

# Green Paper "A 2030 framework for climate and energy policies"

Identification number in the transparency register: 18191445640-83

**European Biogas Association (EBA)**

Rue d'Arlon 63-65

1040 Brussels

**BELGIUM**

**26 June 2013**

## **QUESTIONS & European Biogas Association's responses**

### 4.1. 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 binding targets have proven to be effective: the share of renewable energies in the overall EU energy mix has grown yearly since 1990 while the European GDP has increased. Indeed, analysis by the UK's Confederation of British Industry suggested that a third of the country's growth in 2011-12 is likely to have come from green businesses, despite the challenges elsewhere in the economy.
  - Stable and long-term RE targets are crucial for investors to provide the necessary predictability
  - Only binding targets seem to produce desired results: Europe has almost reached its RE and CO2 target whereas the target on energy efficiency will likely not be reached. Therefore the energy efficiency target should also become binding to ensure a reduced energy demand and energy savings.
  - The grid priority access to renewable energies has proven to be most effective and has to be maintained as long as the energy sector is dominated by fossil fuel energy production.

### 4.2. 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 extent should they be legally binding?
  - There should be EU-wide binding targets for renewable energies, greenhouse gas savings and energy efficiency. The three targets complement each other. There is no one single solution to solve the complex puzzle of increasing security of supply, innovativeness and European competitiveness while reducing greenhouse gas emissions
  - A sole CO2 target would promote technologies such as nuclear energy that, although low in carbon emissions, would bring along other environmental risks

- A binding target for renewable energies is particularly important since the RE sector contributes also to other EU targets by generating green jobs, improving competitiveness of European green industries and increasing security of supply. Also other parts of the world are developing their local green technologies: 118 countries worldwide have established renewable energy targets. In order to keep up the global development and the annual growth of the use of renewable energies, the European Union shall set ambitious, binding targets also for 2030. Developing industries such as biogas in the EU will put Member States in a strong position to export their technology and expertise to these developing markets around the world.
  - Targets should be set for both European and national levels in order to ensure that each member state strives for fulfilment of the overall target, and ensure testing targets are set for Member States with different levels of existing renewable energy deployment.
- Have there been inconsistencies in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?
- Lack of coherence between the targets for RES and the support schemes in some countries is notable, e.g. Feed-in Tariffs or certificates within quota systems have been insufficient to push investments into renewables, and as a result, some Member States' ability to meet the 2020 targets is endangered. The European Commission could usefully promote sharing of best practice and other cooperation mechanisms on support schemes.
  - On the other hand, a few countries were not ambitious enough when setting their own 2020 goals, for example Czech Republic will achieve its 13% target for RES by 2014 and will not support any further investments afterwards. Sweden on the other hand has already reached the transport target of 10%, thanks to the double counted waste based fuels, which is why the Government does not incentivise further biofuel production anymore – long-term predictability and ambitious targets for 2030 are necessary.
  - Renewable energies are not responsible for the failure of the EU Emissions Trading Scheme. Other reasons like over-allocation of allowances due to grandfathering and the economic crisis have led to a low carbon price.
- 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?
- A separate RE target (together with a required CO2 reduction level) for transport is necessary in order to cut dependency on oil in Europe. Due to political reasons and instability in the OPEC region, it is getting more difficult to tap into the existing oil reserves. Environmentally insecure techniques related to unconventional oil such as oil sands should be carefully researched before put in practice in/imported to Europe.
  - While emissions from passenger cars and light commercial vehicles have been reducing, there are still problems in some areas with subsectors such as Heavy Goods Vehicles – in the UK, for example, HGV emissions have actually been rising. Urgent action is needed, and gas and biomethane lorries should be strongly supported as the viable short-medium term alternative to diesel.

- Without a renewables target for transport, developing and advanced European biofuels will struggle to find investors
  - However, when setting new transport targets for biofuels of different generations, not only biodiesel and ethanol should be considered; biomethane has a large potential as a flexible fuel that can benefit from the natural gas infrastructure (as acknowledged in the Clean Power for Transport Package) – the Renewable Energy Directive and the future Directive on alternative fuels infrastructure should promote transport fuels in sync.
  - In addition, a separate sub-target for agriculture should be considered: CO<sub>2</sub> emissions caused by land use effects (as in the case of bioenergy) should be taken into account and an adjusted target should be set while bearing the required level of quality and production in mind.
- How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?
    - Sub-targets for technologies under development that are low enough to be reached would increase R&D and advance deployment of such technologies
  - 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?
    - If a product is effectively able to substitute a fossil fuel, especially in the oil-dependent transport sector, without a need for extra infrastructure and while promoting security of supply, it should be stronger promoted by the EU policy through extra sub-targets/incentives. This approach should be extended to fuels technologies which have benefits for air quality (such as replacing diesel with biomethane in road transport) and methane mitigation (such as generating biogas from farm wastes).

#### 4.3. Instruments

- Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels? • How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?
  - The EU ETS has clearly failed as the main CO<sub>2</sub> reduction instrument: it has merely supported the carbon intensive industries with free and low-price allowances and does not promote the polluter-pays-principle; the European Commission should stronger push the Member States to accept the carbon tax to be included in energy taxation as it would bring more economic certainty
  - Regarding the ETS, Member States should also be obliged to use the ETS money on green projects as originally supposed; so far only Germany has spent the money on environmental purposes. As a result Member States still need to protect the investment framework for renewables through national support schemes
  - As regards the national support schemes, the Commission should promote best practices and learning from each other in order to avoid over-compensation and other problems
  - The distorting effects of nuclear and fossil fuel subsidies should be examined before taking the renewables under the loop. The amount of subsidies allocated to the fossil fuel and

nuclear sectors should become public information. Such subsidies should be gradually phased out as they distort the energy market and do not contribute to a sustainable energy system.

- Abrupt and retrospective changes to renewable energies' support systems must be avoided.

• How can fragmentation of the internal energy market best be avoided particularly in relation to the need to encourage and mobilise investment?

- The current EU energy markets and infrastructures have been developed during state-owned times with centralized, incumbent energy monopolies/oligopolies. Renewable energies cannot be fully integrated into the existing distorted market, where market prices do not account for any negative externalities of conventional energy. Concentrated markets, powerful incumbents and regulated prices are only a few of the impediments to the realisation of a fully functioning European market. The objective of the renewable energy industry is to be competitive and cost-efficient in a market designed to variable energies at its heart.

- In the absence of a functioning EU ETS which can internalise environmental costs and because of existing fossil fuel subsidies and governmental aid for nuclear energy, support schemes for renewables are necessary to counteract market failures and to create a level playing field.

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

- The Commission should enforce effective implementation of the measures introduced in the Energy Efficiency Directive especially as regards the use of cogeneration and waste heat

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

- More research in the field of advanced Biofuels and European fuels in general
- Research on how to increase efficiency of renewable fuels (biogas, ethanol) and sources (PV, wind)
- Research on the wider environmental impacts of bioenergy, and how positive outcomes can be supported by encouraging sustainable farming practices

#### 4.4. 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?

- The renewable energies generate green jobs, economic growth (achieving the binding 20% RE target will lead to a net GDP increase of 0,25% in comparison to a scenario with no renewable policies<sup>1</sup>) and competitiveness: therefore the RE target will need to be binding and ambitious enough (40-45%).

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<sup>1</sup> Fraunhofer ISI et al.: EmployRES. The impact of renewable energy policy on economic growth and employment in the European Union. 2009

- 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?
- What are the specific drivers in observed trends in energy costs and to what extent can the EU influence them?
  - Energy bills are not rising only because of renewables but also because of costly conventional fuels that still widely enjoy subsidies in Europe. Whereas renewable energies provide Europe with sustainability, security of supply and improved competitiveness, fossil fuels rather hamper the development. Therefore, the subsidies for fossil fuels should be abolished EU-wide. Moreover, many renewable energy technologies will soon reach the maturity which will allow them to move away from support schemes. This would be promoted by a predictable 2030 framework including a binding RE target.
- 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?
  - Before participating in international negotiations, the EU should determine its own objectives for climate and energy policies.
  - Binding and ambitious targets do not endanger Europe's competitiveness but on the contrary advances it: The EU has been a pioneer and a leader in innovative technologies such as renewables which would have hardly been possible in this austere economic situation without such a binding target.
- 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)?
  - Affected industries should always be properly consulted before changing EU legislation
  - Time period for implementing changes long enough to take account the payback times of investments made

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

- As mentioned above, the Member States should be obliged to use the ETS revenues on green projects, R&D and innovation in the field of environmentally-friendly technologies
- 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?
  - Support the most sustainable and efficient energies with sources available domestically
- How can the EU best improve security of energy supply internally by ensuring the full and effective functioning of the internal energy market (e.g. through the development of necessary interconnections), and externally by diversifying energy supply routes?

#### 4.5. 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?
  - The effort sharing targets should be extended post 2020
  - Cooperation and cross-border trading between Member States should be promoted and strengthened in the field of a European-wide strategy on renewables. This would promote efficient use of money and funds as there is more sun in some places, more biomass in some others and more wind elsewhere.
  
- 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?
  - The EU should introduce guidelines for cooperation mechanisms in order to promote learning and best practices which would lead to converged support schemes and increased cross border trade of renewable energies.
  
- Are new financing instruments or arrangements required to support the new 2030 framework?