DVFG's submission to the public consultation on a 2030 Framework for climate and energy policies

4. QUESTIONS

4.1. General

As representatives of a clean and relatively low carbon gaseous fuel, the German LPG industry strongly supports the emergence of an ambitious EU climate strategy, and is committed to optimizing LPG's role in the transition towards a more climate-friendly energy model.

The EU wants and should be a front runner in the move towards green energy and reduction in GHG, however, it must be able to walk before it can run in order not to have a negative impact on the economy as a whole. For a really sustainable development, the three pillars of sustainability: economy, environment and social aspects have to be considered equal.

An affordable, secure and ecological supply of energy is the fundament for a well-developed and industrial society in Europe.

4.2. Targets

There are 3 overriding principles which should be taken into account in developing climate and energy policies:

- **free competition** must be maintained,
- **openness to technology** or energy source should be guaranteed and
- new legislation should be **assessed for its feasibility** with regards to administrative and financial burden.

This is particularly important for SMEs which play an important role in the EU energy sector.

DVFG agrees with the 20-20-20-trio of targets, reflecting the three areas that must be addressed for the EU to effectively tackle climate change and future energy challenges. It is important that the three objectives be coherently addressed, so as to avoid multiple regulations on the same target and the ensuing regulatory burden for companies.

Of the three targets, improving **energy efficiency** is the most effective means of simultaneously addressing the key challenges of sustainability, security of supply and competitiveness. Efficiency, as opposed to the promotion of any one type of energy, should be the cornerstone of Europe's energy strategy.

As far as the **target for GHG** is concerned, it appears that the **impact of black carbon on climate change** was underestimated at the time when the decision of fixing the minimum contribution of Member States to meet the GHG emission reduction commitment was published in 2009. The definition of greenhouse gases given in Article 2 of that decision did not include black carbon. Since then, numerous studies, including a landmark scientific study published in 2013 by the American Geophysical Union, have found that black carbon is the second biggest contributor to climate change after carbon dioxide[1]. Furthermore it has been noted by scientists that unlike with carbon dioxide, reductions in the

[1] Bounding the role of black carbon in the climate system: A scientific assessment', American Geophysical Union (2013) available on Wiley online library

emissions of black carbon have an immediate impact on climate and as a result action on this pollutant has the added benefit of reducing the chance of reaching climate "tipping points" in the short and medium term. It should be stressed that the European Parliament, in a resolution adopted in September 2011, urged the Commission to undertake "immediate action towards the reduction of black carbon emissions as a fast-action method of halting glacial melting". Black carbon should therefore be added to the list of pollutants covered by the target.

Concerning the **renewables target**, and the question whether it would be good to maintain the separate renewables target for transport: Increasing such a target seems hardly appropriate given the current doubts whether the present 10% target will be reached. In addition, the uncertainty concerning the accounting of the actual emissions of biofuels (how to take into account the ILUC factor) do not support a detailed strategy for renewables in the transport sector. Finally, such a target may be seen as redundant given the recent initiative from the Commission on the development of alternative transport fuels (Com(2013)18). Considering the overall EU objective of effectively decarbonizing the transport sector, DVFG would like to suggest to keep any EU target on transport in line with the Directive proposed recently for supporting the uptake of cleaner alternative fuels. We believe that instead of having a target looking exclusively at biofuels, this target could be complemented or even replaced by a more ambitious target for alternative fuels covered in (Com(2013)18). It is indeed widely accepted that biofuels are not the only solution the EU has to decarbonize its transport and other alternative fuels are equally important.

NOTE: Policy has to give a clear definition of "**decarburization**", especially in combination with biomass, biofuels or biogas. The basic structure of biomass always is carbon atoms. Strictly following a target of decarbonization would always exclude the use of biomass or biomass based fuels and gases.

4.3. Instruments

In general terms, it is important that EU Member States have a maximum **flexibility in the definition of instruments** at their disposal. Technology specific instruments or legislation is not appropriate, because it excludes certain ecological and economical niches as well as especially SMEs from participation and generally leads to higher energy prices.

Investments in socio-economic **research** could help develop our understanding of consumer behavior as regards low carbon technologies, prices and energy savings. Consumer behavior plays an important role in the success of energy policies on the ground. Such research could help companies and policy-makers design more targeted energy technologies and systems.

DVFG would like to point out that ambitious EU-level actions on climate change will be infinitely more effective if they occur as part of a wider **global movement**, particularly together with other major economies. Ultimately, establishing a working consensus with key partners on this point, ideally under an umbrella of European leadership, must be the top priority over the coming months and years. The EU's policies and action on climate change, however extensive and ambitious, will have no effect on the final outcome if it ends up being the winner in a one horse race.

4.4. Competitiveness and security of supply

To improve security of energy supply, Europe needs **diversification of energy sources**, but no technology or energy source should be discriminated against. LPG is easily storable, doesn't need an expensive network infrastructure and the transport is harmonized UN ECE wide.

More than 70 percent of total U.S. LPG supply now comes from domestic natural gas liquids production, for example. The total supply of LPG will increase worldwide as a by-product of an increasing natural gas production.

The enhancement of **resource-efficient** economy by the reduction of hydrocarbons' venting and flaring would at once create supply savings as well as climate and environmental benefits[2].

4.5. Capacity and distributional aspects

The climate and energy framework must be elaborated to be coherent with policies dealing with related specific sectors, e.g. the upcoming review of air quality policy. To optimize the **cost-efficiency** of meeting climate and energy objectives, synergies between policy areas should be better implemented. For example, synergies between climate policies and air quality policies can be exploited by fighting first and foremost pollutants that have effects both in terms of human health and climate change. Additionally, measures at consumer level (information on energy saving technologies, rising awareness , and education) can have a great impact at a relatively low costs.

DVFG
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[2] "The World Bank has estimated that the annual volume of associated gas being flared and vented is about 110 billion cubic meters (bcm), enough fuel to provide the combined annual natural gas consumption of Germany and France."; "Report Number 3 - World Bank Group No: 29554; 2012: Regulation of Associated Gas Flaring and Venting - A Global Overview and Lessons from International Experience"