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Public Consultation in accordance with "A 2030 framework for climate and energy policies"

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General

Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?

In general terms, the main lesson from the 2020 framework has been the importance of setting up ambitious goals as concerns one or more of the three parameters.

This goal/these goals have functioned as important political guidelines and levied a number of activities within the region. Thus, since 2007, Central Denmark Region (CDR) has had an ambitious goal that by 2025, 50 % of energy consumption must come from renewable energy sources (RES) and has worked systematically to realize this goal. The objective for the region as a geographical unit is to become 100 % self-sufficient in RES.

To reach this goal and the climate goals in general, CDR – when established in 2007 - started cooperating with the 19 municipalities of the region to do CO2 baseline calculations and to plan for achieving its ambitious goals. Lately, and parallel to this process, the CDR has entered into cooperation with the municipalities and the regional energy companies on developing strategic energy plans as a means to pursue the overall objective.

As a consequence of its political objectives, the CDR now is the producer of about 35 PJ biomass, about 10 PJ wind energy, and about 0,3 PJ other RES, and the percentage of overall RES production has risen from 22 % in 2006 to 29 % in 2011. Furthermore, district heating is now providing 60% of heat consumption. These figures – as well as many others – are the results of a thorough mapping of CDR RES[1].

[1] http://www.rm.dk/files/Regional%20udvikling/Vækstforum/Projekter/5.5%20Energi%20og%20miljø/Ny%20hjemmeside/Publikationer/Perspektivplan%20(ENG).pdf).

Finally, the CDR is now the leading actor in an effort to boost energy efficiency – both through an ELENA application and through strategic energy planning, in which the municipalities will be offered systematic guidance to green transformation and more energy efficiency.

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 CDR is of the opinion that binding, ambitious targets at national or even regional level, for all objectives - energy savings, renewable energy and CO2-reduction – are necessary to secure a framework that can drive growth, stimulate decision-making and investments, increase the EUs competitiveness, secure supply in the medium to long term, while at the same time reducing Green House Gas (GHG) emissions. Consistency within the political hierarchical levels and coordination between policy visions and planning/actions are decisive factors for regional development.

The Energy Roadmap 2050 which identifies energy efficiency EE and RES as 'no regret' options which are critical drivers for decarbonisation towards 2050 and concludes that the 20% renewable energy target has proven an efficient driver in the development of renewable energy in the EU[2] RES solutions will improve the EUs security of supply, improve the EUs role as a technological frontrunner, thus improving competitiveness, reduce consumer prices in the long run while reducing GHG emissions and CDR, thus support an ambitious target for RES. Energy saving targets adds to the above benefits by stimulating investments in energy efficiency measures, which reduces consumption and hence emissions.

A single GHG target is not sufficient to drive investments in EE and RES. There is a risk that a single GHG target will lead only to investments in the technologies which are closest to the market and thus has a low cost in the short term at the expense of technologies that are competitive in the mid to long term, and which are able to decrease import dependency.

Targets should be binding at regional/national level. Having only EU targets could lift Member States from responsibilities. Making the targets binding would make the green transformation faster to the benefit of EUs competitiveness, through improved market certainty, which encourages investments.

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

CDR does not see any noteworthy inconsistencies in the current 2020 target. The multiple targets provide a stable and predictable

[2] Energy Roadmap 2050, p. 19

framework to encourage investments which will be beneficial in not only the short term, but also in the medium to long term.

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 CDR is of the opinion that flexibility as to how Member States will meet the overall targets must be granted to accommodate national and regional diversity. Thus promoting renewable energy in subsectors is best guaranteed by overall national RES targets. However, to boost energy transformation within the subsectors – e.g. transportation - strong incentives should be provided to increase the use of biofuels or electricity and hybrid technology to fuel motorised vehicles. One could argue that binding targets for the share of renewables in the transport sector is important to create a "playing field" in a highly regulated market.

How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?
CDR experience has demonstrated that transformation to a green economy required a strong political back-up to supplement existing (favourable) conditions. For historical reasons, CDR has developed into the world's tightest wind cluster[3], but on top of that, and to support this development, the CDR has led a very active business strategy to increase demand on green technology. As an example, part of the structural funds has through the Growth Forum been channelled into development of energy and environment[4], many projects of which are now front-runners of regional, green development.

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?
No additional targets are needed to assess security of supply, as it will be improved with the increase of renewable energy and energy savings.

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

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[3] http://www.stateofgreen.com/Cache/StateOfGreen/9d/9d69fa45-6c3d-4a5e-913a-22583b3be70b.pdf
[4] http://www.rm.dk/files/Regional%20udvikling/Vækstforum/Projekter/5.5%20Energi%20og%20miljø/Ny%20hjemmeside/Publikationer/Pjecen%20vision%20og%20mål_engelsk.pdf

The CDR has for constitutional reasons no authority in relation to other instruments, but is of the opinion that the mainstreaming of energy policy in to the CAP, building regulation etc. should be widened.

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

How can fragmentation of the internal energy market best be avoided particularly in relation to the need to encourage and mobilise investment?
The CDR is strongly in favour of an integrated energy market, particularly in electricity, which will increase the potentials for selling electricity generated by wind power.

Which measures could be envisaged to make further energy savings most cost-effectively?
A: N/A

How can EU research and innovation policies best support the achievement of the 2030 framework?
The CDR has been actively involved in laying the ground for strengthening R & I within the business sector. One such initiative has MidtVind[5], the ambition of which was to assist – and cluster - the sub-suppliers to wind industry in the region. The MidtVind initiative is currently embedded in an expansive and wider program with the overall objective of developing and qualifying the wind sector for the increasing globalization and accordingly increasing competition. Continuing focus on competency development, global networking, innovation across the sector value chain and utilization of regional strengths are pointed out as pivotal factors for the maintenance of CDR´s unique position. MidtVind was supported by structural funds and by the Danish Government.

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?
The CDR has its stronghold within wind energy as well as bioenergy and clean-tech and is of the opinion that EU should continue to be a frontrunner in clean technologies and support the development of EE and RE technologies. With the increased global focus on environment and demand for green technologies, the EU should support further investments in developing green technologies and related

[5] http://ipaper.ipapercms.dk/Windpower/Midtvindasuppliernetwork/

competence development and education to secure that the EU will improve its competitive advantage. These investments will create more jobs and growth. As an example of how new jobs within vocational training in clean technology are created, let us mention the EU supported project Aire[6], in which the vocational school, Tradium in Randers, Central Denmark, takes a very active part. The Aire project has pointed to solution to problems as how to train the necessary RES personnel and provide them with EU certified degrees.

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?
N/A

What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?
Energy supply and demand are of course important drivers that affect energy costs and the consumers' energy bills. Improving energy efficiency and increasing the amount of RES in the energy supply, will reduce the dependency on import of fossil fuels and reduce energy costs in the medium to long term. Boosting smart solutions (in grids, in buildings, etc.) will also regulate consumption and in the end reduce dependency.
Innovative RE technologies have high costs in the start up phase due to large investments costs. However, when the technologies are mature the production costs are low. Thus the EU should support the innovation and commercialisation of new RE technologies.

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?
CDR supports ambitious EU targets for energy and climate, despite uncertainties of the level of commitment of other countries. The EU must strive to maintain and improve its role as a frontrunner in green technologies, as the demand for such technologies will increase in the future.

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)?
Binding targets, energy planning and an economic incentive structure, strong incentives for energy savings and the use of renewable energy provide a stable and predictable framework for business. With a promising and ambitious new initiative CDR is creating a platform for a more efficient and sustainable transition of

[6] http://www.aireweb.eu/

the energy system. A platform, which for the municipalities in CDR, will provide a frame work for further coordination across municipality borders, and knowledge sharing between the relevant actors. The result being a holistic and long term policy making and planning, this further on will evade sub-optimization and prevent inefficient investments.

How can the EU increase the innovation capacity of manufacturing industry? Is there a role for the revenues from the auctioning of allowances?
The CDR finds the ETS an important aspect of EU's climate policy and innovation based on revenues from the ETS as vital to green technological development. Thus, revenues from the ETS play an important role in increasing the innovation capacity of the manufacturing industry. However, this provides that the system is reformed, or quotas are held back, to facilitate the most advantageous trade off between revenue generated from auctions and the continued functioning of the system.

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 CDR is of the opinion that indigenous RES should be developed by a number of factors: one means is by supporting technological development; another by market spread; and a third is by regulation. To mention an example of very diversified, indigenous RES for fuel for vehicles, the CDR sees a great potential in the following: 2nd generation bioethanol, which is being developed by Maabjerg Energy Concept[7], biogas, which is being developed by Skive and wind power, integrated into electric vehicles.

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?
As noted earlier the elaboration and further development of integrated grid and interconnections to transport surplus energy within the EU should be prioritised, to secure supply and an effective internal energy market. Despite the need for diversifying supply routes, the development of internal supply routes should be given priority to the further development of external supply routes.

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

[7] http://www.maabjergenergyconcept.eu/

reflect their different abilities to implement climate and energy measures?
The CDU supports common minimum targets for all countries in the EU. Common targets demand common efforts. However, and at least as important, a framework should be created that provide incentives to the most ambitious countries and regions that have the ability and wish to go beyond the minimum targets as this will lead to faster implementation and guarantee further technological developments.
Common minimum targets show a political commitment, which will create the necessary market certainty and demand for companies to be innovative.

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?
The EU should support the dissemination and cooperation projects, which aim at sharing knowledge and best practices, so that everyone benefits from progress and technology developed in other regions.

Are new financing instruments or arrangements required to support the new 2030 framework?
Financial instruments that support the green technologies and breeds investments in energy efficiency and renewable energy are important. CDR is a region which is strong on RES and less so on EE. The EU in general is facing the same challenge and, as it seems, is falling short of the 20% energy saving target in 2020.
Since this is the case it is important that the ELENA facility will continue in the future. Not only does Technical Assistance under ELENA result in energy savings. Due to the leverage factor, ELANA support sparks large investments with a relatively small grant, leading to the creation of jobs and growth. CDR thus consider the ELENA facility and similar financing instruments very important for the EU to meets its climate and energy objectives while at the same time stimulating growth and job creation.