

Brussels, 21 November 2013

Ms Catherine Day
Secretary General, European Commission
B-1049, Brussels

Subject: Impact assessment for the 2030 climate and energy framework

Dear Secretary General Catherine Day,

The Coalition for Energy Savings¹, the European Renewable Energy Council² and the Climate Action Network Europe³, representing key energy savings, renewable energy and climate change mitigation stakeholders in Europe want to see a coherent and credible EU 2030 policy framework. A framework that responds to the threat of climate change, reduces energy costs and import dependence, helps the EU to compete at international level and achieves a job-rich economic recovery.

We write to raise our concerns about the European Commission's Impact Assessment for the 2030 climate and energy policy framework. We offer these reflections in the hope that the European Commission will improve the Impact Assessment and ensure that it underscores the need for an adequate set of policies, measures and targets on climate change and energy for 2030.

We are concerned that the Impact Assessment process for this important policy framework falls short of the necessary standards in the following ways:

1. Inappropriately narrow range of scenarios

We understand that the Impact Assessment will consider a range of greenhouse gas emission reduction scenarios, ranging from 35% to 45% below 1990 levels and with energy savings of 22-33%⁴ and renewable energy shares of 25-35%.

We find the lack of a greenhouse gas reduction scenario of more than 45%, to be inexplicable when a broad range of qualified stakeholders including governments are calling for a reduction of 50%, 55% and more. With the available scenarios it will not be possible to reach the upper end of the EU's objective to reduce emissions by 80% to 95% by 2050. This is despite the fact that the IPCC 5th Assessment and UNEP Emission Gap Reports put in question whether the lower end of the 80-95% range will still allow the world to keep temperature rise below 2°C.

¹ The Coalition for Energy Savings is the EU umbrella organisation for energy savings bringing together business, professional, local authorities, trade union and civil society organisations.

² The European Renewable Energy Council is the EU umbrella organisation for renewable energy bringing together the entire renewable energy industry, trade and research sector.

³ The Climate Action Network Europe is the EU umbrella coalition for climate issues bringing together NGOs and civil society organisations.

⁴ This is expressed as reductions compared to the 2007 baseline. It translates into 11-23%, when compared to the 2009 EU reference projections.

Likewise, we think that it is inappropriate to exclude scenarios driven by higher penetration of renewable energy and fully tapping the cost-effective energy savings potential. Major stakeholders have clearly demonstrated that both 45% renewables and 40% final energy savings⁵ by 2030 are feasible and necessary^{6 7}. Such options are essential for developing a mutually supportive, least-cost, and coherent policy framework and should be considered in the Impact Assessment.

Furthermore, we note that, among the stakeholders who responded to the European Commission's consultation on its Green Paper for the 2030 framework, there was an overall preference for not just keeping the three-target approach but also to strengthening such a tripartite climate and energy framework.

To exclude higher ambition options from the Impact Assessment seems to pre-empt political choice rather than providing an impartial fact base that will inform the later political process. We therefore urge the Commission to include the full range of plausible scenarios for:

- reductions of greenhouse gas emissions by 2030 including reductions of 50% and 55% compared to 1990 levels;
- final energy savings of 40% compared to the PRIMES 2009 reference projections and renewable energy share of 45% including the available policy options of setting targets and policies to realise the cost-effective potentials, without arbitrarily restricting them by climate policies; and
- reductions of non-energy related greenhouse gas emissions, which would come in addition to the reduction delivered by energy efficiency and renewable policies.

2. Limitations of energy modelling used

We understand that the Impact Assessment is relying on the PRIMES model. Many stakeholders and the European Commission's own advisory group on the 2050 energy roadmap have criticised the PRIMES model's lack of transparency, which prevents an in-depth understanding of its scenarios and cost impacts. We regret that this has not yet been resolved. Furthermore, PRIMES modelling inherently underestimates the potential contribution of renewable energy and energy efficiency policies and measures and applies inappropriate high discount rates for overcoming the non-economic barriers to investing in energy efficiency.

We understand that the Commission is to return to the question of energy savings and the post-2020 framework for delivering them at the time of its review of progress to the 2020 target in June 2014. However an accurate cost-benefit assessment of the greenhouse gas mitigation potential for 2020 and 2030 cannot be achieved without taking full account of the potential of some of the most cost-effective measures.

Therefore, we urge the Commission to anticipate the updated information about energy saving potential that will be published in 2014 as part of the review of the Energy Efficiency Directive.

⁵ The 40% final energy savings compares to the EU's 2009 reference projection and has been identified as the cost-effective savings potential by the Fraunhofer Institute. Depending on the share of renewable this translates into 46-49% primary energy savings compared to 2009 reference or 52-54% primary energy savings compared to 2007 baseline.

⁶ Position of the European Renewable Energy Council (EREC), the umbrella organisation of the major European renewable energy industry, trade and research associations active in the field of photovoltaics, small hydropower, solar thermal, bioenergy, geothermal, solar thermal electricity, wind and ocean energy. It represents an industry with an annual economic activity of more than €130 billion and more than 1 million employees.

⁷ Position of the Coalition for Energy Savings, representing 26 business, professional, local authorities, trade unions and civil society associations. Coalition members represent more than 400 associations, 150 companies, 15 million supporters, more than 2 million employees, 1,000 cities and towns in 30 countries in Europe.

3. Inadequate transparency and coherence of the Impact Assessment process

We are concerned that the current Impact Assessment falls short of the standards that the Commission has set itself. In particular:

- The Impact Assessment is supposed to address all significant economic, social and environmental benefits of a proposed policy and to ensure policy coherence. By discarding policy options and the related potential contribution of higher-ambition scenarios, and by using inappropriate or out-dated data to assess costs and benefits as described above, the Impact Assessment fails to take into account the true costs and benefits in a comprehensive manner and risks leading to incoherent policies.
- The Impact Assessment process is required to be open and transparent and to use inputs from stakeholders. The lack of involvement of key stakeholders in the current Impact Assessment is not just contrary to the spirit of the European Commission's own guidelines, but also seriously reduces the objectivity of the process and the likely acceptance and coherence of the resulting policy.

Therefore, we urge the Commission to take into account the full range of costs and benefits of the 2030 framework by including the potential higher-ambition scenarios, to submit the Impact Assessment to the scrutiny of stakeholders before its publication, and to respond comprehensively to the concerns expressed.

We look forward to your urgent response. The Impact Assessment will be an essential tool in the formulation of the EU's 2030 climate and energy policy framework and it is vital that its preparation leads to the most coherent and objective process possible.

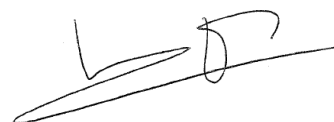
Yours sincerely,



Secretary General
Coalition for Energy Savings



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