

INFORSE-EUROPE

International Network for Sustainable Energy - Europe

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First Comments from INFORSE-Europe on the "Energy Package" of proposals from the European Commission, January 23, 2008

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INFORSE-Europe finds that there are a number of good elements in the proposals; but there is also an urgent need for improvements, if the adoption of the proposals in the "energy package" is to contribute to sustainable development, including the limiting of global warming to 2°C.

We urge the EU countries to adopt the proposed renewable energy and greenhouse gas targets, including the national division; to set own, more ambitious targets nationally; and to work for improvements of the proposals.

As national targets, INFORSE-Europe proposes 10-60% greenhouse gas reductions from 1990 to 2020.

As the most important improvements, INFORSE-Europe proposes:

- A clear agreement on 40% greenhouse gas reduction for the EU with national division of the EU target
- Establishing a flexibility mechanism based solely on bilateral cooperation between Member States instead of the creation of a European market for Guarantees of Origin.
- A moratorium on targets and incentives for, and imports of, liquid fuels derived from biomass (crops and/or trees) from large scale monocultures.
- Clarification of the transport target, so it is clearly stated throughout the proposals that the target is for all types of renewable energy.
- An extension of the transport target to cover national and local actions for sustainable transport, so that ,for example, a reduction in transport demand by urban planning, better logistics, or a change to more efficient forms of transport can also be included in fulfilling the target. Such actions shall contribute to the target with the greenhouse gas reductions that they realise as fraction of the total national transport emissions. Such reductions shall not, however, contribute to the national renewable energy targets.
- Stop for inclusion of greenhouse gas reduction quotas from countries outside the EU into the EU Emissions Trading Scheme (ETS)
- Do not include transfers of EU-ETS allowances from the period 2008-2012 to the following period.
- Do not change the EU guidelines for state aid to allow state aid for Carbon Capture and Storage (CCS)
- Clear Compliance Rules, including penalty rules for non-compliance with targets.

30% Greenhouse Gas Reduction in the EU

The target for 30% greenhouse gas reduction that the EU leaders agreed upon at the EU Summit, March 2007 (on the condition of an international agreement of greenhouse gas reductions) must be the minimum basis for agreements of greenhouse gas reductions in the 27 EU countries. A 30-40% reduction in industrialised countries from 1990 to 2020 is a minimum of the reductions necessary to limit global temperature change to 2°C. A 30% reduction is also in line with the agreement reached at the Bali climate conference, December 2007, to reduce greenhouse gas emissions of industrialised countries 25-40% from 1990 to 2020.

The countries must agree national reductions that add up to at least a 30% reduction in the EU. Given the urgent need to reduce emissions, we suggest to establish a 40% reduction target.

Abolish Trade in Renewable Energy Certificates (Guarantees of Origin)

The proposed renewable energy directive creates a European market for Guarantees of Origin which will make it impossible for countries to maintain their own successful and consistent systems for the promotion of renewable energy. According to the European Commission's Impact Assessment there are no reduced costs by the RES trade (SEC2008-85/3, table II, p. 22, compare costs of option 4 and 5), another good reason not to introduce such a problematic proposal. Therefore, we propose to remove articles 6, 7, 8, 9 and 10 from the Directive in order to avoid the creation of a market for GoO, and replace them with regulations of a new flexibility mechanism to be established exclusively with bilateral agreements between EU countries.

Establish a Moratorium on Targets and Incentives for, and Imports of, Agrofuels

The growth in the production of agrofuels, defined as liquid fuels derived from biomass large-scale monocultures (crops or trees), are provoking a growing number of unintended negative social and environmental consequences.

INFORSE-Europe is calling for a moratorium to provide time to study in depth the consequences of large-scale agrofuel production in order to make a sound and comprehensive assessment of their socio-economic and environmental implications. We feel this will ensure the chosen EU path will then offer the most effective outputs in meeting climate change targets. During the moratorium we are calling for an assessment of both short and long term impacts and returns of proposed agrofuel targets and of alternative policies that can reach the same objectives, while guaranteeing the prevention of the serious negative impacts that are already being experienced.

This call for a moratorium for agrofuels, does not include the use of biofuels in truly sustainable ways, such as the replacement of imported fossil fuels by the local use of sustainably produced biofuels.

Environmental sustainability criteria such as those defined in Article 15 of the proposed Directive are inadequate to address many of the consequences of agrofuel production, among others due to the indirect effects that take place within global commodity markets. As a result, the overall environmental and social impacts of agrofuels are in several cases even worse than that of the fossil fuels that they replace. We therefore propose that all parts of the draft Directive regarding biofuels are rewritten in order to promote sustainable transport, not to set targets for agrofuels, and to establish a moratorium for agrofuel incentives and for agrofuel imports into the European Union.

Clarify and Extend the Transport Target

It is clearly stated in the proposed renewable energy directive that the target on 10% renewable energy in transport is not limited to biofuels; but is for renewable energies in transport. This must be clearly stated throughout the directive, unlike in the current proposal, where the introduction mentions that the target is for biofuels in transport. A renewable energy target promotes more sustainable transport solutions than a biofuel target, such as electrically driven transport with electricity from windpower, for example. This will also reduce local pollution, thereby having an extra benefit.

Because of the large potentials for energy conservation in the transport sector, and the high costs of providing renewable energy for transport compared to renewable energy in other sectors, it must be

possible for a country fully or partly to comply with the transport target by actions to reduce greenhouse gas emissions of transport beyond the "natural" development and beyond EU-wide activities (such as fuel efficiency standards). A condition for this must be that the national target for renewable energy is still fulfilled.

With the higher costs and more environmental problems caused by liquid biofuels compared with other forms of renewable energy, it will clearly improve the environmental effect of the proposals to change the transport target to a broader target for sustainable transportation with lower greenhouse gas emissions.

Stop for Quotas from Outside the EU to the EU - ETS

Import of greenhouse gas emission quotas from countries outside the EU, e.g. from CDM projects, will limit the reductions of the industrialised countries and is often an uneconomic way of reducing emissions in developing countries. It should not be up to the individual companies to import emission quotas.

Do not allow transfer of EU-ETS allowances from 2008-2012

If the proposed EU-ETS for 2013-2020 should result in a gradual reduction of greenhouse gas emissions after 2012, excess allowances from the period 2008-2012, where many countries have been given large allowances compared with the required reductions, should not be used in the next period to postpone reductions. The best solution is not to allow banking of allowances from 2008-2012 to the next period.

No State Aid for Carbon Capture and Storage (CCS)

CCS is not a technology like energy efficiency and renewable energy that solve climate and energy supply problems at the same time. It is also a technology with a number of unanswered environmental questions that cannot contribute more than marginally to emission reductions in 2020. Further it is a technology that can be paid by the polluters, such as the owners of large power plants and other large combustion plants of which many are owned by well consolidated companies. Thus, there is no reason that the EU should open for state support for CCS as proposed with the amendment of the guidelines for environmental state aid. INFORSE-Europe proposes NOT to implement this amendment.

INFORSE-Europe Comments to the European Commission "*Proposal for a DIRECTIVE on the promotion of the use of energy from renewable sources*"

In the explanation part of the directive proposal (before the articles), the description of the transport target shall be changed from a target for "biofuels" to a target for "renewable energies" and the extended target for sustainable transportation and moratorium on agrofuels shall be introduced.

It is important to keep the definition of renewable energy to truly renewable energy inputs, where the resource is renewed within a few years at the maximum and that contribute to sustainable development. Therefore it is important to exclude the use of peat, incineration of waste, thermal and electrical inputs to heat pumps, and larger hydropower above 10 MW. These forms of energy shall not be supported via renewable energy promotion schemes, locally, nationally or on EU level. In addition, except for larger hydropower, they shall not be counted as renewable energy.

Art. 3.3

The extended target for sustainable transportation shall be introduced in this paragraph.

Art. 5.5.

INFORSE-Europe proposes that as renewable energy production from heat pumps, only the input of ambient energy (obtained from the ground, from the air, or from waste energy streams such as exhaust) is included. The electrical or fossil energy that drives the heat pumps is part of the heat output of the heat pump; but is not renewable energy. As opposed to other forms of renewable energy, heat pumps have electricity consumptions up to 50% of the produced heat or, gas consumptions up to 80% of the produced heat. Other renewable energy systems have typical electricity consumptions well below 10% of the produced energy. Even when the heat pumps fulfil the efficiency targets in the EU environmental label according to decision 2007/742/EC they can have practical Coefficient of Performances down to 2 as annual average for electrically driven heat pumps and lower for gas driven heat pumps. Thus, there is a need for a special treatment of the renewable energy production from heat pumps.

Art. 5.9:

INFORSE-Europe proposes that import of electricity as renewable energy from countries outside the EU can only be counted towards the renewable energy target if it is governed by the same system of bilateral agreements that are used for cooperation on renewable energy targets between EU countries. It must also be based on a physical cross-border transfer of renewable energy takes place. It can be very problematic to have different mechanisms for cooperation on renewable energy targets.

Art. 6 - 10:

INFORSE-Europe proposes to remove art 6, 7, 8, 9 and 10. A new flexibility mechanism for renewable energy targets, involving bilateral cooperation agreements between Member States, should be defined instead.

Art. 12.5:

The proposal to allow support for heat pumps with EU environmental label according to 2007/742/EC shall be amended, so a country can choose to support only heat pumps with higher efficiency standards than those specified by 2007/742/EC.

There is no need to limit support for solar energy to systems with efficiencies above 35%. Solar heating systems with lower efficiency are often special low-cost systems, e.g. systems for Southern Europe, systems for swimming pools, and special building integrated solar heating without normal solar collectors. These types of solar heating systems are equally relevant to the more efficient solar

water heaters. Therefore INFORSE-Europe proposes to delete the sentence on solar heating efficiency.

Art. 15 - 18.

Instead of sustainability criteria which cannot take indirect effects into account, a moratorium on targets and incentives for, and imports into the EU of, liquid biofuels from large-scale monocultures should be defined. It is proposed that articles 15, 16, 17 and 18 should be removed and instead should be a regulation on the moratorium.

For more information on International Network for Sustainable Energy - Europe, our positions to EU policies, analysis, etc.; please see www.inforse.org/europe