

# Industry statement on a 2030 EU climate and energy framework

Today, eight European companies call for a strong 2030 EU climate and energy framework based on mutually reinforcing tools and targets, including an ambitious and legally binding target for the share of renewable energy in the energy mix of more than 30%.

Collectively, the group represents 176,000 jobs and over €250 billion annual turnover and is providing European cleaner generation technologies, equipment and energy to more than 70 countries worldwide.

## Need for a clear investment signal

Europe must remain on the path it has chosen. 2030 is already at our doorstep. The energy sector has long investment cycles, and investment decisions in the EU's liberalised energy markets need as much policy certainty as possible.

A stand-alone, stable and predictable 2030 framework with an ambitious binding renewables target alongside an ambitious binding greenhouse gas reduction target and a robust CO<sub>2</sub> price is key to minimising costs.

Mutually reinforcing and coordinated targets will significantly minimise uncertainty, lower investment risk, reduce the costs of capital and hence the level of additional financial support needed. This framework will help Europe's competitiveness by driving innovation and technological leadership, and job creation. It will bring down our energy and electricity bills, and help remove the need for renewable energy support in future. It will help ensure a reliable, low-cost supply of clean energy for Europe's citizens and industry.

## Need to reduce energy prices and risks

The continued deployment of renewables will improve the EU's security of energy supply. Currently, the EU's fossil fuel import dependence stands at 53%, including 40% coal imports in addition to oil and gas. Current EU energy prices are primarily determined by the global price of fossil fuels, over which the EU has very little control. In 2011, the EU's net import bill for fossil fuels amounted to €388 billion, more than 3% of EU GDP. Import routes are limited in number and exposed to an increased geopolitical risk which impacts on both availability and price of fuel. Moreover, Europe has an ageing stock of generation capacity installed; by 2023 up to 110 GW of plant capacity is due for retirement. This further enhances the need to improve security of supply.

A legally binding renewable energy target will reduce EU exposure to volatile fossil fuel prices. Hedging against such volatility is crucial as Europe's import dependence is set to grow to more than 80% for oil and gas by 2035. EU citizens' quality of life and the EU's industrial competitiveness are too important to rely on external factors such as unstable oil and gas markets and volatile fossil fuel prices.

A legally binding renewable energy target for 2030 will allow the long-term cost reductions in renewable energy technologies to continue by enabling industrialisation and economies of scale, as proven by the sustained progress of the more mature technologies over the last decade. A renewable energy target for 2030 is needed for Europe's households and industries to reap the benefits of a European energy policy that favours clean and indigenous energy sources and technologies.

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## Achieving a fair market

Post-2020 an increasing number of maturing renewable energy technologies will be able to gradually move away from support mechanisms into a fair and properly functioning energy market. Subsidies should be removed from conventional energy technologies and energy pricing mechanisms must be based on energy market dynamics only. This way we will achieve a fair and competitive market that is open to all energy technologies equally, restoring healthy price signals and enabling the full benefits of real competition.

To ensure this, the Emissions Trading System must be reviewed so that externalities are factored into the market price, allowing competition to be based on the real costs of all technologies.

## Need for a coherent overall energy system

A coherent 2030 framework will be conducive to investments in both renewable capacity and the other elements of the energy system needed to support the integration of renewables alongside conventional sources of generation. This means investments in all forms of flexibility, to be provided by electricity networks, demand management, storage and balancing capacity.

Finally, this change will not be possible without a true European market. **The European single energy market must be rolled out and all efforts should be made to finalise the deployment of vital transnational networks and power exchange mechanisms** whilst ensuring the viability of the other parts of the energy system. In this way Europe will maximise its consumption of clean renewable energy, reduce its enormous energy dependence and reduce energy prices for Europe's citizens.

