

ERT views on the “Clean Energy for All” package

The European Commission’s “Clean Energy for All” package is a welcome and key step forward in ensuring the transition towards a more secure, clean and competitive energy market in the European Union. ERT supports the package’s three main goals: 1/ putting energy efficiency first; 2/ achieving global leadership in renewable energies; and 3/ providing a fair deal for consumers.

ERT supports a holistic approach that integrates security of supply, sustainability and competitiveness. Throughout the negotiation process, the package must maintain the overarching objective of cost-effectively reaching the EU climate targets while reinforcing the position of European industry on global markets by fostering innovation and generating jobs throughout the value chain. Industry is both a key enabler and a solution provider for reaching the goals set out in the Paris Agreement. To play out its full potential, industry’s global competitiveness is essential.

ERT’s main points:

1. Ensure the **predictability and stability** of the long-term policy framework to reduce the cost of the energy transition, to unlock investment and innovation and to allow companies to invest in the most effective way, which may lead to the lowest cost for society.
2. Safeguard the package’s **consistency** throughout the legislative process. Ensure coherent inter-linkages between various proposals, existing legislation and overlapping targets (e.g. energy efficiency, renewables and GHG reduction¹). Avoid double regulation and prevent over-complexity. In particular, negotiations must not lead to a re-opening of the EU ETS. Take account of the cross-sectoral nature of the solutions essential to achieve the targets. Industry is part of a value chain embedded in society. Hence, regulatory frameworks should be cross-sectoral too.
3. Bolster the EU industry’s readiness for **new opportunities and new operating environments** triggered by the energy and climate transition. The energy transition fostered by the package will create demand for new products and services to which European industry must be prepared to respond. New technologies, new markets and new skills demand a competitive EU industry. Therefore, embed this transition in the EU’s industrial policy to stimulate innovation and investment in a technology-neutral way.
4. The proposed energy policy framework should acknowledge that only a **globally competitive industry** has the capacity to deploy and invest in low-carbon innovation, and to assume a more active role in electricity markets. While the focus of the package is on electricity, the extra-EU dimension should not be neglected, neither for other energy carriers, nor the need to advance on further harmonisation in policy areas such as taxation. Note that existing solutions and infrastructure, including gas, play a key role.
Global competitiveness assumes no additional regulatory cost burden on EU production and products, compared to non-EU countries, which must be reflected in EU legislation and in the EU Environmental and Energy State Aid Guidelines).

¹ ERT position paper on “Mitigating GHG emissions by means of global carbon pricing” (16 November 2015)

5. ERT supports **market-based and technology neutral solutions from a holistic system perspective** for promoting the uptake of energy efficiency and for better integrating renewables in the electricity market by providing flexibility, balancing services, and backup capacity. A priority is to establish a level-playing field amongst all generation technologies and flexibility resources.
6. For the energy market, the introduction of an **Emission Performance Standard** for capacity payments is transparent and consistent with long-term EU climate strategy.
7. Proportionate measures for **customer empowerment** are supported. The market is already bringing forward innovations and technologies to support the transition to a customer-centered energy system. The EU should set a framework that is proportionate and does not stifle innovation. This principle should be reflected in provisions on billing and dynamic price contracts.
8. Set targets for **energy efficiency** in a smart way to allow for growth and development, in particular, as the low-carbon energy transition will lead to increased energy demand in some industrial processes involved in this transformation. (E.g. from additional energy for capturing and using CO₂ to generation and transformation losses due to electrification). Hence, energy efficiency measures that limit energy consumption in "absolute" terms may obstruct the low carbon transition. Energy efficiency policy should be cost-effective, and take account of the cost of low-carbon energy.
9. Increased energy efficiency is particularly relevant for the **buildings** sector, where it has high potential. Accelerate innovation in building renovation by **prioritising the solid design and implementation of long term renovation strategies** and set clear long term goals accompanied by milestones for 2030/2040. Buildings can also play a key role in the development of a flexible energy system, particularly as enablers of the roll-out of charging points for electric vehicles.
10. **Digital technologies** support the energy transition and are a great opportunity for European leadership and long-term growth. They are part of the kit making our economy more reliable, more sustainable, more efficient, more inclusive, and more cost-effective. To unleash these benefits, upgrade electricity grids to smart networks with new roles for the distribution system operators, and align policy initiatives promoting the digitisation of society, including cybersecurity, and the energy union.