

## **Answers to the Green Paper Questions**

### **4.1. General**

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

A new approach reflecting the current economic situation and competitive pressure from third countries is needed. Political energy costs soar and reduce companies' ability to invest in research and innovation. Furthermore international partners have not yet signed a binding climate agreement.

There needs to be kept in mind that regulations for European industry only do force the tendency of deindustrialisation instead of enhancing the efficiency and environmental friendliness of European citizens, which is supposed to be the main goal of the 2030 framework.

Deindustrialization can clearly be monitored already, and it needs to be stopped to ensure sustainability for the European Union.

Therefore it is necessary to find a sociopolitical approach for this challenge that helps European citizens in their decision for a more resource efficient and environmentally friendly lifestyle. As such a possible approach we propose incentive systems that enhance the acceptance of in comparison to a worldwide benchmark very effectively produced products that are sold on the European market. This is of particular importance, because only when resource efficient products are accepted on the market and used, the benefit of their environmentally friendly production and functioning is delivered.

### **4.2. Targets**

#### **Q. Which targets for 2030 would be most effective in driving the objectives of climate and energy policy?**

A strong industrial policy and R&D must be combined with sustainable environmental policy. The key is innovation.

- a. A goal for growth of the European Economy, for only if the environmentally friendly products that are already produced in the EU and will even be enhanced in the future, are sold and used, their positive effect gets delivered.
- b. A strong focus on technology development and implementation,
- c. Less bureaucracy for the industry so that producers can spend more time on optimizing their production processes instead of filling in forms.
- d. Any future renewables target needs to have cascading use of wood as a core element and must aim at cost effectiveness. In the promotion of renewables cost effectiveness and resource efficiency were not duly reflected in the past. This led

- foremost in the energetic use of wood – to a considerable increase in costs for green energy and proved to be an impediment to other targets such as putting into practice the biobased industry.
- e. An efficiency target that mainly focuses on the lifestyle of all European citizens and helps efficiently produced products to become the preferred ones on the European Market.
- f. And completion of the energy markets.

Lessons drawn from current climate policy show, that climate policy actions have a huge impact on industry. Preparing a better economic environment for industrial companies is vital to ensure that investments are made in Europe. Such investments are the key to innovation, for it is investments only that will bring new and better solutions. And it is incentive systems that enhance the market acceptance of environmentally friendly products. More costs to industry would only lead to deindustrialization, which has all in all – caused by the very different production conditions in Asia and long ways of transport – a very negative impact on our environment. The development and use of low carbon technologies requires investments from industry in Europe and the acceptance of these products on the market. Any policy package needs to take this into account.

There is a sociopolitical problem to be worked on, and incentive systems that create a benefit for efficiently produced and efficiently working products on the European Market do solve this challenge at its source.

**Q. 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?**

The main focus is supposed to be on the incentive system for a socio-political approach that has been mentioned above.

**Q. How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?** Future policies must allow the necessary flexibility in technology.

**Q. 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?** The EU energy policy needs to keep an eye on the development of import dependencies. Furthermore there must be a sound concept for strategic investments in energy supply.

### 4.3. Instruments

**Q. Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels?** As stated above, climate policy must go hand in hand with a reinforced industrial policy. The industrial goals currently in place have failed to improve the situation after the economic crisis since they remained at green paper status.

**Q. How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?** The proposed incentive system that makes sure that more efficient and environmentally friendly products are sold easier than others will automatically lead to a very high motivation for all producers to work in the most economic way, and therefore to find better technologies continuously.

**Q. How can fragmentation of the internal energy market best be avoided particularly in relation to the need to encourage and mobilise investment?** By having the proposed incentive system, and especially by avoiding any kind of subsidies of uneconomic and inefficient technologies such as direct burning of wood without cascading use, which has led to a renationalisation of energy policies and investment in subsidised renewables only.

**Q. Which measures could be envisaged to make further energy savings most costeffectively?** A strong innovation policy framework, leading investments to new technology development and incentives that helps energy effective products to be accepted on the market.

**Q. How can EU research and innovation policies best support the achievement of the 2030 framework?** The EU needs to promote breakthrough technology development in industrial processes, in projects, pilots, demo's, implementation. For this the funding, structure and political system are only just and only partially in place.

### 4.4. Competitiveness and security of supply

**Q. Which elements of the framework for climate and energy policies could be strengthened to better promote job creation, growth and competitiveness?** All efforts need to be directed towards a global agreement that leads to comparable burdens for competing industrial installations around the world. If such an agreement is not found, forcing the use of efficient and efficiently produced products by European Citizens is the only goal to be focused.

**Q. 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?** Carbon leakage is investment leakage – it is the reduced investments in industry in Europe as can be clearly seen. The current framework has mitigated the

impact by free allocation, but not fully as compensation for indirect electricity costs has not yet come into place. As long as a real global agreement does not exist, Europe will have to mitigate the impact of its policies for industries producing globally traded goods. In this respect as much certainty has to be given to industry as possible.

**Q. What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?** Energy costs in Europe are fundamentally uncompetitive. Gas and electricity prices are two to four times higher in the EU than in the US. European policy has come at the crossroads where energy costs are too high for industry to invest in Europe. Shale gas in the US is a driver but not the only one. A steady increase in energy taxes, levies and surcharges means that industry and end customers are exposed to higher energy costs.

**Q. 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?** All efforts need to be directed towards a global agreement that leads to comparable burdens for competing industrial installations around the world. This is only the case when national commitments apply to installations that compete with EU industry. As long as this cannot be secured, the EU needs to mitigate the impact on its own industry, and therefore concentrate on a more sustainable consumer behaviour of its citizens.

**Q. 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)?** A target set in the context of a genuine global agreement. All efforts need to be directed towards a global agreement is in place that leads to comparable burdens for competing industrial installations around the world. As long as this does not exist, Europe will have to mitigate the impact of its policies for industries producing globally traded goods. In this respect as much certainty has to be given to industry as possible.

**Q. How can the EU increase the innovation capacity of manufacturing industry? Is there a role for the revenues from the auctioning of allowances?** The EU needs to deliver on its promise that at least half the revenues should be spent on low carbon innovation. These funds have to be put to work to develop breakthrough technologies in the sectors concerned in Annex 1 of the ETS directive, instead of being used for all kinds of purposes.

**Q. 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 shale gas discussion needs to be started from a

very unbiased and technical point of view. There needs to be found out if there are places within Europe where shale gas might be yielded on very low risk. It makes of course no sense, to force any environmental problem, but if there is any place within Europe, where shale gas can be yielded without certain risks, it should be done.

#### **4.5. Capacity and distributional aspects**

**Q. Are new financing instruments or arrangements required to support the new 2030 framework?** No.