

## 4. QUESTIONS

### 4.1. 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 a context of economic crisis it is necessary to count on energies with high level of security of supply, with positive impact on environment when replacing more pollutant energies and as competitive as possible. In this regard, as noted by the European Commission in its Communication COM (2013) 663 "To ensure the smooth running of the internal market" in some Member States, regulated prices remain below costs for most end customers, which is generating system's deficit leading to an economically unsustainable situation for suppliers. We need to resolve this problem as a priority as necessary condition to ensure the viability and competitiveness of these companies and ultimately the competitiveness of European industry.

### 4.2. 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 sectorial), and to what extent should they be legally binding?

Relaunching the industry should be one of the priority targets and to do so, policies should try to harmonize the objectives of reducing CO<sub>2</sub> emissions with maintaining the competitiveness of European industry. It is necessary, therefore, to carry out detailed studies or update existing roadmaps to try to reconcile the decarbonisation and competitiveness targets. The single target of reducing emissions should be achieved through an approach reflecting the structure and behavior of the different sectors and ensuring that emissions reductions are achieved at all economy levels. Have there been inconsistencies in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?

- 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?

We consider as essential the economic optimization of this decarbonisation process, requiring diffuse sectors such as transport and domestic to contribute according to their ability to reduce emissions, internalizing the corresponding costs.

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

In the case of renewables, energy policy should move towards integrating them in the market, so that subsidies will be reduced / phased out as they are mature. In any case, Support of non-mature low carbon technologies should be address through research and development policies.

Beyond 2020, we do not believe a binding EU Renewables target would be cost effective. To reduce current market distortions, renewable energy sources should compete on a level playing field and subsidies should be phased out.NO

- 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?

### 4.3. Instruments

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

Energy policy should not be based solely on environmental objectives without considering that the effects on costs can lead to increases in energy costs for consumers, especially for those industries requiring high energy use, leading to a loss of competitiveness of European industry.

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

By measuring the impact these measures have on the reduction of energy final prices, including taxes and levies, applied to final consumers.

The European climate policy focuses on global impacts of greenhouse gas emissions and it should also take due account of the local impact of other emissions. A significant proportion of Europe's population lives in areas where exceedances of air quality standards occur. We believe that a more holistic approach should be considered when dealing with climate and energy policy. Urban areas of reduced emissions could be set. For example, this approach will limit the circulation of vehicles above the standard or the installation of biomass heating systems in populated areas due to their high emissions ratio. In this regard, it should also be taken into account the role that natural gas has played and plays in reducing local emissions like CO, NOx, particulates, volatile organic compounds (NMVOC) and persistent organic pollutants. Natural gas is by far the cleanest fuel in terms of local emissions. The use of natural gas replacing other fuels improves the decontamination of urban areas and thus the health of citizens and it also contributes to reducing CO2 emissions.

It should also be highlighted the effect that could have on emission reductions the widespread use of natural gas, in the form of LNG, at both the maritime and road transport sectors.

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

By ensuring the harmonisation of regulation, supporting the construction of basic infrastructure to facilitate internal market development and removing barriers to free trade (physical barriers are the most important).

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

It is necessary to assess the role that natural gas can play, as it produces less CO<sub>2</sub> emissions compared to other fossil fuels. Leaving aside the assessment of the targets set for 2050, we believe that the way to achieve them should include gradual steps allowing gradual adaptation towards a no-carbon economy, where natural gas should play an important role, especially taking into account the potential of unconventional gas (shale gas).

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

The Carbon Capture and Storage (CCS) is considered as a mechanism able to achieve significant emission reductions; according to the IEA, without this mechanism the overall costs of reducing GHG emissions could be much higher. To achieve the European target in the field of climate change, funding and legislation to support this mechanism are necessary for both the demonstration and early development of CCS.

#### **4.4. 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?

The decarbonisation process requires large investments, leading to an increase in electricity prices in the short term, which, considering the present economic crisis in Europe, and particularly in Spain, can have serious consequences for the economy. Therefore, we consider as essential the economic optimization of this decarbonisation process, requiring diffuse sectors such as transport and domestic to contribute according to their ability to reduce emissions, internalizing the corresponding costs. Non-competitive could generate employment in the short term in the energy sector but will produce employment decreases in the long term on other sectors as they will produce an increase of the energy cost.

- 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?
- What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?
- 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 be taken into account that in 2011, GHG emissions in the EU only accounted for 11% of the global emissions. If it is the EU alone who leads this initiative without the support of other countries, besides having little effect on the overall impact on the environment, the European economy can be severely damaged.

In relation to the targets, it should be emphasized the need of complementing any new legislative initiative of the European Union concerning GHG emissions with the incentive of international engagement.

Moreover, the EU should look for a coordinated energy policy that includes the set of legislative proposals to achieve the desired goal.

- 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?

By reducing the impact of regulation and taxes on the final cost of energy.

- 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?

In this regard, the EU should assess the potential that shale gas has towards the security of supply, reducing dependence on foreign supplies as well as for the relaunching of European industry by having available energy at competitive prices. The EU should allow and encourage the development of this type of gas after setting up minimum environment protection requirements.

- 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?

For the proper functioning of the energy sector, it is essential that the European Union has an energy infrastructure network with sufficient capacity at international connections in order to achieve the EC objectives of sustainability, competitiveness and security of supply while optimizing the existing infrastructure.

#### 4.5. 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?

It should be noted that energy is a means and not an end in itself and so the use of cheap energy should be considered when adopting decisions regarding the reactivation of the economy. Energy Policies should be based on energy cost reduction taxes. If it is finally decided to continue with the emission targets, the best indicator is the emission per capita.

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