European Commission's Consultation on a Green Paper
"A 2030 framework for climate and energy policies"
Closing date: 2 July 2013
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ACI EUROPE is the European region of Airport Council International (ACI), the only worldwide professional association of airport operators. ACI EUROPE represents more than 400 airports in 46 European countries. Member airports handle 90% of commercial air traffic in Europe, welcoming nearly one and half billion passengers each year.

Airport operators in Europe directly employ 156,000 staff, along with a total of 1,200,000 employees on airport sites. These airport related jobs amount to a €59 billion annual contribution to European GDP.

Airports in Europe are not just supporting their local economy – increasingly, they are defining it. This situation reflects the fact that air transport lies at the heart of modern, globalised economies and that there is simply no viable substitute to the 150,000 routes that constitute the air transport network connecting Europe.

However, if they are to continue to foster economic growth and job creation, a new market-based outlook of airports and their role in the European economy is needed. Aviation is at a crossroads. International aviation is responsible for 2% to 3% of manmade emissions and airport emissions account for 5% of this share. The sustainability agenda means that over time, new economic and technological fundamentals will substantially redefine the entire sector.

Please kindly note that ACI EUROPE replied to the questions for which it can provide added-value.

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

The green Paper of the European Commission makes it very clear that a few elements were decisive in the implementation of the 2020 targets.

Indeed, the introduction of flexibility mechanisms in the attainment of carbon emissions reduction through the Effort Sharing Decision is a non-dogmatic way to take into account the need for economic and social development in European countries.

Also setting a target for a share of renewable energy in the energy mix and in the transport sector is absolutely essential to support the uptake of alternative energy sources in the European energy mix. Evidence has been provided by the European Commission in its green Paper (page 4 and page 5).

Last but not least, targets on energy savings seem to be a sensible way to address CO2 emissions, while not hampering the growth of a sector. Today, any decision shall be based on a sound business case and in this respect, energy efficiency often goes hand-in-hand with more efficient operations. The airport sector is no exception. This is also an opportunity to take into account the context of growing energy prices in Europe.

Whatever the decisions on the precise targets, an overall priority has to be to ensure that decisions are made in relation to the nature and level of such targets as soon as possible, to ensure that airports currently reviewing their master plans for the period up to 2030 are aware of the kind of considerations which need to be taken into account.

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 extend should they be legally binding?

Member States should be given the choice to set absolute of relative targets for each sector. Both absolute and relative emissions improvement metrics/targets can be considered.

- An absolute metric is a fixed level of emissions per year, expressed as tonnes of CO_2.
- A relative metric is expressed as emissions per unit of activity and should be expressed as tonnes of CO_2 per passenger or tonnes of CO_2 per traffic unit. A traffic unit is defined as 100kg of cargo or 1 passenger.

The GHG Protocol provides the following commentary on the merits of both types of targets.

Relative targets reduce the ratio of emissions relative to a business metric over time (Example: reduce CO2 by 12 percent per tonne of clinker between 2000 and 2008).

Their advantages are as follows:

- Reflects GHG performance improvements independent of organic growth or decline;
- Target base year recalculations for structural changes are usually not required;
- May increase the comparability of GHG performance among entities.

Their disadvantages are as follows:

- No guarantee that GHG emissions to the atmosphere will be reduced—absolute emissions may rise even if intensity goes down and output increases;
- Companies with diverse operations may find it difficult to define a single common business metric;
- If a monetary variable is used for the business metric, such as dollar of revenue or sales, it should be recalculated for changes in product prices and product mix, as well as inflation, adding complexity to the tracking process.

Absolute targets reduce absolute emissions over time (Example: reduce CO2 by 25 percent below 1994 levels by 2010).

Their advantages are as follows:

- Designed to achieve a reduction in a specified quantity of GHGs emitted to the atmosphere;
- Environmentally robust as it entails a commitment to reduce GHGs by a specified amount;
- Transparently addresses potential stakeholder concerns about the need to manage absolute emissions.

Their disadvantages are as follows:

- Target base year recalculations for significant structural changes to the organization add complexity to tracking progress over time;
- Does not allow comparisons of GHG intensity/efficiency;
- Recognizes an entity for reducing GHGs by decreasing production or output (organic decline, see chapter 5);
- May be difficult to achieve if the entity grows unexpectedly and growth is linked to GHG emissions.

In light of the above, it would make sense to allow Member States to decide on a sector by sector approach and whether the target should be absolute or relative, depending on their individual resource profile and energy systems.

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

Potential conflict or anomaly risks in this area could arise between energy and climate change targets if not fully aligned.. Clarification or guidance on the interaction and/or hierarchy of such targets would be helpful to business. Multiple and /or misaligned targets would make it difficult for businesses to make meaningful progress. In order to ensure that European objectives across a variety of sectors can be achieved, it is vitally important that environmental policy is fully aligned with emerging policy in other directorates and policies at European level.

Targets:
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 question of renewable fuels is complex and requires differentiation between the various sectors. Indeed, not all alternative fuel sources can be used for all sectors. Under these circumstances, it would make sense to adapt targets on the use of alternative energy sources to the sector to recognise the limited availability of alternative energy sources for certain sectors.

Neither the Climate & Energy Package 20/20/20 nor the White Paper on Transport includes specific targets on renewables for aviation – although it does include some targets for the transport sector as a whole. It would be interesting for the aviation sector to have a specific target. However, this should take into account the fact that the certification of aviation biofuels is a complex process.

In addition, the existence of biofuels for aviation in Europe could probably provide the region with a competitive advantage against other world regions.

As far as the airport industry is concerned, it is worth noting that the sector could be at a crossroad between various sectoral targets (e.g. building, road transport and surface emissions). It corresponds to energy efficiency activities (electricity, heating and cooling) or the management of local emissions linked with the equipment for ground-handling services.

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

It is worth questioning the existing strategy for the penetration of alternative fuels on the market, which consists of letting market forces selecting the best option. Indeed, some sources require heavy infrastructure investments that will only result from a political choice, especially for road vehicles. Such choice should indeed take into account the maturity of technologies. A similar logic applies to off-road vehicles. Indeed in some cases, CNG implementation and maintenance costs exceed the benefits in terms of CO_2 reductions, when compared against other technologies, like LPG or electricity. Therefore, the definition of targets should always be preceded by a cost-benefit analysis.

Targets:
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?

Development of effective measures to encourage investment in appropriate technologies for individual Member States, based on their energy needs and potential will drive security of supply. Thus development and deployment of such mechanisms should be encouraged.

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

The list of Directives and Regulations that would be related to a framework for 2030 climate and energy policies are provided in the Annex of the Green paper. It should also be noted that individual Member States also have their long-term target and how it could be articulated with EU objectives.

A particular emphasis should be put on consistency between the policy objectives and the financial incentives provided at European or national levels.

An extremely important consideration is one not directly related to the targets themselves, but relates to the manner in which they will be delivered. Resource efficiency has been identified as a key imperative of future economic growth for Europe – in particular, the decoupling of economic growth from resource consumption. It is important to recognise that this is likely to require the existing airport regulatory environment to be modified so as to ensure that airports are encouraged and indeed enabled to make the investment necessary to comply with regulations in line with energy and emissions policy requirements. It is also critical that policy is future-proofed in this regard as targets change over time and failure to address such issues will result in inconsistencies between various government policies and objectives. As such provisions will not happen without intervention, there is a need to specifically ensure that regulatory provision is made for any necessary investment which compliance with such requirements may entail.

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

For the moment it is very complicated to calculate and monitor the emissions from the transport industry. Monitoring tools are important to obtain the reference and to know the impact by implementing a new strategy or new technologies for the transport industry.

In various Member States, the energy strategy will differ, depending on the energy profile and strategy of the Member State. It is essential that in each state there are effective incentive mechanisms to encourage investment in the appropriate infrastructure, and that coordinated and synchronised developments are encouraged, particularly where cross-border opportunities may optimise the outcome. As a result, there needs to be some flexibility in how the targets are defined at national level so as to encourage the best outcome

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

ACI EUROPE members have been working for several years on various options to decrease the CO2 impact of their own activities. Energy efficiency measures were identified as delivering the highest potential for reduction. At an airport they relate to energy efficiency in buildings, among others.

A reflection could be engaged on existing standards for energy efficiency in buildings, not only in Europe. The organisational structure of ACI EUROPE enables to have access to information related to standards used in other world regions, as the US. In this respect, the LEED certification (http://www.usgbc.org/leed/certification) is considered as an ambitious and robust certification system for buildings. It also includes flexible elements, in order to take into account the function of the building (e.g. schools, neighbourhood development, retail…). Therefore, a benchmark exercise could be appropriate to support future decisions on robust criteria for energy efficiency in buildings.

Additionally, similar schemes to LEED such as BREEAM and CEEQUAL are relevant in terms of considering the overall sustainability of infrastructure. BREEAM is the UK – Building Research Establishment Environmental Assessment Method – this link highlights that the scheme is active in Scandinavia, Spain and Germany.

For the airport industry, the energy performance level in a Terminal building is complex and depends on the construction and the layout. Energy saving measures need to contribute to the objectives but also they need to be aligned with the function of the building (client satisfaction for airports).

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?

This could be defined within National Plans that needs to be developed by Member States. Incentivising pilot application of new technologies at airports would assist in local economic growth and in the modernisation of local infrastructure. Such initiatives should be explicitly encouraged in policy. This may require that such provisions are incorporated into regulatory oversight mechanisms in some jurisdictions.

Competitiveness and security of supply:
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?

Countries on the periphery of Europe face carbon leakage not only from traditional heavy industry but also from air travel following the inclusion of aviation in the EU ETS as the cost of using EU airports rises, making nearby non-EU destinations more attractive financially for leisure travellers. The potential impact of this phenomenon should be studied.

We would recommend that the European Commission assesses the consequences of the EU ETS in terms of change in destinations (especially diversion of traffic from European hubs to non-European hubs). A global approach is needed for the aviation sector to avoid distortion of competition.

Competitiveness and security of supply:
What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?

External energy supply is a driver. The European Union can influence it with incentives to renewable energies and energy efficiency measures.

Competitiveness and security of supply:
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?

It is extremely important to involve developing countries in energy-efficiency strategies and to exchange of know-how.

Competitiveness and security of supply:
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)?

An option could be to stabilise energy prices. They could for instance be set for a period of several years and be reviewed periodically.

The priority here is to ensure that targets are defined as quickly as possible so as to enable business to plan in an informed way. It is also necessary that regulatory certainty regarding investment to deliver such targets will be incentivised, so policy in this regard must also be articulated as quickly as possible to ensure that at national level a consistent approach is adopted.

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

Competitiveness and security of supply:
How can the EU increase the innovation capacity of manufacturing industry? Is there a role for the revenues from the auctioning of allowances?

The availability of sustainable biofuels for the aviation industry requires a technological breakthrough that can only be supported by publicly financed research projects. In this respect, it is desirable that the European Commission defines biofuel for aviation as a research priority and devotes adequate funding through its forthcoming research programmes. Such a strategy could be reflected at national level through the use of the revenues from the auctioning of aviation allowances.

An immediate consequence would be the possibility to produce biofuels at a larger scale and thus to make it competitive with conventional fuels.

Competitiveness and security of supply:
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?

Investing in R&D is the cornerstone for a competitive economy. Links between the private sector and the research sector should be strengthened.

In more general terms, the European Commission has engaged into ambitious research strategies (e.g. Flightpath 2050) that should be translated into concrete activities.

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?

Leaving the choice for relative or absolute targets could be an avenue for the recognition that Member States have different abilities to implement climate and energy measures.

Capacity and distributional aspects:
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?

Such decision should be taken on the basis of sound data. It will be important to confront economic data (growth projections per sector) with financial data (public money available for investments) and environmental data (progress made so far and assessment of the room for further progress).

Capacity and distributional aspects:
Are new financing instruments or arrangements required to support the new 2030 framework?

It is expected that such financing instruments will be required, as certain investments in energy-efficiency measures require access to liquidities that the private sector do not have. For instance, the airport sector has been downgraded as an asset class by financial rating agencies since 2008 and access to private finance is more and more difficult, while

a range of projects could be implemented to improve the energy performance of the business. The role of the European Investment Bank is crucial in this respect.

Thus, it is essential that airports and other businesses are incentivised to invest in the technologies to deliver the desired energy and emissions improvements, because at present the costs are in many cases too high, and such investments will not be seen to be cost-effective. Effective mechanisms to support such investment are necessary, and it is specifically essential that regulatory systems encourage such investments. If they do not, targets will simply not be achieved.

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