ACEA input to the stakeholders consultation on "A 2030 framework for climate energy policies"

5 July 2013

1. ACEA welcomes the streamlined focus on both climate and energy policies in a coherent way, avoiding overlapping in implementation, reducing the number of different targets and ultimately improving regulatory framework for businesses in the EU.

2. Energy and climate objectives and targets set are one of the key factors affecting the **competitiveness** of the European industry. Any policy measures taken must not threaten the global competitiveness of European companies. A global level playing field must be ensured. While climate targets have been extensively developed in the EU, counterpart legislation around the globe is not following this trend and is resulting in a competitive disadvantage for European industry. This situation must be resolved in the future.

3. **Focus, consistency and simplification** of climate policies are necessary. Whilst not questioning the long-term objectives, the system of multiple targets and instruments is extremely burdensome for the industry with a number of duplicating and cumulative pieces of legislation (EU ETS, CO2 specific targets, energy efficiency targets or renewable energy targets).

4. The legislative frameworks should be **technology neutral and flexible** enough to accommodate economic down-turns, changes in assessments of technologies (e.g. the recent COM suggestion of limiting food-based biofuels) to allow industry to choose the most cost-efficient solutions and should ensure equal burden for affected parties as well as follow the principle that companies can only be responsible for what they can directly influence.

5. The different measures adopted till now, both at sectorial level (CO2 emissions of new cars, renewable energy, etc) and multi-sectorial one (ETS), have been defined at all in an independent way. In a prospective of new policies for 2030 it would be absolutely opportune to carry out an **integrated evaluation,** so to identify the best feasible options, also in terms of cost-effectiveness.

A **global vision** to reach the future objectives is necessary to maintain the competitiveness of the European industry both in terms of products and manufacturing.

6. Any policy measures taken and any targets implemented must be based on an **impact assessment** that is to consider the results achievable through the different measures and guarantee the best results at acceptable costs in the most cost-efficient way and includes different scenarios on the economic situation, technology maturity, CO2 abatement costs of different sectors based on cross-sectoral assessment AND consumer acceptance (including affordability). The final target should be set in a way that accommodates all scenarios and is **based on market-based schemes** and instruments encouraging the required market up-take. Stronger focus on market-based instruments also allows industry to choose the **most cost-efficient solutions** to reduce CO2 emissions.

7. The overall framework should guarantee **full harmonisation** of implementation and alignment of processes throughout the EU. The most efficient approach would be mandatory EU-wide targets without any "individual" national targets due to the following reasons:
    - Positive influence on EU single market approach
    - Support of long-term achievement of reduction rates
    - Level playing filed and equal conditions in all member states
    - One single approach that enhance efficiency
    - Supports long-term planning, which is necessary for very high long-term investments in energy supply and infrastructure on various levels
    - Strengthening of EU economy

8. This is especially the case for the renewable energy targets in road transport. Within each sector it is important that all stakeholders contribute their fair share to achieving the sectorial targets - for instance in transport all modes of transport must contribute.

   Fragmentation of the internal energy market must be avoided. Thorough EU-wide **standardisation** will encourage and mobilise investment. Overall, there must be no specific Member State target/approach/plan but only EU-wide average targets.

9. Targets at **Member State level are not effective** if they lead to non-harmonised market conditions. Targets are most effective if agreed in consensus with all stakeholders in a thorough impact assessment and on a technology neutral, market-driven basis. Targets should be given only to those who really can influence a certain part of emissions. Often different stakeholders can make an impact and a truly integrated approach is required where the relevant stakeholders get a target related to

their area of responsibility. As an example of this suggested overall approach modified Emission-Trading-System (ETS) can be mentioned.

10. **Sectorial targets** shall not undermine international competitiveness and should always be accompanied by measures supporting the market up-take and acceptance of the required change. A lower number of targets also decreases possible inconsistencies for 2030 targets.

11. As an example of those **inconsistencies** the current Renewable Energy Directive (RED) can be highlighted. The RED triggered national implementation plans that led to a non-harmonised fuel market. The internal market should be ensured by pan-European harmonisation. This also applies to European national vehicle taxation schemes that should be fully harmonised; as an example, tax break-points should be solely CO2 performance-based and technology neutral. There is also an inconsistency between the RED and the legislation for vehicles. Specifically, to achieve the 2020 target of 10% renewable energy in transport, it is important that the FQD mandates the introduction of E10/B7 as soon as possible pan- Europe while maintaining the lower blended protection grades.

12. Concerning specific **sub-sector targets for renewables in transport**:

    a. ACEA agrees that any renewables targets for the European transport sector should be based on proper impact assessment and focused on energy providers in the first place. An EU-wide target would help to harmonise the currently heterogeneous national EU fuel markets. Bioenergy targets are disputed given the mixed market reaction, NGO criticism and the questions raised around indirect impact of biofuels (on climate and ethical questions).

    b. In principle, a long-term targets give the industry planning security (e.g. 2050) but should be broken down into intermediate targets based on thorough intermediate impact assessments once conditions are clear and set. For example at this stage, it does not make any sense to set targets for 2030 because it appears that the 10% target for renewable energy in transport might not be appropriate given the uncertainty over the future of biofuels (e.g. ILUC, advanced biofuels development).

    c. Another important element is the alternative fuels infrastructure and here the automobile sector welcomes the Commission's proposal on "Clean Transport Package".

13. Security of supply is typically ensured by **market mechanisms**: if there is an increasing (energy) resources scarcity, the prices go up making affordable technologies that either reduce the need for these resources or making them costly so

that fewer resources are required. While this is resolved by the market, governments may want to support this process by (1) providing forecasts (like has been done in the critical materials initiative of the EU Commission) or (2) investing in research.

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