

Thank you for the opportunity to comment on the 2030 Framework for Climate and Energy Policies.

Summarizing, it is the survival of European industry which is at stake, not only as a result of the continued financial and economic crisis, but also because of structural and regulatory issues specific to the EU, combined with excessively high energy prices for industrial and private consumers. Renewable energy policies, carbon costs and the structure of the electricity market play a significant role in driving up energy prices and climate costs in Europe.

We should take note, that economic wealth and occupation are the best basis for any environment policy, not the other way around. If young generation had no job, any environment target is of no interest, especially if it is a target which points in longer future as the here relevant topic. In the essence in my opinion, we should put much more effort in how to solve the problems of today than in how to define targets, of which definition then, once the targeted date have arrived, will not be of any interest.

Today, industry is confronted with policy and legislative initiatives that fail to take into account that a consistent, predictable and integrated legal framework is needed to do business and that maintain, instead, an uncoordinated approach to legislation.

Industry therefore calls for a long-term, consistent legal framework which allows for future investment planning in Europe. It is our strong belief that Europe is in urgent need of a single project, much like the 1992 single market initiative launched in 1985. Starting from a clean slate, EU policy needs to develop a single industrial growth policy whereby energy, climate, environment and trade legislation is aligned in order to support at least a 20% industrial GDP target, in order to generate 400 000 new jobs a year in manufacturing.

Take into account that investment decisions are made today, and they will be visible tomorrow and last for many years then. The criteria for investment here in Europe or alternatively elsewhere in the world are set by economic facts and not by future political targets. It is a fact, that investments, business and our today's activities create the world of tomorrow, and it is not created by political papers.

However, if we need to discuss about longterm development, an integrated approach which takes into account climate change, energy, industrial policy and resource efficiency is necessary. This approach should be focused in such a way that:

1. Predictability is guaranteed;
2. A level playing field from both a geographical and a sectoral point of view is ensured; and
3. Long-term growth, jobs and investments in Europe are stimulated.

In such a context all ongoing stakeholders consultations (structural reforms, 2030 Climate and Energy Package, 2015 International agreement and CCS) should be streamlined.

## General

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

- For post 2020, an integrated approach which takes into account climate change, energy, industrial policy and resource efficiency is needed. The fundamentals should be addressed in such a way that:
  - Predictability and stability are guaranteed;
  - A level playing field from both a geographical and a sectoral point of view is ensured;
  - Long-term growth, jobs and investments in Europe are stimulated.
- Energy and Climate Change policies are not mutually exclusive as they interact directly and indirectly causing conflict and inefficiencies. One key example is how the US will achieve major progress thanks to access to low carbon, low cost shale gas. Europe can promote this technology and sector in order to advance the climate change agenda and simultaneously boost the competitiveness of its industry.
- The core issue of EU Emission Trading Scheme (EU-ETS) is the ex-ante supply of allowances, independent from economic reality.
- The balance of effort for GHG reduction is placed mainly on the manufacturing sector. The non-traded sector has not been asked to contribute to the same magnitude.
- High energy and electricity prices and unequal carbon pricing places the EU manufacturing sector at risk of carbon leakage. Europe's high energy costs have reduced the competitiveness of Europe's industry. The 20-20-20 objective has led to an increase in energy costs, electricity in particular, caused by support schemes for renewables and pass through of CO<sub>2</sub> prices to tariffs by power sector. State aids for indirect costs have also increased the differentiation at EU level, between sectors competing in the same business (such as construction).
- Unharmonised renewables/low carbon generation policies are distorting the carbon price.
- Carbon costs are not harmonised in the EU due to interventions at national level, such as the carbon price floor currently applied in the UK which may contribute to intra-EU distortions of competition. An intra-EU level playing field must be established across all sectors with comparable activities.
- Civil protection in the broadest sense, including housing and a workable infrastructure, is highly exposed to risks resulting from climate change and should be helped to adapt. Special attention is required to assure the availability of key products like cement, as demand may grow for adaptation as a result of extreme climatic phenomena (such as the rebuilding of houses and roads) and preventive action will be needed to mitigate the consequences of climate change (supporting walls for roads, tanks and ducts to store rain water, and seawater retention walls due to an increase in sea levels).
- Ways of incentivising home owners and property developers to improve further the energy efficiency of buildings should be considered, leading to EU measures accepted and implemented by Member States.
- Involvement of financial institutions for EU allowance (EUA) trading may lead to the emergence of derivatives and undesirable EUA price movements which could act against the objectives of the ETS and the EU climate change agenda.
- The use of complex formulae to decide on the allocation of free allocations can have unintended consequences. Examples include the stepwise adjustment of allocations

depending on operating site output vs historic levels, leading companies to optimise EUAs by shifting production to non-optimal sites.

## 1.2. Targets

### 1.2.1. 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?

- 2030 targets should be conditional to ensuring a level playing field between Europe and the rest of the world. There is considerable merit in setting sector targets that are based on abatement potential and take into account vulnerability to carbon leakage and security of supply.
- We should also stress the importance of providing companies with the flexibility of deciding on how best to achieve all kinds of efficiency targets. Each sector faces its own constraints (e.g., carbon leakage, energy-intensity, capital-intensity, sunk costs, flexibility do dislocate production, geography of the companies, etc.) and is therefore in a better position to identify ways of overcoming them than external stakeholder. Due to certain policies, not all companies are able to pass on any increases in costs to the final consumer and this requires a more focused and knowledge-based (potential-oriented) strategic approach.
- Solutions are required not to create distortions within the energy market (for example, green certificates for biomass given to some sectors limit the access of other sectors to biomass).
- As outlined in the next point (4.2.2) it is essential that a single target for industrial growth is set.

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

- The 20-20-20 targets have shown that the political and media overtone is not the aim of target setting. The triptych target has resulted in conflicting and overlapping policies that have confused the end goal and instituted inefficiencies in the political system. The piecemeal approach has resulted in incomplete impact assessments that focus on a single policy rather than looking at the cumulative and synergistic impacts of the suite of energy and carbon measures.
- It is our strong belief that Europe is in urgent need of a single project, much like the 1992 single market initiative launched in 1985. **This single, priority target should be industrial growth** and should reflect on interdependent criteria that would contribute to such a target in the different policy areas.
- Under this single target, mutual interactions between EU wide policy targets would then have to be considered. The European Commission seems to have included two fundamental objectives in the green paper for 2030 that should cascade into targets:
  - o i) secure access to energy at competitive prices,
  - o ii) move towards a low carbon economy while meeting the competitiveness target.

There are several instances where the two objectives lead to consistent and overlapping actions, however there are also cases where this is not the case. For example, CCS reduces carbon emissions but significantly increases energy demand, hence costs. Therefore, to achieve its goals, the European Commission should set

targets and establish policies taking into account mutual interaction, rather than standalone packages.

**1.2.3. Are targets for sub-sectors such as transport, agriculture, industry appropriate and, if so, which ones? For example, is a renewables target necessary for transport, given the targets for CO2 reductions for passenger cars and light commercial vehicles?**

- There is considerable merit in setting sector targets that are based on abatement potential and take into account vulnerability to carbon leakage and security of supply. Transport, industry and power generation all have very different characteristics that should be taken into account.
- E.g. the cement industry has some of the highest 'process emissions' of any industrial sectors which means that the majority of its total emissions essentially cannot be reduced without breakthrough technology. For example in the cement sector a 10% target on whole emissions is equivalent to a 25% target on reducible emissions because 'process emissions' account for 60% of total emissions.
- As far as other industrial sectors are concerned, a level playing field has to be ensured, particularly for the waste treatment market. Using waste as an alternative fuel in the cement industry is an important vehicle for replacing fossil fuels and ensuring security of supply, while ensuring complete energy recovery as well as material recycling.

**1.2.4. How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?**

- 2030 targets should be conditional to the obtaining of level playing field between domestic producers and importers. 2030 targets are acceptable and useful, provided there are solutions implemented to equalise carbon costs at the border.
- Targets should be adjusted at certain points in time to reflect economic circumstances and the speed of development of new technologies. Such target adjustments can introduce considerable uncertainty for participants and investors. Therefore the scale and timing of any adjustment should be well signalled.
- 2030 targets must be realistic. For that purpose, sectoral roadmaps by country and region would prove useful tools to develop targets, taking into account technological development. We would recommend that policymakers design technology roadmaps for individual sectors with the direct support of the relevant sectors as it is they who create a framework and long term objectives that establish potential and realistic paths towards significant reductions in energy consumption and CO2 emissions. This approach would be useful in setting the right and coordinated policies based on effective data and technological potential already available or under development in a realistic way over the next couple of years. It would also enable policymakers to take into account in their decisions on potential developments within industries, the type of co-operation which is required and some of the barriers which need to be overcome. Working together with sectors and their representative trade associations is paramount. Roadmaps have to be updated from time to time in order to deliver the right outcomes.

**1.2.5. 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?**

- Security of supply is as important for manufactured goods as it is for energy products.

- Any target setting process should be accompanied by a full and robust impact assessment that looks at the cumulative impact of policies on the security of supply of manufactured goods.
- The security of supply and affordability of power go hand in hand in order to create a decisive location factor within a global context. There are signs that companies are already foreseeing a move to the US as a result of lower energy costs due to the development of the shale gas industry. The EU does not appear to give any visible signs that it is aware of this. Ratios like “Amount of used energy which is generated in EU / Amount of total energy used”, “imported energy from risky countries / total imported energy” and “cost of energy in EU / cost of energy in major competitor countries” could be useful.

### **1.3. Instruments**

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

- Yes, the coordination of energy and GHG policies is poor. Directives like EU-ETS, the Renewables Directive and Industrial Emission Directive, have an impact one on another and, in some instances, overlap. Member States have added to the complexity of such interaction. The UK carbon price floor is one example.
- A welcome development would be for Member States to implement the original Directive provisions for the offsetting of additional electricity costs arising from the EU-ETS for sectors vulnerable to carbon leakage.
- The cement process is energy-intensive and generates large volumes of hot gases. It is possible to recover this “waste heat” when excess heat is economically viable and to generate up to 20% of the electrical energy (Waste Heat Recovery or WHR) for the respective plants. This is not a “low cost” technology in the EU, but the environmental benefits are clear. This kind of technology and energy efficiency measure is strongly supported in China and India (lower investment costs due to larger scale manufacturing and financing mechanisms) but not to the same extent in the EU where no specific regulation exists to make it equivalent to renewables or where no other mechanisms exist to support and deploy it on a large scale to bring technology development and implementation costs down. A move by the EU to support this type of investment would be greatly welcomed. Decentralized energy generation combined with traditional centralized generation in pan-European network could be a significant contributor to EU energy supply. Special regulation for decentralized producers and for access points to the electricity grid is also important

#### **1.3.2. How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?**

- Member States should avoid conflicting or supplementary measures.
- Cost efficiency for GHG reduction should be delivered by the trading system without intervention.
- GHG reduction should be allowed to take place at the price that the market sets without political interference.
- Offsets for sectors vulnerable to carbon leakage relating to additional costs for electricity arising from the EU-ETS for the power sector (as envisaged in the original Directive) would be welcome.

- EU-ETS auctioning revenues need to flow back to finance investments in the industries concerned, as established in the Directive.

#### 1.3.3. How can fragmentation of the internal energy market best be avoided particularly in relation to the need to encourage and mobilise investment?

- Competition in the energy market is important.
- Energy policy should not specify the level of fragmentation or consolidation but the policy system should encourage transparency of pricing.
- One of the main causes for this fragmentation is the lack of interconnection between countries electricity networks. This is an important problem for some countries like Spain, making islands in Europe. In addition, there is a clear lack of coordination between national policies.

#### 1.3.4. Which measures could be envisaged to make further energy savings most cost effectively?

- Due consideration has to be given to breakthrough sources of energy and power (e.g. shale gas, and new technologies for power generation). The time span to 2030 is broad enough to make it possible for breakthrough solutions to change the path to achieve EU energy and climate change objectives. To capture their potential effectively, it is fundamental that policies strike a good balance between focus and flexibility.
- Energy policies need to focus on energy sources domestically available at competitive prices. At the same time, they need to be flexible enough to facilitate the deployment of not only technologies that today seem to be more promising, but also of those that, over time will demonstrate potential. To secure energy at competitive prices, the Commission should rely on renewable energy sources. However, it also needs to promote a more efficient use of other sources of energy, **such as the co-processing of waste. The Commission should establish policies to promote the use of waste as a source of energy where its use minimizes the need for primary resources** (and ensure a level playing field amongst sectors involved).
- Energy consumption in buildings represents around 35-40% of all energy usage in the EU. A major opportunity exists for saving energy in buildings, as current technology offers the possibility for buildings to capitalize on the thermal inertia of concrete, reducing by up to 75% the annual energy consumption. By reflecting on the beneficial aspects of thermal inertia and focusing on a life cycle analysis for buildings in building codes and labels, it should be possible to make progressive reductions in energy consumption as a new building stock is developed.
- Finally, policies must ensure that sectors compete for energy access on an equal footing. However, current policies are likely to distort competition and drive an inefficient use of energy sources. For instance, undue distortion of competition in the commercial acquisition of biomass through the Renewable Energy Directive<sup>1</sup> should be avoided. Indeed, the EU cement industry could develop further its use of waste from biomass provided it remains accessible.

In order to avoid distortion between sectors competing in the same business, state aids for indirect costs should be granted to all electricity intensive sectors. One solution could be that those aids become the EU's responsibility, no longer depending on national budgets.

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<sup>1</sup> Directive 2009/28/EC



### **1.3.5. How can EU research and innovation policies best support the achievement of the 2030 framework?**

- One of the key failures of the EU ETS is that revenues generated by the system are not directed back into the important sectors that need new and breakthrough technologies to meet the climate challenge. EU policies should look at Mojan: earmark auction revenues into sectors with the highest carbon intensity to reduce barriers to abatement.
- Universities should start to adapt their teaching and research programmes to this new reality in order to build a strong knowledge on this domain. A lot of new research lines have to be launched in line with industrial sector needs. Horizon 2020 (e.g., SPIRE) is a good starting point as both a policy and a support mechanism to finance some initiatives.

## **1.4. Competitiveness and security of supply**

### **1.4.1. Which elements of the framework for climate and energy policies could be strengthened to better promote job creation, growth and competitiveness?**

- The first action should be to retain jobs and current employment levels by reducing the risk of carbon leakage since carbon leakage comes with a commensurate level of employment reduction.
- Climate change policies should be more closely linked to sustainable development and responsible sourcing. Local production for local consumption is a responsible and sustainable approach for the environment and the economy. EU climate change and energy policies should ensure that the EU takes responsibility for its own impact on the environment by ensuring that goods that are consumed in the EU are manufactured in the EU as much as possible.
- Climate change policies need to be linked to the EU industrial manufacturing strategy.
- Access to low cost power (and fuels) could offset some of the expected escalation of total production costs. We have to make sure we have an international level playing field for EU industries. Therefore we must avoid at any cost asymmetries in energy prices created by different policies that might affect the competitiveness of our industry when compared to other regions of the world. We need predictability and stability in carbon pricing to enable companies to take strategic investment decisions.

The US example in the field of energy could be a pattern to follow in Europe. The US developed the necessary regulatory framework and technologies to enable the use of shale gas as a way for companies to reduce their energy costs and to attract national and foreign investment to the US. Such an approach in the EU could also help lower the price of power and, to a certain extent, fuels, and act as a measure to produce moderate impacts on the expected escalate of total production costs.

Greater use of energy within EU waste streams can be a source of significant low carbon and competitiveness benefits.

This is a political approach, not a technical one, but it is of important if we want to create an “affordable” energy market for industries within EU territory. The Treaty of Lisbon gave the EU important power in this domain - it only have to be effectively used now. I would therefore ask to take aspects such as this one into account when designing the strategy for energy in Europe in order to make sure EU’s competitiveness, industrialisation and the creation of new jobs do not suffer as a result of these policies.

#### **1.4.2. 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?**

While negotiations for a global climate change deal prove to be slow and delicate, progress has been made over time and an increasing number of countries are currently implementing regulations and taking action to reduce GHG emissions. However, as long as countries do not have comparable CO<sub>2</sub> costs, the risk of carbon leakage will play an important role for operational and investment decisions.

Any assessment of carbon leakage must look at the geographical restructuring taking place today as well industrial investments trends (direct investments that are, by and large, not taking place in Europe). High energy prices, declining markets, high labour and social costs, cumulated legislative pressure (not just carbon policy but the cumulated impact of the regulatory framework) are but a few factors that result in available capital not being directed towards European operations. There is considerable evidence of the potential for carbon leakage especially for sectors that are genuinely vulnerable, those where the CO<sub>2</sub> intensity (indirect+direct) is a high proportion of the sector's GVA and the economic recession has masked most of the evidence of leakage caused by current policies.

Impact assessments are based on the influence of a single measure or policy and are largely inadequate in identifying the cumulative burden of EU and national policies on certain vulnerable sectors. Impact assessments also fail to quantify 'investment leakage', whereby the negative signals of unequal global carbon pricing encourages investment in economies with less responsible approaches to climate change.

Free allowance allocation in a trading scheme is a transitory measure to avoid carbon leakage, and for a long term system it is paramount that the Commission establishes a long lasting solution to ensure a level playing field between domestic producers and importers. As long as carbon emissions do not have the same cost in different countries, a level playing field can be achieved most effectively by equalising measures such as border adjustment measures.

#### **1.4.3. What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?**

- A decentralised and competitive EU energy supply industry will help to minimise costs. All too frequently energy supply is in the hands of a few companies that control the market with minimal transparency.
- Subsidies for renewables should be reduced/eliminated in order to converge in prices with external competitors.
- Individual Member States take different stances towards subsidizing the power sector and in electricity tariff setting especially between the industrial users and public consumers. This can generate undesirable competitive distortions.
- A stable and reliable transmission and distribution system of power is fundamental to promote decentralized power generation. The role of the European Commission should be to advance funds for the improvement of infrastructure to facilitate the decentralization of power production, and promote micro-generation from non-conventional fuels including financing R&D

#### **1.4.4. How should uncertainty about efforts and the level of commitments that other developed countries and economically important developing nations will make in the on-going international negotiations be taken into account?**

- It should not be assumed that other countries and regions will follow the EU's example.



- Climate change is a global challenge that needs to be answered collectively by all nations. In this quest, the main challenge is to motivate all stakeholders to take action, and the Commission should take legitimate leadership in this debate. The Commission needs to strike the right balance between moving fast enough to respond to the urgency of the issue and granting sufficient time to other nations to start taking action.
- Therefore, whilst it is appropriate for the EU to outline what action it might take if others are willing to do the same, it seems indispensable that the EU revise its climate and energy policy, taking into account international discussions, and develop a framework that 1. Reflects and adapts to economic upturns/downturns. 2. Takes into account international negotiations (e.g. ensuring a level playing field between domestic producers and importers) and 3. Incentivises energy/carbon/resource efficiency and rewards innovation.

#### **1.4.5. 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 long term goals of the EU are clear in the 2050 roadmap and this provides the general direction for GHG emitters.
- However, the policies which currently exist propagate uncertainty within the businesses they regulate by allowing periodic political intervention and by relying on the success or failure of international political negotiations. The most effective way of tackling uncertainty is to have a robust international agreement incorporating all trading partners and major emitters. If, however, this is not possible, functioning solutions to establish a level playing field between domestic producers and importers is a necessity.
- Initiating immediately the design of Phase IV. A functioning EU-ETS requires continuous adaptation to economic developments. The main cornerstone policy to reduce GHG emissions is the EU-ETS, and the current EU-ETS crisis pointed out the weaknesses of a rigid system that rests on a pre-defined cap and ex-ante allocation of free allowances. Going forward, it is paramount that rules of EU-ETS change to allow continuous adjustment to economic developments.
- Business should be involved in the developments of such mechanisms.

#### **1.4.6. How can the EU increase the innovation capacity of manufacturing industry?**

- The manufacturing industry in Europe is not healthy and has suffered from a lack of commitment by the EU and National Governments. Industrial investment has been hampered by a deadly combination of a lack of growth, high energy and labour costs, costly access to capital and regulatory uncertainty. In these circumstances, enterprises are choosing instead to direct investments to other parts of the world, where risk is amply offset by high growth, lower costs and a benign industrial investment climate.
- The EU needs to ensure that revenue generated by the climate change and energy tax and regulatory system are directed towards low carbon innovation in the essential industries that we rely upon.
- Cement is an essential and strategic commodity for a low carbon economy and a modern society. The cement industry will require breakthrough technologies to achieve the 2050 goal and will require financial assistance to accelerate innovation in areas such as carbon capture.

#### **1.4.7. Is there a role for the revenues from the auctioning of allowances?**

- Yes, one of the key failures of the EU-ETS is that revenues generated by the system are not directed back into the important sectors that need new and breakthrough technologies to meet the climate challenge. EU policies should look at hypothecating auctioning revenues into sectors with the highest carbon intensity to reduce barriers to abatement. The European Commission should better control the use of revenues from the auctioning of allowances.

#### **1.4.8. How can the EU best exploit the development of indigenous conventional and unconventional energy sources within the EU to contribute to reduced energy prices and import dependency?**

- The actual cost of electricity consumed by cement companies has increased by 22% over the period 2005-2011, while electricity use has decreased by 28% over the same period.
- More should be done by the EU to ensure that the cost of climate and energy policy is not simply borne by the energy intensive community.
- The power generation sector are taking 'no risk' investment decisions and passing the cost onto industries which, in the case of cement, do not have the same opportunity to pass the cost onto their consumers because of import threats.
- Diversity and security in the energy market should be improved. One way is to exploit local potential for unconventional fossil fuels. The evidence from other countries has shown that this has economic value for industrial development. Moreover, the UK Committee on Climate Change in its report titled "Reducing the UK's carbon footprint and managing competitiveness risks" (April 2013) has concluded that *"....the carbon footprint of shale gas and finds that this can be comparable with conventional natural gas, and lower than LNG, if appropriate regulatory arrangements are in place"*
- The role of the cement industry should be recognised higher up in the waste treatment hierarchy. Indeed, the cement industry co-processes significant amounts of waste thereby contributing to direct and indirect GHG savings, resources efficiency and enhanced security of supply. Co-processing is the simultaneous recovery of energy and recycling of resources when waste materials are used in a cement plant.
- Shale gas exploitation is also an important point to be taken into account in future EU policies. A key example is how the US will achieve major progress through access to low carbon, low cost shale gas. Europe can promote this technology and sector to advance the climate change agenda and simultaneously boost competitiveness of its industry.

#### **1.4.9. How can the EU best improve security of energy supply internally by ensuring the full and effective functioning of the internal energy market (e.g. through the development of necessary interconnections), and externally by diversifying energy supply routes? Are we sure that the cement industry has much to contribute on this question?**

- To improve energy security and price competitiveness, the Commission could seek to further exploit synergies among countries by continuing its progress towards a community wide energy market, with liberalised and consistent practices supported by adequate infrastructure (for instance to ensure easy cross-border flows of power)
- Apart from the infrastructure construction issue, storage facilities, energy efficiency, mapping and making use of indigenous resources needs to be part of a European integrated approach

### **1.5. . Capacity and Distributional aspects**

**1.5.1. How should the new framework ensure an equitable distribution of effort among Member States? What concrete steps can be taken to reflect their different abilities to implement climate and energy measures?**

- This question indicates plan-economy thinking. We should encourage grass root developments and help to develop them further, and in the same time hinder counter developments such as unnecessary energy consuming products. Individual creativity is one of the most powerful resources of Europe, which seem to become forgotten by politics.

**1.5.2. . What mechanisms can be envisaged to promote cooperation and a fair effort sharing between Member States whilst seeking the most cost-effective delivery of new climate and energy objectives?**

- See 1.5.1., effort sharing is plan-economy thinking and hardly works between business units of companies, but not really between countries.

**1.5.3. Are new financing instruments or arrangements required to support the new 2030 framework?**

- Financing mechanisms to support electrical power consumption reductions could be a way to encourage the spillover of already available technologies which still has to overcome large payback periods due to the high investment costs (e.g. WHR). We need public and private capital, innovative ways of financing long term projects and the expertise of our industry if we are to create a minimum scale to lower technology deployment costs and introduce environmentally sound technologies like WHRPG.
- The funds to support this technology should come, in our opinion, from outside the EU-ETS. Current credit and financing shortage are still a huge barrier to action, but cooperation programmes with BEI, BERD, WB/IFC and risk capital entities could be a way to get through this.