Energy & climate change 'package'

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In a series of proposals submitted on 10 January 2007, the Commission put forward plans for a 'unilateral' 20% reduction in greenhouse-gas emissions by 2020 in a bid to reduce the EU's dependency on imported fuels and trigger a new 'industrial revolution'.

Background:

The Commission opened a wide-ranging debate on a future European energy policy with the publication of a Green Paper in March 2006. The paper was published upon EU leaders' suggestion at the Hampton Court summit during the UK Presidency in autumn 2005.

The move was prompted by mounting concerns regarding high oil and gas prices and worries about Europe's increasing dependency on a few external suppliers, as well as the global-warming crisis.

Issues:

The Commission unveiled eagerly awaited energy proposals on 10 January 2007 in a move which, it hopes, will "set the pace for a new global industrial revolution" and increase EU resilience to future oil-price shocks.

Central to the proposals is a binding target to slash the EU's greenhouse gas emissions by 20% in 2020 compared with 1990 levels.

Environment Commissioner Stavros Dimas said the objective should be pursued "unilaterally … even if there is no international agreement on reducing greenhouse-gas emissions" after 2012 when the Kyoto targets expire.

At the international level, the Commission proposes that member states endorse an EU objective of 30% reduction in greenhouse gases by developed nations by 2020.

To achieve these objectives, Brussels proposes:

- Completing the internal market for electricity and gas (EurActiv 9/01/07);
- a **20% target for renewables** in the EU's overall energy mix by 2020 (current target is 10% for 2010);
- an obligation for each member state to have **10% biofuels** in their transport fuel mix by 2020 (EurActiv 10/01/07);
- **saving 20% of total primary energy consumption by 2020,** an objective already expressed last year in an energy efficiency action plan. New initiatives

here include proposals for an international agreement on energy-efficiency standards in appliance-producing countries;
- aiming towards "**a low CO2 fossil fuel future**" (EurActiv 9/01/07) with support for 'clean coal' technology , using carbon capture and storage deep underground. "Coal and gas account for over 50% of the EU's electricity supply and will remain an important part of our energy mix," the Commission said;
- developing a common **external energy policy** to "actively pursue Europe's interests" on the international scene with major supplier, consumer and transit countries, including Russia;
- developing a **European Strategic Energy Technology Plan** to focus R&D efforts on low carbon technologies, and;
- on **nuclear**, the Commission chose to take an "agnostic" stance, leaving it up to member states to decide.

However, member states would be given the flexibility to decide how best to achieve the overall target on renewables, in order to take account of specific national circumstances. And a specific objective for electricity produced from renewables, which an EU directive currently sets at 21% by 2010, has been dropped in the Commission plans.

But at the same time, Brussels proposes that EU members be required to establish National Action Plans outlining specific objectives and sectoral targets for each of the renewable energy sectors - electricity, biofuels, heating and cooling.

Progress will be monitored by the Commission in a series of biannual reports.

Positions:

Several **business organisations (UNICE, Eurochambres)** as well as the European Chemicals industry (**CEFIC**) criticised the Commission's unilateral CO2 reduction targets for 2020. "Further strong CO2 reduction targets that have not been adopted by other major emitting nations will weaken the European industry's competitiveness within the global business environment without achieving effective environmental benefits," said a CEFIC press statement.

Employers' organisation **UNICE** also warned of serious price hikes as a result of the Commission's proposals. "If the contribution of nuclear energy does not increase in the EU in the future," writes UNICE, "the increased demand for renewable energies will be such that their price will skyrocket, making the envisaged EU energy strategy virtually impossible to sustain."

The Commission's intention to continue its energy-market liberalisation, on the other hand, was welcomed by most industry groups such as the **Union of the Electricity Industry (Eurelectric)** as well as SME lobby **UEAPME** and the European **Federation of Energy Traders (EFET)**. However the **European Federation of Public Service Unions** (EPSU) called the package a "PR exercise to justify higher energy bills and disguise failure of liberalisation". **ETUC**, the European Trade Union Confederation, also considered the "pursuit of electricity and gas market liberalisation to be 'reckless'.

Foratom, the nuclear industry lobby, expressed its satisfaction with the Commission's evaluation that "nuclear energy is one of the largest sources of carbon-dioxide free energy in Europe". It did not comment on the fact that the Commission leaves the decision on the future of nuclear in the hands of member states.

The lobbying groups for the renewable energy industry were less impressed. **EREC**, the European Renewable Energy Council criticised the Commission's "vague measures and ambiguous commitments". EREC Policy Director Oliver Schäfer said: "This energy package is another major step on the Commission's road to becoming the world leader in pure announcements and lip-service. In fact, for renewables it means a re-nationalisation of existing effective European legislation." **ESTIF**, the European Solar Thermal Industry Federation, complained that the Commission did not put forward a proposal on renewable heating and cooling.

CEPI, the European paper industry association, said that it supported the Commission's integrated view on climate change, energy and industrial competitiveness, describing it as "a big step in the right direction". However, it added that "by focusing solely on setting targets, the current debate on renewables is heading in the wrong direction".

COGEN Europe regretted that the Commission does not give enough weight to co-generation, "the most immediate single source of both energy saving and CO2 reduction available in Europe today".

The European electricity industry association **Eurelectric** is much more critical of the Commission's renewables targets. "The EU should avoid command-and-control measures such as binding energy targets or requirements to use only certain technologies," and questioned the "wisdom and the realism of the proposed dramatic compulsory increase in the share of RES (renewables) in the energy mix by 2020".

Environmental NGOs focused on the Commission's climate-change goals.
The **European Environmental Bureau (EEB)** said that the package "lacks teeth". EEB chief John Hontelez called the EU greenhouse-gas reduction target "unacceptably weak" and the energy policy proposals "unconvincing and potentially even damaging, particularly regarding biofuels and nuclear power". **WWF** made similar comments, describing the EU energy revolution as "still a distant dream". **Friends of the Earth Europe** called the package "good news for the dirty energy industry, bad news for people and the planet".