

European Commission Public Consultation on Green Paper "A 2030 framework for climate and energy policies"

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?**

2 of the 3 main EU 2020 energy policies goals: security of supply and competitiveness could be difficult to reach, mainly because the focus was stronger on environmental issues than on other aspects.

The growing part of intermittent energy sources, promoted often without coordination between Member States, have started to have a negative influence on other energy chains such as natural gas, by creating stranded costs. One of the consequences of this instable situation is the current difficulty for the energy industry to decide on long term investments which are not sure to be profitable.

The current European economic crisis is at least partially linked to the energy and environmental policy in the EU. And it should be noted that it is mainly because of this crisis that the environmental goals could achieve without problems of security of supply.

ETS difficulties demonstrate painfully that a system normally based on market rules, can work only in a worldwide identical approach. This is a condition for the EU industry not to lose its competitive position. EU should more focus on convincing other regions of the world to follow similar policies on GHG and renewables through common targets.

In the gas sector, the EU shall put more efforts on R&D to develop the solutions needed to adapt the current energy system to the future goals. Technologies such as Power to Gas, biogas production, unconventional gases (the 2 last one having a strong positive impact on security of supply), and efficient residential and commercial new technologies for space and water heating or cooling (micro CHP, gas heat pumps, hybrid systems, fuel cells) or smart energy grids are quickly needed.

A strong EU support to increase the public acceptance about the benefits of the technologies is also necessary.

The climate and energy policy should contribute to job creation in Europe. Carbon leakage is currently a threat on European jobs. That's why the climate and energy policy should sustain jobs in Europe on a long term.

The main lesson is that the prolongation of the current policy (20/20/20) is not conceivable for 2030 and must quickly be reoriented. The 20/20/20 objectives didn't take enough into account the associated economical and societal aspects which are of major importance for gas end users. The 2030 policy should also focus on providing the EU citizens with an affordable price of energy.

The EU should first use the best of low carbon fossil fuels by accelerating the replacement of coal and oil with natural gas, including biomethane, in a step by step

approach. Existing gas networks shall play a key role in energy (electricity) storage/transport without extra cost.

Shale gas should also be a priority in any EU energy and environment policy.

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?**

Binding targets at EU level or at Member States level are only feasible when the environment of the EU is not changing, or when similar binding targets are accepted outside Europe. This is currently not the case, with as a consequence a continuously changing policy, inducing legal and investment insecurity. A global CO₂ reduction target should be fixed for 2030, leaving the industry to set up measures to reach it.

Many industrial processes using natural gas in EU are already very energy efficient. Additional binding targets could accelerate industrial production leaving the EU.

A more efficient alternative is a policy based on a shift to low carbon fuels and later on the use of renewable fuels.

Using the existing natural gas infrastructure (production, transport, storage, distribution and end users utilisation) will help reaching the policy objectives without taking the risk of unprofitable investments in a non-adapted climate and energy policy.

- Have there been inconsistencies in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?**

The 20/20/20 objectives did not take enough into accounts the associated economical aspects which are of major importance for gas end users, therefore leading to energy high prices.

Another problem is that the ETS policy has addressed the 10.000 most important emission points, instead of the millions of small emissions points of house heating and cooling and of transport. Indeed, since the shrinking of the emissions in these sectors needs more time and will encounter more reluctance and opposition than in the industrial and power sectors, they should have been addressed in the earliest stage.

The efforts of the policy should be focused on the production by using the existing natural gas infrastructure of preferably non-intermittent renewable energy, which can be used by the existing systems of power production. For instance, the use of syngas produced by Power to Gas installations or biomethane should be promoted.

The CO₂ price in the ETS is currently too low to lead to effective long term investments in industry. In addition, it favors more polluting energy such as coal used in power generation.

The European Commission should ensure a more efficient coordination between its entities, in order to implement existing policies with a holistic and coherent approach. It means that new initiatives or policy reviews also need to be integrated in a general approach to avoid gaps and inconsistencies. As an example, the following Directives – Energy Efficiency, Renewable Energy or Energy Performance of Buildings - should be better coordinated and synchronized.

- **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?**

Since building stock cannot be renovated on short notice, measures leading to higher heating prices could lead to more emissions, not only CO₂ but also NO_x, SO₂ and particulates, with for example the growing use of wood and coal furnaces. It will also lead to a degradation of public health and to environmental damages. Given the long term of the improvement of the building stock, if technically possible and accepted by the public in terms of costs, any energy policy should lead the consumer to fuels with less emission of CO₂ and harmful substances.

A policy based on a shift to low carbon fuels and later on the use of renewable fuels with the use of the existing natural gas installations avoids this problem.

The use of less CO₂ emitting transport technologies shall be promoted. The current draft Directive on Alternative Fuels by requiring Member States to develop CNG and LNG refueling infrastructure shall be adopted and implemented as soon as possible. No additional targets seem necessary. A policy based on a shift to low carbon fuels and later on the use of renewable fuels is indicated. The use of the existing investments in low carbon fuels and the use of renewable fuels, without imposing revolutionary changings in consumption and behavior to the consumers, should lead to significant and rapid CO₂ reduction.

- **How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?**

Given the inconsistencies between the 2020 targets, the only useful objective is the reduction of the CO₂ emissions, with adapted technologies and fuels with emissions which will not be taken into account when calculating the emissions of CO₂ since they can be considered as renewable.

A renewable energy has, by definition, a CO₂ balance around zero because of the short term CO₂ conversion cycle (CO₂ emission & reintegration).

Today, the definition of renewables is rather narrow, and has created some unwanted effects on the food markets, food prices and food offer and aggravated the malnutrition problem.

3. Instrument

- **Are changes necessary to other policy instruments and how they interact with one another, including between the EU and national levels?**

Adequate policy instruments in the fields of transport and buildings are needed and current efforts shall be confirmed (Alternative Fuel Directive, Energy Performance of Buildings, Energy Efficiency Directive).

Public acceptance is an important issue to be considered

- **How should specific measures at the EU and national level best be defined to optimise cost-efficiency of meeting climate and energy objectives?**

As mentioned above the conversion of transport vehicles, heating systems and industrial energy consumption to low carbon fuels such as natural gas or renewable fuels should be the core of the climate and energy objectives.

As long as power is not 100 % renewable it is more indicated to use natural gas using existing energy infrastructure with low carbon and renewable fuels than to invest in an unrealistic short time span huge investments to adapt electricity grids or to modify house equipment.

When evaluating a possible measure, the total cost of the solution shall be calculated, for example by including the costs of storage and transport for electricity.

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

The public incentives fragmented at different levels (national, regional ...) should be used with precaution to avoid energy market distortion. Those fragmented public incentives could lead to energy infrastructure over investments with a negative economic balance and consequences for end-users. It also could have strong consequences on jobs when cancelled (e.g. PVs).

But incentives shall be given when existing infrastructure is used for a different purpose for which it was designed and built (e.g. storage of electricity in excess in gas grids).

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

This question is very linked to the heating and transport sector which are the biggest CO₂ emitters in EU, since efficiency is already very high in the industrial and power sectors.

Energy efficiency measures should be enhanced. The implementation of the Ecodesign Directive and the Energy Efficiency Directive already fix the framework for energy savings. Implementation of both Directives should be accelerated.

Design a stable ETS with higher CO₂ prices leading industrial investment decisions on the long term less insecure.

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

In the field of energy, R&D efforts by the industry have been significantly reduced mainly because of the liberalization process. Manufacturers are often waiting to EU policies or energy industry signals to invest in new technologies.

The development of new energy using technologies is urgently necessary to reach any ambitious 2030 target. Innovation policies should not be limited to renewables and should help all organisations, including SME's to participate in R&D program.

Regulated activities such as gas transmission or distribution operators shall be permitted to cover R&D expenses in the tariffs.

Developments for green gases such as biogas or biomethane shall be part of EU R&D programs. Improvements for existing or new natural gas technologies should not be forgotten.

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 climate and energy policy should contribute to job creation in Europe. Carbon leakage is currently one way of European job killing. That is why the climate and energy policy should sustain jobs in Europe on a long term. Jobs created in the renewable energy can be very temporary since other Countries take them over at lower cost.

The public incentives should be used with precaution to avoid energy market distortion. Those incentives could lead to energy infrastructure over investments with a negative economic balance. Technical issues linked to some non mature technologies should also be taken into account for incentives. At the end, a misuse of public incentive could generate huge additional costs for the network operators but also for the end-users (e.g. the PVs for power production) with consequences on the jobs in Europe.

• **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?**

Recent calculations indicate that some 20% of the jobs lost in EU are directly due to carbon leakage. However, more lost jobs are indirectly due to carbon leakage, because they are the result of the climate and energy policy.

Also this problem can be addressed by the shifting to low carbon and renewable fuels, instead of imposing socio-economic environment inefficient efforts to mute to an economy based on carbon free renewables only.

Energy efficiency improvements, which is the best way to reduce CO₂ emissions, will create many jobs in all sectors in EU, promoting the European industry which can position itself as a world leader.

• **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?**

Countries are committed to promote national welfare and have the freedom to reach that goal on the most efficient way. It must be feared that some Countries outside Europe will continue to refuse the European policy. The minority position of the European policy should lead to question its justification.

• **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?**

In the first place, the EU shall accept a more progressive transfer to a low carbon economy, promoting the use of low carbon fuels. In the second place, the EU shall broaden the definition of renewables: also the carbonated fuels, produced with renewables or extracting CO₂ from the atmosphere or from CCS should be taken into account and promoted.

With the aim of ensuring its security of supply, EU should take care of its internal natural gas resources and production.

The return of experience on shale gas from the USA should be used as a base knowledge to develop a common European best practices methodology to improve the prospection & production methods and technologies.

A kind of "EU shale gas Roadmap" or "EU indigenous conventional and unconventional energy sources Roadmap" should be produced and used as a framework for the European Natural Gas Industry. This should be a common EU policy. The aim would be to avoid

local or national decisions and to limit a residual risk like the one generated by every industrial process. Each industrial step of the shale gas development process should be regulated by conditions established following risks analysis.

As a first step, this EU Roadmap should allow the industrial prospection but should in parallel advocate for a stronger public acceptance concerning the unconventional energy sources. This is not only a technological challenge for the EU but also an economical one. The shale gas industry has generated a lot of long term jobs in the USA and those jobs cannot be delocalized.

Next to the security of supply, EU internal natural gas resources - including operational production installations - can lead to stabilize the price of the imported energy!