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Re: Response to the European Commission's Green Paper: A 2030 Framework for Climate and Energy Policies

The Institution of Civil Engineers

The Institution of Civil Engineers (ICE) is a United Kingdom based global membership organisation that promotes and advances civil engineering around the world. ICE is a leading source of professional expertise in areas such as energy, transport, water, and waste and resource management.

Founded in 1818, ICE has become recognised worldwide for its excellence as a centre of learning, as a qualifying body and as a public voice for the civil engineering profession.

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INTRODUCTION AND BACKGROUND

The ICE welcomes the opportunity to respond in general terms to the European Commission's Green Paper *A 2030 framework for climate and energy policies*.

The Green Paper seeks to support the development of a new framework for climate and energy policies, building on the arrangements presently in place under the EU climate and energy package. The '20-20-20' agreement contains targets to reduce greenhouse gas emissions and energy consumption and to increase the share of EU energy from renewable sources by 2020¹. These measures contribute to the EU's longer-term goal of reducing greenhouse gas emissions by 80-95% below 1990 levels by 2050².

¹ http://ec.europa.eu/clima/policies/package/index_en.htm

² http://ec.europa.eu/clima/policies/2030/index_en.htm

ICE AND ENERGY POLICY

In formulating this response, ICE drew upon the expertise of its membership, and in particular, our Expert Panel on energy, who were asked for their views on the questions posed in the Green Paper. Our members responded in general terms, and we would very much welcome the opportunity to discuss these with the Commission in greater detail as it analyses the responses received from across the EU's member states.

The ICE recognises that the UK (as part of the EU) faces an energy 'trilemma'; it must reconcile the triple objectives of the security and affordability of its energy supply in addition to taking steps to reduce its greenhouse gas emissions.

As well as being a signatory to the 20-20-20 agreements, the UK also has in place its own targets to reduce greenhouse gas emissions. The UK is implementing low carbon generation technologies primarily to mitigate climate change, with a major and critical contribution from renewable sources of energy.

The Change Act (2008) commits the UK Government to achieving an 80% reduction in greenhouse gas emissions from the 1990 base level by 2050. This nationally set decarbonisation target is the core driver guiding the UK's energy policy and the UK sees a continuing key role for renewables in meeting these targets.

Since ICE first produced a major policy paper on energy in 2009³, there has been considerable Government activity in relation to energy policy, with the most significant being the passage of the Energy Bill through the Houses of Parliament.

This Bill seeks to provide the policy framework for investment in low carbon technologies, secure and affordable electricity generation and other reform measures - including the UK's commitment to the EU 20-20-20 targets, through a process of Electricity Market Reform (EMR). Reform of the electricity market is seen as a key driver in achieving our 2020 targets.

RESPONSES TO ISSUES RAISED IN THE CONSULTATION DOCUMENT

The ICE welcomes the opportunity to respond in general terms to the issues raised in the consultation document. We would welcome the opportunity to engage with the Commission further as it reflects on the responses received and sets out the next steps in the process.

At this stage, we wish to make a number of high level points which reflect our general energy policy positions.

GENERAL

- We welcome the commitment within the paper to take a long-term view of the energy challenges facing the EU, and the steps that can be taken to build upon the targets and commitments presently in place

³ <http://www.ice.org.uk/Information-resources/Document-Library/Energy-briefing>

- In response to our call for evidence, it was indicated that the EU may wish to consider referring to 'low carbon generation' in the future. This would result in the inclusion of new nuclear (and the life extension of existing nuclear facilities), which has an important role to play in providing base load capacity which cannot be delivered by renewable generation

TARGETS

- It is recognised in the consultation paper (p.5) that the 2020 target of saving 20% of the EU's primary energy consumption is not legally binding for member states. As a result, it is questionable whether these targets are being (or will be) met across the EU's member states, many of whom face very different social, economic and environmental challenges. The paper references "sharing the effort of reaching Union climate and energy targets" however it is unclear how this would be managed
- The current EU Emissions Trading Scheme (ETS) price is not providing the long-term signal to make the relevant investments in low carbon generation. We therefore welcome the EC Carbon Market Report that outlines possible options for structural reform of the ETS. Specific technology or energy efficiency targets at a European level, in the absence of adjustments to the EU ETS cap, may lead to a less robust carbon price
- A strong carbon price signal should be the primary driver for the effective and economically efficient deployment of low carbon technologies across member states. With such a signal in place, the deployment of the full range of low carbon technologies should be based on market competition
- Europe must retain its commitment to make the transition to a low carbon economy in an affordable manner that will also ensure that the competitiveness of European energy supplies is maintained. Member states should be free to meet greenhouse gas targets that deliver the least cost to the consumer and in a way which best reflects their own national circumstances. These arrangements may vary from country to country, each of whom will face their own unique social, economic and environmental challenges. As previously stated, the principal driver for the UK's renewables framework will come from EMR
- It was also suggested that support should be considered for transparency in the assessment of costs in order to provide directly comparable numbers. This could include the adoption of a standard financial methodology for cost comparisons
- We would welcome clarification on whether the rising costs of energy have incentivised consumers to adopt energy efficiency measures. If this has not been the case, then it is questionable whether market pricing alone will drive energy efficiency

COMPETITIVENESS AND SECURITY OF SUPPLY

- In order to improve competitiveness, the EU grid must be improved (through country-to-country-interconnectors). Improved connections to the European Grid will be important for the UK, if renewables are to contribute significantly to our energy mix.

The EU has a role to play in this area by agreeing an equitable approach to 'effort sharing' between EU member states and funding more projects of common interest as part of the Connecting Europe initiative. A significant amount of investment is needed in this area

- The paper fails to make reference to improving or replacing base load capacity across Europe. It should be remembered that renewable generation does not replace base load capacity. As previously stated, references to 'low carbon generation technologies' such as nuclear, have an important role to play in providing base load capacity which cannot be delivered by renewable generation
- Security of supply remains an important consideration within the current energy debate. The paper may also wish to set out suggested or minimum storage capacities for gas and cross-border transmission capacities for electricity

CONCLUSION

ICE welcomes the opportunity to respond to the European Commission's consultation on *A 2030 framework for climate and energy policies*. In formulating this response, we have drawn on the expertise of our membership to provide a high level overview of the issues we believe should be explored as the Commission develops its frameworks for 2030 and beyond.

We look forward to having the opportunity to engage with the Commission in greater detail following the conclusion of this consultation period.