

Commission Green Paper on a 2030 framework for climate and energy policies

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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?

- 1) Reduced production affects the ETS and the ETS encourages industries to produce less
- 2) The current ETS considers less production as one solution. This is in our eyes the major reason why performance lags behind
- 3) ETS contributes to the bad investment climate in the EU
- 4) The windfall profit case in the power sector
- 5) A system leading to emission reductions based on production cuts cannot serve as a credible showcase for our international partners

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

In the absence of an international agreement putting EU industry on a level playing field with its non-EU trading partners:

- 1) A decreasing target for the power sector which would give a long term view to these companies not exposed to international competition and
- 2) Flexible targets for the manufacturing industry (ETS industry except the power sector). Target = sector performance standard x **real** production

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

The most important inconsistency is that climate targets are not accompanied by genuine industrial targets. This inconsistency explains why ETS is unfortunately perceived as anti-industry and why the EU loses many climate policy linked EU-market opportunities to international competitors.

☐ 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?

For a specific target, reduce the number of instruments to an absolute minimum.

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

Flexible targets for manufacturing industry lead to a better implementation of technological progress, as production cuts would disappear as alternative option. Higher industrial output (good economic performance) would not be penalized.

Sectorial performance standards could be reviewed periodically (every 10 years) to stay in line with technological 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?

The climate/energy agenda should be managed by industry, climate and energy Commissioners, all acting on an equal level (i.e. REACH experience).

4.3. Instruments

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

There is no *raison d'être* for specific targets for renewables and energy efficiency in industry and energy production. Therefore, the ETS should be the cornerstone of climate and energy policy and the only target that applies.

A single policy instrument for renewable energy sources for transport on the internal markets is preferable to 28 national targets that have led to protectionism and to inefficient support schemes.

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

EU standards for equipment and for products are by far the most cost-effective way to meet climate and energy objectives in the sectors not covered in ETS.

Creating a real and functioning internal market for renewable is an absolute must. Integrate, if possible into a single EU- wide market instrument like ETS.

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

Short term: The Commission should act against protectionism (e.g. national biofuel markets)

Medium term: Keep targets at EU level and give up, wherever possible, delegation to member states, as this leads inevitably to fragmentation, incomplete or faulty transposition and lack of enforcement.

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

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

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?

Industrial policy objectives combined with climate objectives. Stop considering less production (and thus fewer jobs) as an achievement!

☐ 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?

Free allocation to manufacturing industry based on real production and on sector performance standards is the way forward. Free allocation is an important action against carbon leakage, but it is only part of the solution. As long as the policy instrument penalizes high production levels and promotes low production levels and as long as industrial investors don't get a clear view on how the specific restrictive EU-climate policy will affect them over the coming decades, they will tend to decide against the EU as a production location. Hence, carbon leakage is implicit in the current framework.

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

The EU should provide a European solution to competitiveness problems related to the impact of ETS on industrial power prices. This can be done by using allocation revenues to compensate the sectors that suffer from a competitive disadvantage. Compensation should be decided and managed at European level and not be subject to a state aid regime, which only leads to distortion and fragmentation.

☐ 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?

Design the EU-climate instruments in order to avoid any penalization of well performing European industries in the absence of an international agreement. Therefore prepare flexible targets for manufacturing industries in the absence of a level playing field.

☐ 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)?

The guarantee of a level playing field for EU-business is essential.

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

The revenues from the auctioning of allowances should be used to compensate for indirect ETS costs and to support the innovation capacity of manufacturing industry. These revenues should be earmarked entirely for these purposes. In the long term, one should consider making these revenues an EU own resource.

☐ 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?

☐ 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?

Refrain from ineffective limitations such as article 7a in the Fuels Quality Directive.

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?