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Central Europe Energy Partners (CEEP) is an organisation of companies and scientific institutions, mainly from Central Europe, involved in the energy sector within the European economy. It was established three years ago, (June 2010), and has got, right now, 19 members from 6 countries representing 330,000 employees, and an overall turnover in excess of Euros 34 billion. CEEP is very active at the EU level, (see the activities of CEEP on the website: www.ceep.be).
CEEP's position on climate and energy policies, set out below, represents the opinions of its members from the energy sector.

Green Paper on a 2030 framework for climate and energy policies

1 General remarks:

1.1 Definition of CO2 decrease - % or tonnes?

According to CEEP, using percentages in the discussion of CO2 emissions is not always clear-cut because it does not show the actual economic strength and development of a particular country. That is why we suggest, in all post-2020 documents, utilising tonnes per capita rather than percentages, which do not say anything to non-specialists. Tonnes per capita is a clearer reference for everybody and easy for comparative studies, as everyone concerned already knows the actual emissions.

1.2 The climate issue is a global issue.

The published document as above, is focused on the climate problems mainly within the EU, but the problem concerns all countries around the world, and especially those from the EU, OECD, and the G-20, as they are the biggest emitters of CO2, and relatively rich, which enables them to spend enough funds to battle with the amount of CO2 emissions.
Some countries are trying to take unilateral measures, but the results are meagre. The same concerns individual pledges of more than 90 countries made since 2009, following the Copenhagen Climate Conference. The result is that even modest pledges of those countries have been implemented to about 30% only. This shows that 'practical enthusiasm' measures for climate protection are absolutely not sufficient. Take, for example, such rich countries as the US, where CO2 emissions per capita in 2011 amounted to 17.3 tonnes; Canada 16.2; Australia 19; Japan 9.8; Russia 12.8; and South Korea 12.6; whereas the average in Europe was 7.5 tonnes. The majority of countries are, in fact, below the EU level, as for example, India, with 1.6 tonnes only; Brazil 2.3; and Turkey 2 tonnes. The average figure for the world is 4.9 tonnes. It's not easy to solve a dilemma on how to make the biggest emitters decrease their emissions, whilst curbing the ambitions of many countries to develop their industries, which ultimately means an increase of emissions. This concerns India, Turkey, and even Brazil, but we should bear in mind that, in the near future, many Asian countries will try to develop their economies, and 'sleeping' Africa will soon emerge with their ambitions, too.

1.3 'Paying lip service' or 'facing up to reality?'

One can observe that in many countries the climate issue is discussed at length, but as concerns real efforts, they are not so enthusiastic. Take for example, the latest President Obama speech on CO2 emissions, which referred to coal power plants having to be shut down. As a matter of fact, the US has to close them down because they are already technologically outdated, and there is no other solution to improve their performance and economy. According to the National Association of Regulatory Utility Commissioners, **about 74% of all coal-fired power plants in the USA are at least 30 years old, and the average life of such plants is just 40 years**. It would be much better to hear that the US is going to decrease their CO2 emissions per capita to the level of 10 tonnes by 2020, from the level of 17.3 tonnes in 2011.

1.4 Importance of indigenous sources of energy.

In your document, you exclude from further considerations, such fossil fuels as coal, but not crude oil, and gas resources. We cannot accept such a position, because we shouldn't disqualify any indigenous source of energy, as we should fight CO2 emissions, and not the sources of energy. One should take into consideration that, for example, the efficiency of coal-powered plants, built 40-50 years ago, was very low, and emissions of CO2 were very high. With new technologies, around 20 years ago, the level of efficiency increased up to around 30%, and nowadays, due to new, incoming technologies, efficiency is around 45%, which means that in the span of fifty years, CO2 emissions have been decreased by around 60%. We should believe in further technology progress, and that efficiency will further increase, or that other methods of using coal will be developed for energy purposes. That is why we should enhance technological progress by diverting more financial support for the efficient use of coal as a source of energy in the energy-mix of those countries who have coal, and not penalise coal as such.

2 Answers to questions

2.1 Ad 4.1. General:

We would like to underline that the targets '20-20-20' are likely to be achieved, which means that overall, the EU's internal climate policy has been successful, without any need for backloading. Unfortunately, the EU's external climate policy seems to be without any visible success, and for example, pledges concerning a decrease of CO2 based on the 2009 Copenhagen Climate Conference, brought modest results. This is not a good prognosis for the EU's ambitious CO2

reduction programme, as according to statistics, the EU's competitiveness against China and the USA decreased by more than 15% in the period from 2009-2012. Many economists and analysts say that this is due to stringent EU emission policy. It suggests that further steps from the EU should be defined in relation to the emission levels per capita of the G-20 and OECD countries. Sadly, the EU hasn't been able to convince these countries that climate policy is a global issue requiring the efforts of all mankind, and that promotional campaigns are not enough, and a real decrease of emissions in tonnes per capita should be actual, and not promised. If this is not achieved, then the EU should not 'sacrifice itself' for the rest of the world.

2.2 Ad 4.2 Targets

2.2.1

As we mentioned in point 1.1, we should change the definition from percentages into emissions in tonnes per capita, and leave it to the discretion of particular countries on how to achieve the level agreed. The EU should accept the average figure derived from the pledges of the OECD and G-20 countries, as legally binding. The figure can be adjusted upwards from the level agreed, if those countries are not willing to fulfil their pledges.

2.2.2

The EU is not uniform as concerns energy-mixes, and that is why there are many inconsistencies in EU policy, as each country has got its own composite energy-mix. Such a patchwork should be accepted. For example, the French energy-mix contains 78% of nuclear power generation, 48% of the electrical power in Denmark is generated from coal. Wind is not blowing with the same efficiency in Scotland as in Poland, and the sun is not so richly available for energy generation in Lithuania as in Italy or Greece, etc. To remove existing inconsistencies, we propose in point 1.1, to describe our targets concerning CO2 decreases in tonnes per capita.

2.2.3

As we said above, there should be one uniform target in CO2 decreases in terms of tonnes per capita, but in such cases as CO2 reductions in targets for passenger cars, transport, etc., they should be stimulated by the internal decisions of specialised agencies representing the specific industry concerned, at the EU level. Their suggestions could be considered as binding, if accepted by the EU.

2.2.4

This is a very specific question and should be considered in terms of each country's needs, as their energy-mixes are different. The need for a range of technologies for the countries with varied energy sources will differ, as we said in point 2.2.2.

2.2.5

It is evident that our indigenous sources of energy should be promoted within the EU. This concerns crude oil, gas, coal, and RES. That is why all these sources should be supported in the quest to achieve security of supply.

2.3 Ad 4.3 Instruments

2.3.1

Yes, changes are necessary, in order to give more chances for particular countries to adapt themselves to the EU requirements, but not be obliged by very specific regulations, which are not always adequately suited to every country in the same way; offer the EU countries rather general figures, and give them the freedom on how to reach those figures. For example, if the figure as per 2.2.1 definition is established as binding, the way on how to achieve it should be at the discretion of the particular EU country.

2.3.2
See point 1.1.

2.3.3
Fragmentation can be avoided if the prices of energy are almost unified in particular countries, as well as ensuring that interconnections for electrical energy, gas, and crude oil are properly developed.

2.3.4
This depends on the climatic conditions of particular countries, and their legacy of assets. We should identify the most effective measures to be considered by particular countries, and then financially support them by the EU to reach the best results.

2.3.5
Again, the answer should be formulated at the country level, as the countries know best what are their needs, and for what solutions they are aiming.

2.4 Ad 4.4. Competitiveness and security of supply

2.4.1
The main requirement is to globalise (at least, to OECD and G-20 countries) the binding requirements concerning CO2 reductions - the same for everyone - otherwise, our chances for development and consequently, for promoting job creation and competitiveness will be quashed.

2.4.2
Evidence of carbon leakage to such a country as China is well-known, though we can observe European carbon leakage to the United States, due to low energy prices there. However, we can observe in the EU an even worse situation, leading to the closure of parts of our industry, as for example, refineries. Carbon leakage is not applicable in this case, whilst this situation is not simply confined to refineries. If climate policy restrictions are the same for other countries, we have got a chance to compete. If not, we have to close down our industries.

2.4.3
The biggest inequality in the price of energy sources rests with gas. Coal prices are more or less stabilised. The same concerns crude oil to some extent. Gas prices for Central Europe are at the level of US dollars 400-450 per 1,000 cubic metre, whereas, for other countries in Europe, it's much cheaper, and in Great Britain, around US dollars 300. So, a very important task for the EU is to remove the discrepancy in gas prices within the EU. The next driver in energy costs is the price of electrical energy based on RES, which is much more expensive than the traditional sources (coal, gas and nuclear energy).

2.4.4
Unless the other countries accept the same level of decreases in CO2 emissions (best expressed in CO2 tonnes per capita) which should concern, primarily, the EU, OECD, and G-20 countries, there will be common ground for mutual agreement and the EU should maximise their efforts to convince other countries of the virtues of its proposals. Such proposals should not be over-ambitious, otherwise, we will achieve nothing, as other countries from outside the EU are always calculating the impact on their economies, unemployment, and further development.

2.4.5
To concentrate more on external policy, convincing the non-EU countries for the need of climate change, and less on issues such as backloading.

2.4.6

The EU's policy to lower CO2 emissions is very successful, and has even exceeded all expectations since 2005. So, the '20-20-20' targets for 2020 will surely be achieved, and in some cases, we may even exceed them. What's more, we will be able to achieve this, observing the yearly decrease of 1.74% of CO2 under the ETS scheme. This will be achieved thanks to BAT and RES development. One spectacular example of BAT usage is the construction of new German power plants fuelled by coal and lignite, with their plans to build another 12 by 2020, where each power plant will decrease its CO2 emissions by around 30%.
Of course, each EU country, if it feels the need to do more for RES, above the EU requirements, has the right to do so on its own territory. In other words, we are not against the auctioning of allowances, but we feel that market prices of CO2 allowances have a better influence on industry and innovation capacity than the artificially increased prices of allowances.

2.4.7

We should be offering equal chances for the development of each source of energy as RES, nuclear, coal, gas, including shale gas, and crude oil. Discriminatory measures which the EU applies to coal, as well as its unclear and unenthusiastic position concerning shale gas, will not contribute towards reduced energy prices, whilst increasing import dependency. One should consider that we are facing right now imports of cheap coal to the EU from the US and Australia. The EU now imports almost half of its needs for coal. Shouldn't we support the European Coal industry rather than increase our energy import dependency? This is a question which should be answered as quickly as possible, otherwise, the imported coal will destroy our coal industry; but it will not decrease CO2 emissions.

2.4.8

As far as the internal energy market is concerned, CEEP is undergoing studies, but it is evident that Central Europe, especially, needs a much better developed energy interconnections infrastructure, coupled with effective diversification of external energy supply routes. Nowhere in the EU is the issue of robust energy and resource transportation networks, redundancy of their critical corridors and nodes, interconnectivity to a pan-European backbone energy network, as acute and factual as in Central Europe. As we embark on the completion of the Internal Energy Market, these issues should be immediately taken into account when deciding upon the distribution of funds within the budget for the period 2013-2020.

2.5 Ad 4.5. Capacity and distributional aspects

This delicate issue should be answered by the governments of Member States within the EU, but anyhow, we would like to underline, once again, that as concerns climate matters, at least the EU, OECD, and the G-20 countries should be obliged to the same figures measured in CO2 tonnes per capita, otherwise, the EU will be in economic danger.

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