

Friday June 28th 2013**The Danish Construction Association's comments on the Commission's Green Paper on a 2030 framework for climate and energy policies**

The Danish Construction Association supports that the process to determine the EU's climate and energy policy on a 2030 framework is initiated now, as there is a need on the market for long-term knowledge about binding targets and clarity about policy instruments also after 2020. The EU energy and climate policy establishes the overall framework for Denmark and the other EU countries' efforts to ensure a sustainable and green growth, and is therefore vital in terms of creating incentives and mechanisms that drive this development.

Binding 2030 targets

The Danish Construction Association finds it essential that the EU's climate and energy policies are promoted so that we strengthen and further develop a strong market position. The climate and energy policy must maintain and develop growth, employment and export in the EU, both in the short and long term. The high and unpredictable energy prices, along with a growing global focus on the consequences of global warming has led to a growing demand for new energy technologies to reduce dependence on fossil fuels, reduce energy consumption and improve and cheapen the use of renewable energy sources. The global demand for green technologies and solutions will expectedly continue its increase in the future, and the greentech sector is an important sector for creating economic growth and jobs.

The Danish Construction Association recommends that long-term and binding targets for 2030 are set as soon as possible. We support the Commission's view that this framework will create political momentum and a long-term vision for investment, both for Member States and on the market. The Danish Construction Association supports that the 2030 target will be separated in three headline targets as the existing policy framework; (1) GHG emission reductions, (2) the share of renewable energy sources and (3) savings in energy consumption. This given the need to take a broad range to achieve the EU ambitions, both in terms of reducing the impact on our environment, the dependence on fossil fuels and the total energy consumption. The three objectives should be aligned to each other so that they support each other and point towards an ambitious 2030 target for the EU. This will ensure the most cost-effective transition to a low carbon economy.

The EU Emissions Trading System

Market mechanisms cannot independently reach the EU targets, for which reason The Danish Construction Association sees a need for stable regulatory mechanisms that are uniform for all members, so that they do not distort competition. In this context, the Danish Construction Association assesses the ETS as a key tool for the EU in terms of achieving its targets in a cost effective manner. Unfortunately the system has proved inadequate. The price of allowances has fallen to an all-time low due to the financial crisis. This means that the system no longer functions as a driving force in the transition to a green economy.

The Danish Construction Association recommends a structural reform of the EU ETS that will restore the credibility of the system; ensure a stable future framework; and minimize uncertainty for the businesses concerned of the ETS, so that they have a stable framework to base future investments in the market on. The reform may for example concern the imposition of a set price range for the allowance price.

The Danish Construction Association is positive in regards to the introduction of a single EU emission ceiling instead of national emission ceilings. This should provide the market with a greater consistency across national borders.

The Danish Construction Association recommends that the earnings from the ETS are earmarked for investments in energy and climate related purposes in relation to sectors or areas which represent a particular challenge, e.g. subsidies for energy renovation and refurbishment in the building sector.

Support systems

The EU climate and energy policy must ensure that countries do not implement inadequate support systems, e.g. stop go policies, where market conditions change constantly. Stop go policies cause uncertainty about the basic framework conditions for investments and market opportunities. This means that there is a loss of efficiency, and further that the willingness to invest is damaged.

The Danish Construction Association recommends that the EU will establish guidelines for Member States' national support systems that ensure long-term stable framework. Thus, the EU must ensure that government subsidies for the production of renewable energy follow a pre-determined development and a gradual phase-out. This will encourage the development of new technologies and the phase-out of obsolete technologies, and further boost the market towards a green transition. It is crucial that the guidelines are announced on a long-term basis, and that they are broadly known to the market, in order to ensure a stable framework for investments and market development.

A smart energy system

The energy system and the internal energy market is a key tool in the transition to a low carbon society. The Danish Construction Association recommends that a great emphasis on the need for a flexible and intelligent energy system is placed in the formulation of policies towards 2030. This is essential due to the remarkably decreasing energy consumption in the future and the significantly higher proportion of unstable renewable energy sources. All sectors in the new energy system must work together in new ways. Taxes must be adapted to support this development, and to avoid billions spent on poor investments.

The Danish Construction Association recommends that the 2030 policy framework for climate and energy will include measures with the purpose to ensure a national strategic energy planning and a national coordination with the internal energy market in the EU. The measures must reduce national and local sub-optimization. The EU must ensure that the transmission network is optimized for creating an optimal interaction between renewable energy production and possible balancing power and storage capacity that promotes flexible energy consumption.

The Danish Construction Association calls for a future design of policies that ensure a development of markets for local and decentralized energy supplies. This will increase the flexibility and reduce the need for a peak supply, so that the need for a transmission and back-up production decreases.

Other points

The Danish Construction Association recommends that the EU examines the extent to which there may be a need to define specific measures in relation to administrative burdens or planning conditions that can damage or increase the risk of energy renovation projects or renewable energy projects. In Denmark this particularly concerns a fixed financial ceiling for municipalities, which is inhibitory to the initiation of energy renovation projects. Furthermore some municipalities have limitations on how much of a building's roof surface that may be utilized for solar energy. The Danish Construction Association recommends that these barriers are mapped and stopped through the EU 2030 framework for climate and energy policy.

Finally, the Danish Construction Association recommends that the R&D funds are redistributed in a way, so that the massive subsidies for fossil fuels are throttled. Instead they should be allocated to initiatives within renewable energy and energy efficiency.

Yours sincerely,

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