EUROMETAUX
EUROPEAN ASSOCIATION OF METALS

European Commission
DG Energy - ENER.C.3
Energy Efficiency
Rue De Mot 24-26
B-1049 Bruxelles
Belgium

Brussels, 28th of April 2014

Ref: Response paper on the public consultation on progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework, by Eurometaux, EU transparency register n° 61650796093-48

Dear Sir/Madam,

Eurometaux is the Brussels-based EU association of the non-ferrous metals industry, representing the main EU and international metals producers, EU and international metal commodity groups and national metal federations. The industry covers base metals (Al, Cu, Pb, Ni, Zn, Sn Sb), precious metals (Au, Ag, PGMs) and technical metals (e.g. Co, W, Cr, Mo, Mn, SI, FeS), manufactured from both primary and recycled raw materials.

Eurometaux hereby submits its Response paper on the public consultation on progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework. Eurometaux is a registered organisation in the EU transparency register (n° 61650796093-48).

With regard to the Commission public consultation on progress towards the 2020 energy efficiency objective and a 2030 energy efficiency policy framework, Eurometaux would like to highlight several issues for consideration:

General

1. In general, double regulation with more than one instrument targeting the same economic units for the same objective should be avoided, meaning for example that **ETS sectors should not be exposed to energy efficiency targets and instruments**. Non-ferrous metals are **globally priced commodities** (price takers) with no possibility to pass on the additional cost caused by EU legislation.

2. The industry is **continuously working to improve energy efficiency**. Improved energy efficiency is a key element in international competitiveness, and should be emphasised to foster industrial growth. This would, however, require investment in technology development and new production lines. We are of the strong belief that a **stable and predictable** industrial framework taking carbon leakage prevention into consideration will make energy efficiency possible. No new energy efficiency legislation is needed.

3. We urge the Commission to take into account **different sectorial potentials** in the area of energy efficiency. Most non-ferrous metals are **electro-intensive**; consequently, electricity represents a crucial "raw material". Due to the very **stringent** environmental legislation in the EU, European NFM plants operate close to / at BAT levels, slowly reaching the physical limits in their operations/processes.

Targets

4. The main aim when setting the targets should be the proper assessment of interlinks with other policies and a proper impact assessment of sectorial potentials and impacts on competitiveness. For the period after 2020, we strongly advise the Commission to disconnect the energy efficiency target from the overall CO2 target approach. In this respect, energy intensive industries, which are under the ETS regulation, should not be further burdened with an additional obligation to improve absolute energy consumption by 1.5% per year.

5. No mandatory target should be set by the EU; the energy efficiency target should remain at the indicative level. Separate targets should only be applied where a market failure has been established, i e. not to industrial processes. The main focus should be on buildings and heating, with information and technical standards as the main instruments, combined with incentives to better insulate and to replace equipment.

6. Eurometaux is of the strong belief that other forms of setting the energy efficiency target (e.g. absolute energy reduction targets) would limit growth, whereas energy efficiency (energy use/t. of product) in industry is a means of enabling growth

through competitive advantages. Absolute energy saving targets would lead to deindustrialisation, carbon leakage and impoverishment.

Other policy measures

7. As stressed above, Eurometaux does not see any huge industrial potential in energy savings for which new legislation/mandatory obligations need to be put in place. Rather, Eurometaux sees the danger of running into a double regulation, which would have a negative impact on industry's overall competitiveness. Investments in energy efficiency have been regularly implemented in the industry for many years now.

8. Energy efficiency measures should be eligible for aid from national and European resources.

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ANNEXES

Chart 1: Energy consumption vs. total production in the copper sector 1995-2006

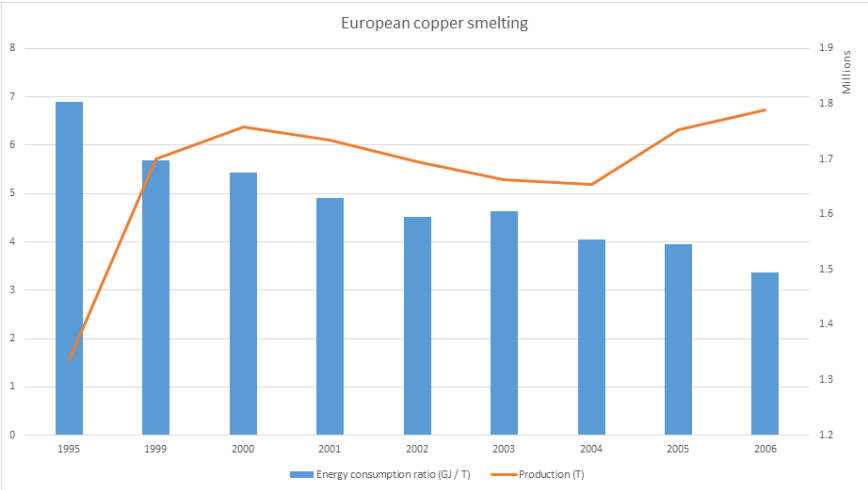

Chart 1 shows overall energy consumption in comparison with total output in copper production. It shows the sector's basic attitude towards the improvement of energy efficiency on a daily basis. Electricity costs are up to 50% of business operating costs for non-ferrous metals – which provides sufficient incentive to cut energy consumption as much as possible. A stable and predictable industrial framework taking carbon leakage prevention into consideration (see also chart 3 for further clarification) will enable energy efficiency investments to be made. Products produced by energy-intensive Industries are important in order to secure energy efficiency in buildings, transport and other sectors.

Chart 2: Sequence of investment cycles in the industry

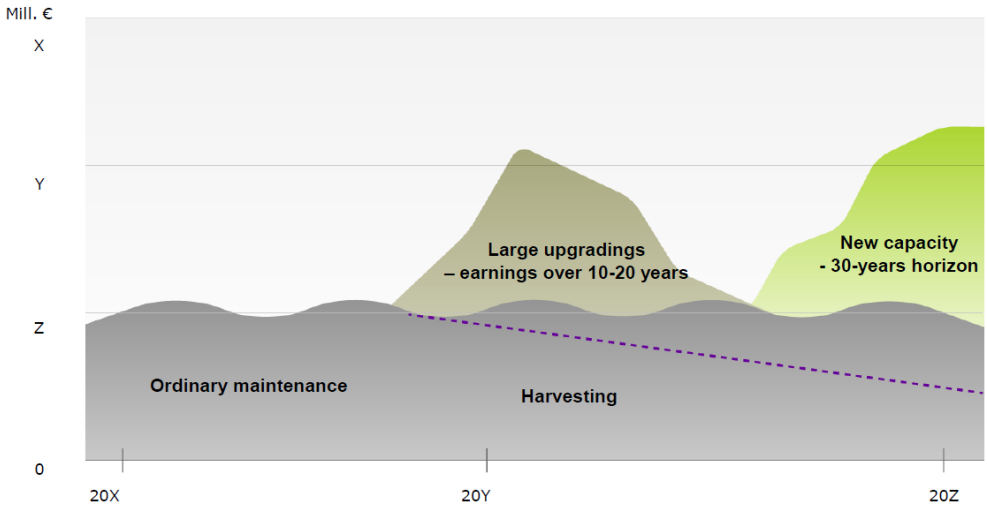

Chart 2 shows the long-term investment horizons within the industry. While the grey zone indicates a “normal” operation baseline, the two green sections show the normal periodical investment cycles (primarily in energy efficiency, as energy costs represent by far the highest

individual cost for plants) which are required to remain competitive (two horizons are presented, namely regular upgrading (short- and mid-term) and new capacity instalments (long-term perspective)). The violet line shows the result of not investing. The reasons for not investing are also seen in the cumulative impact of EU legislation.