

## 2030 EU Climate and Energy framework EWEA Position

Ambitious targets are at the core of the EU's energy and climate policies and have been particularly successful with regards to the promotion of energy from renewable energy sources, particularly wind energy. Due to the early adoption of ambitious national and EU targets, European companies are world leaders in wind power technology, and have a leading share of the world market. Today Europe gets over 20% of its electricity from renewables, including over 6% from wind energy. In 2020, according to the Renewable Energy Directive's 27 National Renewable Energy Action Plans, 34% of the EU's total electricity consumption will come from renewables, with wind energy meeting 14% of consumption. The EU has therefore provided the power sector with a clear and stable legislative framework until 2020.

However, the European Commission has highlighted<sup>1</sup> that renewable energy growth could slump from 6% to 1% annually after 2020 if a business as usual approach is adopted, resulting in the 2050 decarbonisation target not being met. A post-2020 legislative framework is therefore necessary, with a focus on 2030, in order to provide the energy sector with the necessary long-term investment stability as early as possible.

Regardless of how the EU decarbonises its power sector by 2050, renewables, particularly wind energy, energy efficiency and infrastructure are key. A significant expansion of renewables, energy efficiency, and infrastructure are the "no-regrets" options in the European Commission's Energy Roadmap 2050.

EWEA considers that the package should not only deliver on decarbonisation objectives, but also:

- promote green growth and jobs;
- promote EU competitiveness;
- replace fossil fuel imports with renewable energy technology exports (Europe's energy import dependency increased by 22% between 1995 to 2010<sup>2</sup>);
- maintain and develop the EU's leadership in wind power technology; and
- continue to further improve the affordability of wind energy with investments driving down the cost of both onshore and offshore wind energy.

EWEA therefore calls on the European Commission to propose a 2030 climate and energy package in 2014, following an impact assessment and improved scenario work, and based on:

- A 2030 renewable energy target;
- A 2030 greenhouse gas (GHG) target;
- A 2030 energy efficiency target;
- Measures ensuring the timely development of key enabling factors including energy systems and grid infrastructure, electricity markets, and R&D and innovation.

<sup>1</sup> Energy Roadmap 2050, December 2011 and Communication on Renewable Energy, June 2012

<sup>2</sup> EUROSTAT

## **A 2030 climate and energy framework based on ambitious and binding targets for renewable energy, GHG emissions and efficiency**

A package approach, based on mutually reinforcing GHG emissions reductions, renewable energy and efficiency targets, should be proposed by the European Commission. In such a framework, carbon pricing mediates the economy-wide action, renewables deployment targets reduce long-term costs and enable the timely scale-up of a broad range of new technologies, particularly onshore and offshore wind, and efficiency policy unlocks the energy efficiency potential blocked by non-economic barriers.

### **An ambitious and binding 2030 target for renewable energy**

Targets have unambiguously been the key success-factor of the EU's renewable energy policy, and this should continue post-2020. While specific renewable energy policies may have an additional short-term cost, the long-term costs of decarbonisation will be lower as targets will drive innovation and deployment of a sufficiently broad portfolio of renewable energy technologies in the timeframe to 2050. Today onshore wind energy is well placed as one of the cheaper renewable electricity technologies. If the right framework for 2030 is set, the success of onshore wind in bringing down costs will be replicated offshore. Furthermore, renewable energy policy is not only about decarbonisation: it also promotes energy security, green growth and jobs and industrial and technology leadership in technologies in which Europe excels and needs to keep a competitive edge, such as onshore and offshore wind power.

A renewable energy target for 2030 will stabilise the market and facilitate the achievement of the existing 2020 targets by signalling to investors that renewable energy is considered a long-term priority for the EU, as highlighted in the European Commission's 2050 Energy Roadmap. By allowing more recently developed technologies, such as offshore wind, to continue the reduction in the emissions trajectory after 2030, it will also avoid a fossil fuel lock in, which would put at risk the achievement of the ETS cap at lowest cost. It should be noted that a renewable energy target does not mean a continuation of support mechanisms for all renewable technologies. Investments made possible by well-designed support mechanisms help drive down costs – both capital expenditure and the cost of capital – and will enable on-going reduction, and ultimately remove the need for specific support. Well-designed renewable energy support mechanisms also promote cost reduction by encouraging innovation and economies of scale.

### **An ambitious and binding GHG target**

An ambitious and binding GHG target should be set for 2030 to ensure the EU is on the optimal pathway to 80-95% GHG reductions by 2050, as agreed by EU Heads of State and Government<sup>3</sup>. As for 2020, this target should be divided between ETS and non-ETS sectors. However, given the importance of the ETS as a key tool to drive emissions reductions in the long-term, the 2030 GHG target should provide a structurally sound ETS, including an increase in the EU domestic greenhouse gas reduction to 30% in 2020, and an increase of the annual linear reduction factor.

### **Energy Efficiency**

A 2030 binding energy efficiency target will allow the EU to unlock the cost-effective energy efficiency potential which is blocked by non-economic barriers and cannot be unlocked by carbon pricing only.

**Renewable energy targets and the ETS are mutually supportive:** reducing GHGs is complex and challenging and requires more than one tool. Betting on one policy instrument, which still needs to show itself as an effective and efficient instrument for driving investments, would be a risky strategy. It is not apparent how an ETS-only approach could drive investments in a sufficiently wide range of renewable energy technologies, or facilitate sufficient levels of investments in infrastructure and the wider electricity system in order to decarbonise the power sector by 2050. A framework with more targeted support reduces cost and policy risk<sup>4</sup> and thereby enables a more cost-effective decarbonisation.

The ETS cap and renewable and efficiency targets should be set at a coordinated level and aligned, as was the case for the 2020 targets, in order to work in a coherent and concerted way, underpinning and mutually supportive.

<sup>3</sup> EU Council 2009, Council of the European Union 15265/09, 30 October 2009

<sup>4</sup> E3G 2012. Risk managing cost-effective decarbonisation of the power sector in Great Britain

## Key enablers of a successful 2030 climate and energy framework

### 2020 implementation

A stable regulatory framework to 2020 is a pre-condition for the success of a 2030 climate and energy framework. Member States must implement stable policies in order to meet their 2020 trajectory, and the Commission must carefully monitor implementation of the Renewable Energy Directive and take swift action where necessary.

### Electrification

Electrification is important for decarbonisation of the energy sector. The EU should increase the electrification of its economy in order to reduce exposure to high fossil fuel prices and take full advantage of its significant renewable electricity potential.

### Infrastructure

“More and smarter infrastructure” is a “no regrets option” of the energy roadmap 2050, and will be critical to the success of the 2030 climate and energy framework. Any 2030 climate and energy package should therefore consider ways to ensure that a sufficient level of necessary infrastructure and grid investment are in place in a timely manner in order to ensure the most cost-effective integration of the 2030 energy mix.

### Electricity markets

The EU has a 2014 target by which the single market for energy should be created – the “EU-wide target model”. While EWEA welcomes the target model and its benefits for wind power’s integration in the EU electricity market, much more will have to be done on the way to a single market for electricity integrating most cost-efficiently large shares of wind power.

EWEA therefore calls on the Commission, when designing a 2030 climate and energy framework, to propose an ambitious timetable for implementing a future electricity market design allowing the cost-efficient integration of large shares of wind power in order to move to a fully decarbonised power sector. In particular:

- the creation of well functioning and liquid European intra-day and balancing markets; and
- the creation of a European grid support services market<sup>5</sup> by 2020, ensuring system adequacy by providing incentives for all types of flexibility (infrastructure, demand-side management, storage in the longer-term, generation) in a non-discriminatory and market-based way.

### R&D and innovation

While an ambitious 2030 renewable energy target will be a key driver for private sector R&D and innovation in the wind industry, ambitious EU and national R&D and innovation policies will remain critical for the period after 2020. The EU should aim at implementing and financing the Strategic Energy Technology Plan and concentrating scarce resources on key technologies, such as onshore and offshore wind energy which will have to dramatically increase their contribution to supply. According to the European Commission’s energy roadmap 2050, wind energy will be the key technology in 2050 providing between 33 and 49% of the EU’s electricity in the various decarbonisation scenarios. While the industry is confident that this can be achieved, public R&D will be critical in making this happen.

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<sup>5</sup> An EU Grid support services market would cover all types of flexibility services, including system stability, balancing, adequacy, emergency and system restoration services [http://www.ewea.org/uploads/tx\\_err/Internal\\_energy\\_market.pdf](http://www.ewea.org/uploads/tx_err/Internal_energy_market.pdf)