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?

Europe cannot go it alone and should refrain from gold plating. The EU's support schemes for promoting renewable energy sources, in particular for biomass, have significant unintended consequences for the traditional wood processing industries. A whole series of plant closures took place in the EU due to the unsustainably high wood cost level created by the unfair competition with the wood energy sector, driving the sector out of the EU thereby creating important job losses. On the other hand, the EU's RES and climate policies severely underutilise the carbon capture and storage potential offered by nature. Trees capture CO2 from the atmosphere and store it for many decades in the tree and in harvested wood products. The EU should therefore foster enhanced use of harvested wood products in substitution of more CO2 intensive materials.

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?

The EU absolutely needs to focus on effective targets for reducing greenhouse gas emissions by reducing energy consumption and by increasing energy efficiency for ensuring a sustainable and predictable reduction of CO2 emissions towards the desired level by 2050. The current focus is far too much on promoting renewable energies, which each have their unintended consequences as experience has shown throughout the EU.

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

The overcomplication of the ETS scheme and the potential misuse have created an intransparent market.

• 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?

The 2020 objective for renewable energy has created an over-reliance on biomass to meet the 20% target. The NREAPs submitted by member states indicate that 88% of renewable energy in the transport sector will come from bio-diesel and bio-ethanol), 81% of renewable heating and cooling will come from biomass and almost 20% of renewable electricity. This is resulting in an unsustainable demand for biomass feedstock, which, in itself, is causing scarcity issues in other sectors, including the wood panel industry. A sub-target, therefore, must be introduced for new renewables, such as wind, solar PV, and

tidal, wave, and ocean energy to ensure that member states do not continue to over-rely on biomass for the production of energy towards 2030.

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

The shale gas revolution in the US has shown that sources of energy can alter dramatically within a short period of time and upset conventional supply systems. While it is important that EU targets take into account a certain level of technological progress and anticipates changes in the ability of member states to implement climate and energy measures, it is of equal importance that targets and policy measures be consistent and do not change over time to catch up with technological or economic progress.

• 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?

Green certificates in the EU should differentiate between electricity generated through wind, solar PV, and hydro energy, and electricity generated through the combustion of biomass. This will compel producers to invest more in renewable energies that do not contribute to supply restrictions for other sectors or jeopardise food security in developing countries. Furthermore, electricity production from biomass without using the heat is an economic nonsense. Therefore, minimum requirements for energy efficiency should be introduced.

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

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

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

The EU should prioritise and financially support research and development of economically viable storage technologies for electricity, thus allowing intermittent renewable energy sources, such as wind and solar PV to play a more prominent role in the EU energy mix.

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?

• 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?

Some 20% of the wood panel factories in the EU have been closed in recent years. A number of those factories have been moved to countries outside the EU, such as Russia, Belarus, Ukraine, Balkan countries and Turkey. Furthermore, recent investments by EU wood panel producers in new factories are also primarily taking place outside the EU. If the EU would further increase the support for the direct burning of wood and further add regulatory/cost burdens, this trend is most likely going to continue.

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

Stop the subsidies for inefficient renewable energy plants.

• 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?

• 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)?

See response under 4.2, fourth bullet point

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

• 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 EU should establish strict conditions under which hydraulic fracturing ('fracking') could be employed to extract shale gas from viable sources in member states. Environmental risks have been reduced significantly since fracking became mainstream technology in the US. The extraction of shale gas from in the EU would help alleviate dependency on imports while the use environmental and social risk assessments would complement a legislative framework to help minimise risks.

• 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?

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?

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