

1. General

- Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?

In 2007 the European Council adopted ambitious energy and climate change objectives for 2020; objectives for reducing CO₂ emissions, increasing energy efficiency and the share of renewable energy were set. The Communication "Energy 2020 – A strategy for competitive, sustainable and secure energy" launched in 2010 called for further actions in areas where new challenges are emerging such as energy efficiency, infrastructure, choice and security for consumers, energy technology and the external dimension of the internal energy market.

Even though ambitious measures were set, local authorities got little acknowledgement in the policy developments after 2008. Now, the recently launched Green Paper still does not mention at all the local authorities and their efforts in reducing CO₂ emissions. However, the Covenant of Mayors initiative launched in 2008 by the European Commission is a great success and accounts almost 5000 signatories committed going beyond the EU climate and energy targets by 2020. With almost 3000 Sustainable Energy Action Plans under implementation, the Covenant signatories aim at reducing their CO₂ emissions in average by 28 % by 2020. Thus showing the potential emission reduction target in Europe for 2020.

In light of the 2030 framework on climate and energy policies the efforts of local authorities need to be recognized and supported both with adequate policies and financing. The enthusiasm and engagement of local authorities should be used as an example for setting ambitious climate and energy policies for 2030.

2. Targets

- Which targets for 2030 would be most effective in driving the objectives of climate and energy policy? At what level should they apply (EU, Member States, or sectoral), and to what extent should they be legally binding?

A **binding target for energy efficiency** is needed, in particular if Europe is to go towards energy service markets. The internal energy markets should be go from making money from selling energy to markets based on energy services.

Renewable energy sources will play a major part in Europe's long term decarbonisation efforts. Local energy companies are seen more and more as an important source of this future energy production. Citizens, and local governments, are forming new initiatives to provide locally produced green electricity for their community. There are communities that have set a target for using 100% renewable energy – or aim at becoming carbon free. Support for such policies is needed! Without renewed ambitious climate policy backing from the EU, many of these ambitions will be lost.

An **ambitious CO₂ reduction target for 2030** is needed at the EU level in order to achieve the target of 80 - 95% less CO₂ emissions by 2050.

The **Emission Trading Scheme (ETS)** – and the attempts to make it function – are crucial in light of the discussion on the future climate and energy objectives. The ETS needs to be strengthened and its proper functioning guaranteed. Without an adequate price the CO₂ reduction target will not be accomplished. If the ETS fails, the only way to ensure necessary emission reductions will be a carbon tax.

Coherent and ambitious targets for CO₂ emissions, energy efficiency and renewable energy are necessary. The CO₂ emission reduction target alone is not sufficient to ensure ambitious climate and energy policies, and to use the existing opportunities to achieve a greener and more competitive Europe.

- Have there been inconsistencies in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?

The only target set for 2020 that is not binding today – the **20 % energy efficiency target** – is the only target lagging behind. The stock taking on the national targets (delivered by Member States by the end of April 2013) is crucial.

- How should progress be assessed for other aspects of EU energy policy, such as security of supply, which may not be captured by the headline targets?

Considering the instability and expected increase in oil prices, to which gas prices are linked, Europe's dependence will have a severe impact on its energy bill, security of supply and overall competitiveness. A key lesson of the 2020 package to date, in particular in light of the economic downturn, is in fact the need to develop greater policy resilience, managing a range of structural risks around gas and oil price volatility and the future of demand.

In this light, energy savings, renewable energy, investments in infrastructure and innovation are 'no regrets' risk management options for all countries. Energy efficiency has strong EU-wide benefits in reducing price risk, increasing system stability, reducing supply-side market distortions from capacity markets and improving the likelihood that decarbonisation targets are delivered. Early deployment of renewable energy sources, independently of their level of maturity, minimises the risk of delivering decarbonisation objectives and enhances energy security.

Beside the already suggested targets for energy saving and renewable energy penetration, which would ensure the European Union decreasing significantly its energy dependency, other targets could be envisaged. An additional indicator to measure progress on security of supply could be done through the setting of a 2030 indicative target, defining the minimum share of the energy mix (% of overall primary energy demand) that would need to be provided by locally produced energy sources.

More emphasis should also be put into collecting systematically data on job and growth implications of the local / renewable energy as well as the energy efficiency work.

3. Instruments

- Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels?

Variety of policy instruments are required both at EU and national levels. The ETS is an important instrument and could, if working adequately, support the CO₂ emission reductions considerably. The ETS is crucial, but just one of the policy instruments available. It is time to give more attention to other means to cut CO₂ emissions – from industry but also elsewhere. Directives, such as the European Energy Efficiency Directive are already showing the way for such actions.

For example the ETS is not a solution for decarbonising the transport sector and the buildings sector. Other policy instruments need to be developed. The local authorities have an important role in

tackling both sectors. The work done locally both in transport and in buildings, in particular within municipal buildings and the residential sector needs to be reinforced.

- How can EU research and innovation policies best support the achievement of the 2030 framework?

Horizon 2020, the new EU Framework Programme for research and development, is a part of the drive to create sustainable growth and new jobs in Europe. The Intelligent Energy Europe (IEE) Programme, initially not part of the Commission's proposal, should be the main tool within Horizon 2020 allowing bridging the gap between low carbon R&D and the wide market uptake of the innovations.

The IEE programme is a **key European funding instrument**, which supports sustainable energy policies of local and regional authorities. For example the Covenant of Mayors initiative, financed by the IEE, currently involves some 4,800 cities and towns committed to deliver on EU energy & climate objectives. Almost 3000 Sustainable Energy Action Plans are under implementation aiming at reducing CO₂ emissions by 28 % by 2020. Binding and ambitious climate targets for 2030 provide the necessary support for these initiatives.

In addition IEE has stimulated new innovative financing mechanisms such as European Local Energy Assistance (ELENA) and Mobilising Local Energy Investments (MLEI). €36 million of ELENA funds were granted until now to local and regional authorities, amount expected to trigger local investments of €2.8 billion in energy efficiency, renewable energy and sustainable urban transport. Therefore, IEE programme provides much needed EU support for local actions that are essential in achieving EU sustainability goals on the ground.

4. Competitiveness and security of supply

- What evidence is there for carbon leakage under the current framework and can this be quantified?
How could this problem be addressed in the 2030 framework?

The reality of competitiveness concerns must be discussed transparently. The concerns raised by the energy intensive sector on too high energy prices and questions on competitiveness are slowing down the progress on climate and energy policy. There is however very little factual evidence substantiating the claims made by industrial companies.

It is therefore essential to conduct an open and transparent debate about the real extent of competitiveness concerns and to identify ways to incentivise innovation, substitution and rapid improvement. The global markets for resource efficient infrastructure and renewables are huge and innovative policy in this area could drive strong competitive advantage for EU companies in emerging markets. Clear and proven data is needed to support and demonstrate the competitiveness of the greener and innovative policies.

- How to increase regulatory certainty for business while building in flexibility to adapt to changing circumstances (e.g. progress in international climate negotiations and changes in energy markets)?

The Green Paper raises the concern that inaction by other big emitters is affecting the level of climate action of the European Union. This concern refers to the myth created by some that the EU is acting alone and that other countries are lagging behind in the fight against climate change. With the exception of Turkey, Argentina and Saudi Arabia, all G20 countries have made commitments to reduce or limit their greenhouse gas emissions by 2020.

Investing in indigenous, carbon free renewable energy sources and energy efficiency technologies have many economic, social and environmental advantages that should not be underestimated. Investing now in these solutions will allow Europe not only to tackle the climate crisis but also the financial crisis and address the drastic need to increase employment in Europe. The European Commission's 2050 low-carbon roadmap shows that regardless of international action, decarbonisation of the EU's economy will not cost significantly more than not decarbonising the economy. Moreover, the current dependency on imports of increasingly costly fossil fuels is a major risk for the competitiveness of the EU's economy, which prompts climate action regardless the uncertainties about action by other nations.

The rest of the world is already gearing up to supplant EU exports of resource efficient, low carbon and resilient technologies. Europe will regret its failure to invest in the clean economy as its economic competitors strive to supplant EU exports. According to the Ernst & Young renewable energy country attractiveness index, China is the most attractive country for renewable energy investment; the US, India, Japan, Canada and Australia also appear in the top 10.

- How can the EU increase the innovation capacity of manufacturing industry? Is there a role for the revenues from the auctioning of allowances?

The auctioning revenues could play a role in supporting innovation of manufacturing industries to increase energy efficiency, reduce waste and integrate the use of renewable energy for their own energy production.

5. Capacity and distributional aspects

- Are new financing instruments or arrangements required to support the new 2030 framework?

Securing long term financing is crucial to help enabling implementation of long term strategies such as Climate Plans and Sustainable Energy Action Plans (SEAPs) locally. More attention needs to be placed on introducing innovative financing models, and redefining and improving existing funding schemes.

The Cohesion policy funding, with hopefully some 23 billion euros dedicated to energy will provide both an opportunity and a challenge to implement energy investments. Sustainable Energy Action Plans (SEAPs) prepared in the context of the Covenant of Mayors could be used as a 'passport' for EU funding. SEAP could facilitate receiving EU funding, as the evaluation is carried out by the Joint Research Centre of the European Commission, and ensures that the local authority has a strategy with defined targets and mature projects and actions on sustainable energy. Financial engineering – such as the investment funds could be useful tools for having a better leverage of the EU funding and multiplying its effects. However, the forms and functioning models of investment funds will need to be further investigated. Also guidance on how to best combine different financing sources and how to better leverage on private sector financing should be provided.

EU Research funding and in particular the Horizon 2020, the new EU Framework Programme for research and innovation, needs to fund also non-technical innovation (such as new ways of working, innovative partnerships), capacity building and new financial mechanisms. Innovations need to be rolled out widely and the Intelligent Energy Europe programme under the "Market uptake of energy innovation" can ensure this.

Best regards/ Med venlig hilsen

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