the legislation adopted by the EU legislature*’⁴.

4.1.2. Application to the present case

The EEA Joint Committee is a body set up by an agreement, namely the EEA Agreement. The act, which the EEA Joint Committee is called upon to adopt, constitutes an act having legal effects. The envisaged act will be binding under international law in accordance with Articles 103 and 104 of the EEA Agreement.

The envisaged act does not supplement or amend the institutional framework of the Agreement. Therefore, the procedural legal basis for the proposed decision is Article 218(9) TFEU in conjunction with Article 1(3) of Council Regulation (EC) No 2894/94.

4.2. Substantive legal basis

4.2.1. Principles

The substantive legal basis for a decision under Article 218(9) TFEU in conjunction with Article 1(3) of Council Regulation (EC) No 2894/94 depends primarily on the substantive legal basis of the EU legal act to be incorporated into the EEA Agreement.

If the envisaged act pursues two aims or has two components and if one of those aims or components is identifiable as the main one, whereas the other is merely incidental, the decision under Article 218(9) TFEU must be founded on a single substantive legal basis, namely that required by the main or predominant aim or component.

4.2.2. Application to the present case

Since the Joint Committee Decision incorporates into the EEA Agreement Commission Delegated Regulation (EU) 2022/759 and Directive (EU) 2018/2001, it is appropriate to base this Council decision on the same substantive legal base as the act that is incorporated. Therefore, the substantive legal basis of the proposed decision is Article 194(2) of the TFEU.

³ Council Regulation (EC) No 2894/94 of 28 November 1994 concerning arrangements for implementing the Agreement on the European Economic Area, OJ L 305, 30.11.1994, p. 6.

⁴ Judgment of the Court of Justice of 7 October 2014, Germany v Council, C-399/12, ECLI:EU:C:2014:2258, paragraphs 61 to 64.

4.3. Conclusion

The legal basis of the proposed decision should be Article 194(2) TFEU, in conjunction with Article 218(9) TFEU and Article 1(3) of Council Regulation (EC) No 2894/94.

5. PUBLICATION OF THE ENVISAGED ACT

As the act of the EEA Joint Committee will amend Annex IV (Energy) to the EEA Agreement, it is appropriate to publish it in the *Official Journal of the European Union* after its adoption.

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(RED II)

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 194(2) in conjunction with Article 218(9) thereof,

Having regard to Council Regulation (EC) No 2894/94 of 28 November 1994 concerning arrangements for implementing the Agreement on the European Economic Area⁵, and in particular Article 1(3) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The Agreement on the European Economic Area⁶ ('the EEA Agreement') entered into force on 1 January 1994.
- (2) Pursuant to Article 98 of the EEA Agreement, the EEA Joint Committee may decide to amend, inter alia, Annex IV (Energy) to the EEA Agreement.
- (3) Commission Delegated Regulation (EU) 2022/759 as regards a methodology for calculating the amount of renewable energy used for cooling and district cooling⁷ and Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources⁸ should be incorporated into the EEA Agreement.
- (4) Several provisions of Directive (EU) 2018/2001 require substantive adaptations that reflect the specificities of the EEA Agreement and of the EFTA States.
- (5) Since the Union's binding renewable energy target does not apply to the EFTA States, the Union target set out in Article 3(1) of Directive (EU) 2018/2001 should not apply to EFTA States. That Article was therefore adapted accordingly. However, the EFTA

⁵ OJ L 305, 30.11.1994, p. 6.

⁶ OJ L 1, 3.1.1994, p. 3.

⁷ Commission Delegated Regulation (EU) 2022/759 of 14 December 2021 amending Annex VII to Directive (EU) 2018/2001 of the European Parliament and of the Council as regards a methodology for calculating the amount of renewable energy used for cooling and district cooling (OJ L 139, 18.5.2022, p. 1).

⁸ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82), as corrected by OJ L 311, 25.9.2020, p. 11 and OJ L 41, 22.2.2022, p. 37.

States set out in a voluntary manner their national indicative targets for renewable energy, as set out in the Declaration of EFTA States attached to the EEA Joint Committee Decision. Consequently, the EFTA States should not be part of the Union renewable development platform nor partake in statistical transfers with the Member States. Article 8 of Directive (EU) 2018/2001 should therefore not apply to the EFTA States.

- (6) Given the Iceland's remote geographical location and related challenges with calculating gross final consumption of energy in relation to the amount of energy consumed in aviation, the same threshold as that granted to Cyprus and Malta in Article 7 of Directive (EU) 2018/2001, should apply to Iceland.
- (7) As regards the permit-granting procedures set out in Article 16 of Directive (EU) 2018/2001, the Joint Committee Decision takes into account the particular obligations of Norway to consult the Sami people, so to ensure that the time periods for the permit-granting process referred to in Articles 16(4), 16(5) and 16(6) of Directive (EU) 2018/2001 may be extended for up to one year.
- (8) The EFTA States should follow the Union policy with respect to mutual recognition of guarantees of origin with third countries set out in Article 19(11) of Directive (EU) 2018/2001. Accordingly, they should not recognise guarantees of origin issued by a third country unless the Union has concluded an agreement with that third country, and the criteria set out in that Article are met. Article 19(11) of Directive (EU) 2018/2001 was therefore adapted accordingly.
- (9) Since Norway and Iceland have high shares of renewable electricity and Norway uses that electricity predominantly for heating purposes while Iceland covers its heating demand from either renewable geothermal sources or renewable electricity, it is appropriate to adapt the calculation methods relating to the mainstreaming of heating and cooling set out in Article 23 of Directive (EU) 2018/2001.
- (10) Furthermore, it is currently not possible for Liechtenstein to apply Articles 25 to 31 of Directive (EU) 2018/2001 on renewable energy in the transport sector and sustainability requirements for renewable fuels, given that policy on fuels is regulated in the regional union of Liechtenstein with Switzerland. Therefore, a temporary derogation should be granted to Liechtenstein, taking into account that it applies within that regional union a system of increasing biofuels based on a CO₂ compensation mechanism with a target of 23% applicable since 2024. The derogation should apply only until Directive (EU) 2018/2001 as amended by Directive (EU) 2023/2413 has been incorporated in the EEA Agreement.
- (11) Annex IV (Energy) to the EEA Agreement should therefore be amended accordingly.
- (12) The position of the Union within the EEA Joint Committee should therefore be based on the attached draft Decision,

HAS ADOPTED THIS DECISION:

Article 1

The position to be adopted, on behalf of the Union, within the EEA Joint Committee on the proposed amendment of Annex IV (Energy) to the EEA Agreement, shall be based on the draft decision of the EEA Joint Committee attached to this Decision.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels,

*For the Council
The President*