

**Westinghouse's contribution (ID 82770116544-06)**  
**to the European Commission Consultation on Green Paper**  
**"A 2030 framework for climate and energy policies"**

Answers to Consultation Paper questions

**General**

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

- The consumer faces high electricity prices, bearing the costs of supporting renewables, while wholesale electricity prices and CO<sub>2</sub> prices are LOW
- Subsidies to renewables and low ETS carbon process have made the burning of lignite for electricity production affordable, while deterring investments in other low carbon sources

**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?

- The +2°C global warming target is at risk of being exceeded. It is necessary to establish a 40% binding EU target for Greenhouse Gases reduction by 2030 in support of the 2050 goals. No technology specific target should be put in place. A binding RES target could sky-rocket system costs which are already very high. In addition, a long term diversity-of-supply index should be developed, tracked and enforced.

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

- Yes. The coexistence of GHG reduction and RES deployment targets has caused inefficiency and higher costs. The inconsistencies between GHG and RES policies have contributed to the collapse of the ETS price and rendered the market mechanism unworkable.

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 CO<sub>2</sub> reductions for passenger cars and light commercial vehicles?

- No. An overall CO<sub>2</sub> reduction target would be most effective and avoid the unintended consequences provoked by sectoral targets.

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

- RES share targets should be eliminated. Support to low carbon technologies should consist of Premium Feed-in-Tariffs and Contracts for Difference. This would allow quantification of costs and progress in the most efficient manner.

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?

- As suggested above, a diversity-of-supply index should be developed to reflect EU dependence from the different types of technologies and from the different sources of fuel used in each technology

## **Instruments**

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

- The current ETS price is too low to discourage fossil fuel use to decarbonize electricity. An automatic allowances supply side mechanism to withstand macroeconomic shocks is necessary.

How should specific measures at the EU and national level best be defined to optimize cost-efficiency of meeting climate and energy objectives?

- A limited number of stable targets without technology winners or losers is the best set of instruments for the long term. A competitive market will provide the best cost efficiency under non discriminatory principles.

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

- A properly functioning ETS will ensure avoiding market fragmentation, especially when complemented with a EU wide carbon tax.

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

- Visibility of costs will drive energy savings by consumers and producers in an open market.

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

- R&D for fission technology requires continued support in the long term to drive innovation and industry competitiveness while also addressing legacy costs.

## **Competitiveness and security of supply**

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

- A technology neutral approach is necessary
- The EU should identify barriers for investment in low carbon generation, reinforce financing instruments and establish new ones.

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 volatility and unpredictability of fossil fuels prices should drive the EU to reduce its dependence on these fuels.
- The system costs for large scale deployment of RES need to be internalized and looked at holistically. Overabundance of RES reduces the load factor of dispatchable generation and its viability, but back-up for RES is critically necessary.
- Low carbon generation projects are capital intensive. Investment frameworks that mitigate risk are necessary.

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

- Market approaches should be open to avoid creating barriers to investment. State-aid rules must be clear and cases must be assessed quickly.
- Predictability of regulations and licensing is critical to allow sound investment decisions.

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?

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?

- Security of supply is best founded on the diversity of energy technologies and their origin, coupled with domestic capacity
  - Nuclear energy amounts to more than 25% of EU electricity. Imports of uranium are very diverse. Nuclear energy is a major contributor to security of supply.
  - Intermittent generation causes grid instability and costs.
- Interconnections should be promoted to gain efficiency in the use of generation capacity and security of supply.

## **Capacity and distributional aspects**

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?

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?

- A properly functioning ETS delivering a valid investment signal
- Member States reduction of barriers to trade and investment

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

- EU lending institutions (EIB, with its revised Energy lending policy) should prioritize low-carbon generation projects without undue requirements.
- EU rules should allow innovative financing arrangements, including long term contracts to provide the base for investments.

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## **SUBMISSION OF RESPONSES TO THE CONSULTATION**

The consultation will be open for until 2 July. For more information on how to contribute to this consultation, see: [http://ec.europa.eu/energy/consultations/20130702\\_green\\_paper\\_2030\\_en.htm](http://ec.europa.eu/energy/consultations/20130702_green_paper_2030_en.htm)