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EC COMMUNICATION 2030 FRAMEWORK FOR CLIMATE AND ENERGY POLICIES

In January 2014, the EU Commission put forward its proposal for a framework for European climate and energy policies until 2030. EU Member States are currently discussing this framework with the aim of achieving an agreement by October 2014. This paper summarises IFIEC's key messages on the Commission proposal.

- A comprehensive, binding **international agreement on climate protection** that puts an end to excessive and unlevel cost burdens must be the focus of EU climate policy.
- The ambition of the EU **CO2 reduction target** must depend on the outcome of international climate negotiations. Without international commitments on climate protection and equivalent cost burdens for installations in the competing regions, the EU target must be determined by a bottom-up analysis of the technically and economically feasible reduction potential. The target should leverage reductions on an international scale and must not be limited to domestic reductions.
- The **protection framework for sectors at risk of carbon leakage** post-2020 must be agreed in parallel with the CO2 reduction target.
- The **ETS design** must be revised to enable industrial growth and minimise carbon leakage at higher CO2-prices. Efficient producers should receive full compensation for direct and indirect costs using an allocation system based on actual industrial output. A reserve should be established to balance any differences between forecasted and actual allocation.
- The overarching EU climate policy goal must be to **reward efficiency** and to **attract and support highly efficient production** within the EU.
- Principally, there should be one target only, which is a **GHG reduction target**. Renewable energies and energy efficiency are instruments to reach such a reduction target and should not have overall targets in themselves.
- If a target for **renewable energy sources (RES)** is set anyway, RES support must be designed in the most cost-efficient way and should be developed according to an adequate harmonization path for the different national support schemes. Generally, a new target should have an economic character, meaning that IFIEC opts for budgets rather than volume targets in order to help enlarge the application of these technologies in other relevant regions.
- If an **energy efficiency target** is set, it must focus on efficiency improvements per output (e.g. kWh/ton of output) rather than on an absolute target on energy savings (kWh). It must be incompatible with the aim of supporting growth of efficient EU production.
- New policies for renewable energy and energy efficiency should exclude installations subject to EU ETS from additional regulatory **costs due to overlapping policies**.
- EU policy must have a focus on **competitive energy prices and costs in the EU** on a global scale. The existing cost gap with our main competitors must be decreased.

- Climate policies must be built on thorough impact assessments that take into account **sector level impacts** that are described e.g. in a series of Sector Roadmaps.
- The success to prevent climate change will primarily depend on **innovations**. Therefore, funding **support for innovative technologies**, in particular for industrial (large scale) demonstration projects, are a key measure for success.
- Reinforcing **competitiveness** of European industry and increasing the share of industry in the European GDP is of paramount importance. Therefore climate & energy policy must be linked with industrial policy and contribute to the “Industrial Renaissance” initiative.

Brussels, 19 September 2014

IFIEC Europe represents energy intensive industrial consumers where energy is a major component of operating costs and directly affects competitiveness.