

Green Paper “A 2030 framework for climate and energy policies”

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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?**

Binding and ambitious targets have proven to be successful: long term perspective for investors, continuous development these last years, creation of a large amount of local green jobs,...

Instability (incentive and regulatory) has created undesirable stop and go development in some markets. Without binding targets we may have seen more counterproductive measures.

The difficulty to reach the indicative energy efficiency targets show the importance of binding targets, compared to renewable which is currently on track, mostly due to the binding targets.

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 sectoral), and to what extent should they be legally binding?**

In order to reach the ambitious 2050 climate and energy agenda, a comprehensive package linking the different sectors with differentiated targets must remain, as it has been partially successful up to now. Therefore, there should be EU-wide binding targets for renewable energies, CO₂ savings and energy efficiency. The three targets complement each other. There is no one single solution to solve the complex equation of economy competitiveness, security of supply while reducing greenhouse gas emissions.

As long as other social and environmental externalities¹ are not integrated in the economy, **a sole CO₂ target is not sufficient to ensure a level playing field for renewable**. Renewable must also be recognized for its other contributions like green jobs creation, green industry innovation, security of supply, low environmental impact,...meaning that a specific renewable target is needed. The multiple objectives of the European Climate and energy Policy, the Union should adopt at least three ambitious binding targets for 2030

- RES target
- Energy Efficiency target
- GHG target

Requisites for the 2030 RES targets

In order to be efficient, these targets should be:

¹ Intrinsic risks and damages of nuclear and CCS options

- **Legally binding:** The current difficulties to reach the indicative energy efficiency targets (and even to set up policies which would foster achievement) show the importance of binding targets. A binding target is the best way to encourage all Member States to commit to a sufficient level of renewable energy, particularly in developing markets. The market will have greater certainty for planning and investments: binding targets are trusted by private investors and are bankable. A binding renewables target will - by providing the long-term direction- decrease the costs of uncertainty, and facilitate the achievement of the 2030 targets in the most cost-efficient way.
- **Ambitious:** A share of 30% - as envisaged by the Commission in the Energy 2050 Roadmap – is definitely not ambitious enough. We support the Renewable industry call for a legally binding renewable energy target of a minimum 45% of final energy consumption in the EU by 2030. The impact would also be of qualitative nature, revitalizing industrial areas and improving social cohesion.
- **European and national:** RES targets should be set at European level and declined in national legally binding targets. Having an EU target only would lift Member States from the legal responsibility to meet their target. Furthermore, renewable energy developments would be concentrated in the most mature markets leading to disproportionate costs and public acceptance issues in these countries. National binding targets are also necessary to provide Member States with the flexibility they need to meet the target and allow for a fair effort sharing among Member States.

In addition, the Commission could also assess the **necessity of interim binding targets** on Member States.

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

The development of renewable depends on the success of a strong ETS or equivalent carbon instrument. The internalisation of carbon externalities is partially accomplished with the ETS. However, it does not address all economy sectors and should be complemented, if not replaced, by a **carbon tax**. Therefore the recast of the Energy Taxation Directive should be accelerated and should fully integrate a strong carbon component.

EDORA does believe there is **full consistency between the RES and GHG targets**. However, a stronger integration of GHG, RES and EE instruments is necessary, as all sectors are more and more liaised (e.g. energy efficiency in the building sector should consider renewable, low carbon industry will integrate renewable decentralised production,...).

- **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?**

A separate RE target (together with a required CO2 reduction level) for transport is necessary in order to cut the oil dependency in Europe. Environmentally insecure techniques related to unconventional oil such as oil sands should be carefully researched before put in practice in/imported to Europe. When setting new transport targets for biofuels, not only biodiesel and ethanol should be considered. Biomethane has a large potential as a flexible fuel that can benefit from the natural gas infrastructure (as acknowledged in the Clean Power for Transport Package). Specific sectorial target for transport should be linked to sectorial targets for electricity and heating & cooling.

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

Europe and its Members States should work on the integration of R&D, industrial development and the deployment of renewables. A strategic construction of the whole value chain has to be designed at EU and national level. Targets would then be defined in line with such industrial vision.

- **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 can be captured by renewable and energy efficiency targets, which are contributing to reduce Europe's use of fissile and fossil fuels. The renewable deployment should therefore be declined per technology to fully highlight the dependency of Europe.

4.3. Instruments

- **Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels? How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?**

The EU ETS has clearly failed to promote the polluter-pays-principle. The European Commission should seriously engage Member States to accept a carbon tax to be included in energy taxation to partially internalise climate externalities.

Income of such taxation scheme should be affected to the deployment of a green economy, among which the financing of renewable, complementing or replacing existing support schemes.

National support schemes should be improved in order to avoid over-compensation and other problems, and to concretely contribute to a long term European industrial development. **Convergence among national support schemes is necessary, but harmonisation has to be avoided.**

Fossil fuel and nuclear subsidies should be definitely avoided, because of the distortion they create, obliging to provide more support to renewable which is surely not sustainable. If these subsidies have to remain in place, they should be transparent.

Abrupt and retrospective changes to renewable energies' support systems must be avoided.

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

Energy infrastructures have been developed in a centralized way. Technical and market barriers jeopardize the integration of decentralised renewable energies. **Low renewable marginal cost should mechanically pull down the energy market prices**, avoiding the use of high marginal cost assets. These avoided costs are not yet reflected in the price renewable can get on the market. The functioning of the liberalised market has to be improved for all actors, starting with small consumers (incl. household) which are not yet benefiting from these lower prices.

The **absence of a real internalisation of environmental (and climate) externalities causes distortion** among energy sources and increases the need for support schemes, which should be phased out as quickly as possible.

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

Europe should set up long term efficiency targets, which should, as renewable, be considered as a no-regret option. Internalisation of climate externalities should also directly contribute to adapt behaviours to decrease energy use.

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

It is essential to develop a **broad portfolio of technologies** in order to meet all the objectives of a climate and energy framework. A combination of demand pull (market) and supply push (R&D) instruments is needed. R&D should focus on optimising the use of resources, integrating their carbon, environmental and social advantages. Efficiency and sustainability should be the major drivers of R&Ds programs.

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?**

As a job intensive industry, renewables contribute to economic growth of Europe. As a non-regret option for the energy transition, their deployment should improve Europe's competitiveness, energy independence and technology exportation.

- **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?**

There is currently no "proof" of carbon leakage. Europe should also strongly engage in the international climate negotiations.

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

Energy prices (conventional fuels) on international markets are volatile and impact the final retail price of energy and influence the European economic balance due to importation. With many of the EU's power assets planned to be decommissioned in the coming decade, Europe needs to replace its ageing power system and this has a cost, whatever the technologies installed are. Investments in new capacity always have an effect on energy prices.

With environmental externalities embedded in the energy market and the absence of subsidies to conventional sources, renewable energy technologies will reach economic maturity, allowing to progressively phase out support schemes. This should be addressed in the 2030 framework.

A stable framework is essential to stabilise and forecast trends in energy costs.

- **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?**

Before participating in international negotiations, the EU should determine its own objectives for climate and energy policies. Europe should reinforce its technology leadership position in the frame of the energy transition.

- **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)?**

Necessary long-term predictability and renewable objectives will decrease the cost of uncertainty without jeopardising flexibility and adaptation.

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

Long-term targets provide investor's confidence along the whole value chain. Ensuring coherence between these targets and an industrial strategy will build a stable framework for innovation. The ETS revenues should be used for green projects like renewable investments, R&D, pilot and demonstration.

- **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?**

Energy efficiency and renewable are the only significant and long-term indigenous energy resources, creating sustainable jobs, and dealing with environmental challenges. Great care should be taken in investigating the exploitation of unconventional natural gas and petrol which are proven to be negatively impacting the environment and human health.

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? 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?**

Targets should be set at EU and national level, in line with 2020 targets. The EU should introduce guidelines for cooperation mechanisms in order to promote learning and best practices among national support schemes.

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

It is important to orient the EIB investment policy to European 2030-2050 climate and energy policy. Dedicated funds should be affected to renewable investment, providing risk assessment. National public banks should provide additional and competitive loans to renewable.