



Contribution to the EU consultation on “A 2030 framework for climate and energy policies”

1 About Co-operatives UK

- 1.1 Co-operatives UK is the national trade body that campaigns for co-operation and works to promote, develop and unite co-operative enterprises. We have a unique role as a trade association for co-operatives. We work to promote co-operative businesses across all sectors of the economy – from retail and finance where co-operatives are most recognised to key growth areas such as renewable energy, agriculture and education. Together the co-operative economy is worth some £35.6 billion, is owned by nearly 13 million adult members in the UK and has grown by nearly 20 per cent since the start of the credit crunch. Co-operatives UK has 75 per cent of the UK co-operative sector in membership.

2 Summary

- 2.1 As a member of Cooperatives Europe, we welcome the consultation organised by the Commission on the energy framework 2020 – 2030. Europe, as a world leader on the development of technology and renewable energy sources, should lead its energy transition towards a more efficient and clean energy market.

3 Questions and answers of the consultation

3.1 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 targets: when well designed, achieved significant emission reductions and promoted the switch to Renewable Energies. Therefore this principle needs to be maintained in the 2030 framework. Where binding targets to reach the 20-20-20 targets are missing, failure happened, for example, with the 20% energy efficiency target.
- The current Emissions Trading System (ETS): has failed, thereby undermining the market system rationale. A market system can only function, when all actors are included and are treated equally. The ETS system needs credible reform and should be considered only as one potential tool to achieve the 2030 targets.

- The 2020 strategy did not consider the importance of local and regional renewable energy initiatives, especially the central role of European citizens - as consumers of energy and as the main actors. Citizens have been the driver of the energy transition, particularly through jointly owned schemes, such as renewable energy cooperatives.
- Co-operatives UK and The Co-operative Group produced the report, [“Manifesto for a community energy revolution”](#) which considers the growing co-operative and community energy sector, the benefits it brings, as well as the potential for growth. It goes on to make a series of recommendations, including the importance of leadership.

3.2 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?

- With the evidence of the 20:20:20 framework in mind the 2030 framework should have 3 binding targets at EU level for energy efficiency (of at least 35%), renewables (minimum of 45% share) and greenhouse gas emissions (minimum of 50% reduction). These EU level targets need to be broken down into 27 individual national level targets ensuring an equal burden sharing approach.

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

- Energy savings and renewable targets need to be defined first with the share of renewables based on the level of the efficiency target. On the basis of this the resulting greenhouse gas target and the allocations for the emissions trading scheme can be calculated, similarly as the national targets under the effort sharing decision.

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?

- Sub-targets are in general not desirable. Regarding the transport sector, emphasis should be placed on technology neutral measures to promote CO₂ reductions.

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

- Binding targets drive policy decisions and give investment signals. Industry needs long-term stability to develop the necessary technologies in Europe to achieve the set targets.

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?

- An in depth upfront analysis need to be made about existing, planned and potential for new sustainable power plant installations, existing and planned infrastructure and interconnection.

3.3 Instruments

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

- The EU ETS should be adapted not only to the current renewable and efficiency directives but also to the 2030 targets. Streamlining policies are fundamental. Overlapping targets and a variety of implementation measures water down the effectiveness of each other.

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

- National binding targets, derived from EU level targets, will give best investment signals and clarity on the pathways that need to be taken by national industries.
- Costs could also be reduced if policy and regulations were designed with co-operative and community energy schemes in mind.

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

- Fragmentation could be avoided by organizing the demand of energy. Energy cooperatives as well as other local and regional schemes cluster demand together. This is as a step forward towards better governance of the energy market
- Decentralized energy production schemes are to be promoted, such as renewable energy cooperatives and community-owned energy schemes. Decentralization will lower the threshold for investments requiring less heavy national and European investments. To mobilize citizen investments, remuneration schemes should be put in place. This will empower business ventures from a bottom-up perspective keeping the monetary sources within the region of origin.

3.4 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?

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?

- Complete liberalization was shown not to lead to fair competition. Equality on competition terms should be granted for small and medium companies. Transparency on the distribution of aids and taxes should be shown and supporting mechanisms should help the development of RES.

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?

- Decentralized production schemes not only tackle energy poverty and energy losses, but also help in generating a more independent energy market backed on indigenous sources and diversification of supply. Grids interconnection should be tackled in a local way, following a centripetal methodology.
- Energy extracted from non-renewable energy sources should not be taken as an option. Shale gas, coal and lignite represent a threat for the development of a long-term stable energy market. It should not be encouraged given the risk it will crowd out finance for renewables and undermine GHG reduction targets

3.5 Capacity and distributional aspects

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

- The Intelligent Energy Facility has supported local and regional initiatives and should therefore be strengthened, and receive more funding.

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