

27 March 2012

# AmCham EU position on the 2050 Energy Roadmap

The European Commission's Energy Roadmap to 2050 (the Roadmap) presented scenarios that outline possible energy pathways to achieve an 85% reduction in energy related CO<sub>2</sub> emissions by 2050, in support of the EU's goal of a low carbon economy. These decarbonisation scenarios require fundamental changes to the EU's energy system, and therefore, **AmCham EU believes it is critical that EU policymakers use market principles, European and international cooperation and the involvement of business in development of future policy and legislation.**

The Roadmap is helpful to an extent, but we believe its utility could be enhanced through more robust impact assessments that address business competitiveness questions; by giving long term predictability for investments through nearer-term scenarios (e.g. 2030); modelling that considers implications of global energy trends; and implementation of the recommendations in the Advisory Group's Final Report.<sup>1</sup> In particular, we believe that EU policy-makers need to consider further the value of intermediate milestones between 2020 and 2050. Investors require greater clarity and predictability about the path on which to base their business decisions.

The Roadmap's scenarios consider the impacts to security of supply, competitiveness of the energy sector, as well as affordability of energy, but they do not sufficiently quantify them. We welcome the Roadmap's emphasis on the potential trade-off between climate change policies and the competitiveness of EU based factories, as it is essential not only to maintain a level-playing field in the single market but also beyond EU borders accounting for the impact of ETS on electricity prices. AmCham EU encourages these aspects to be further examined and elaborated on before any legislation would be proposed.

As AmCham EU has stated before in its response to the Low Carbon Economy Roadmap to 2050, we consider that transforming the EU economy to this extent warrants a cost-benefit analysis of each sector's overall CO<sub>2</sub> reduction target with a view of the economic impacts within each member state.

## Energy Mix and Security of Supply

AmCham EU believes that Europe's future energy mix needs all energy sources, including renewables, nuclear, coal and conventional and unconventional oil and gas. All energies should all be allowed to compete and innovate and market mechanisms to play their role.

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<sup>1</sup> The Advisory Group made 19 recommendations. See Commission Staff Working Paper **SEC(2011) 1569**.

The viability of all of the Roadmap's scenarios is predicated on the full implementation of the 3<sup>rd</sup> Energy Package and of the EU Climate and Energy Package. This is a necessary first step in achieving a truly open, competitive and secure market, in particular for electricity. Today, lack of infrastructure and non-functioning markets are putting the survival of all energy intensive industries in Europe at risk.

Member States acting under the principle of subsidiarity, nevertheless, should coordinate and communicate energy mix decisions that may affect integrated energy markets in other Member States.

### Energy Efficiency

AmCham EU believes that the Energy Roadmap is right to focus on energy efficiency, but stresses that significant energy efficiency gains should be essential in any energy scenario going forward. AmCham EU understands the need for incentives to change behaviour, but such incentives must respect the principle of technology neutrality. The currently proposed Energy Efficiency Directive is a step in the right direction and supports:

- **Achieving ambitious energy efficiency improvements in the building sector:** This is the biggest energy user/CO<sub>2</sub> emitter of the non-ETS sectors, and there is a large savings potential. We support asking the Member States to make national roadmaps for reducing the energy consumption of their building stock by 80% by 2050.
- **Strengthening Green Public Procurement:** EU public procurement laws already strike a balance between 'pure' competition and secondary objectives. AmCham EU believes there are compelling arguments for contracting authorities to spend taxpayers' money in a transparent, effective and economically rational manner. The primary purpose of public procurement is to provide the contracting authority with 'value for money', to spend public resources wisely and ultimately save the taxpayer's money.
- **Assessing the potential of Combined Heat and Power (CHP) and Waste Heat Recovery (WHR):** We believe that CHP and WHR should be assessed and considered when investments are made or new permits are issued, as CHP and WHR can be an important energy-saving measure where there is an adequate heat demand. Such assessment should be based on cost-effectiveness, economical viability and technical suitability.

### Renewable Energy Sources

AmCham EU stresses the importance of policy stability when looking at long-term investments. Availability of capital is very important, however, it is the certainty provided by clear, consistent and predictable policies which really makes a difference. This is particularly the case with regard to political and economic risk.

A long-term ambitious policy framework is therefore needed to move from the research and development (R&D) stage through to large-scale commercialisation until renewable energy can fully compete with existing technologies.

AmCham EU enthusiastically supports actions to better coordinate R&D at the EU and national levels, especially to avoid initiatives that may be contrary or duplicative. We also stress that duplication should be avoided at the international level, especially between the EU and the US, to deliver results more quickly and cost efficiently.

### **Infrastructure**

AmCham EU also supports the Roadmap's focus on infrastructure, which we consider as a core enabler of the competitiveness of European industry. Grid development and network updates will be beneficial to all energy producers and users.

The EU has rightly assessed the massive needs in infrastructure funding to nurture future growth. Other regions of the world are progressing, and the EU should leverage its size, budget and market to deliver infrastructure for its competitiveness and enable growth and jobs.

All funding instruments should be directed at improving Europe's competitiveness and provide new job opportunities rooted in a healthy and sustainable low-carbon economy. The EU should continue using decentralised funding schemes such as the structural funds to spur investment in innovative technologies (local high tech & large cross border projects). In addition, these funding schemes could be used to help seize energy efficiency opportunities.

### **External dimension**

As AmCham EU members operate around the world, we strongly support the Roadmap's emphasis on the global nature of energy and the EU's dependence on its relationship with its neighbours and energy suppliers. In the transition to a low-carbon energy system, EU policy must still recognise that safe and continuing supply of energy into Europe is necessary to the region's economic competitiveness and to keep attracting investment in to the EU. The worldwide development of low carbon technologies has been increasing rapidly and it is critical for European competitiveness to keep its technological leadership.

The strategies and activities of all EU energy policy should support certain fundamental priorities:

- Raise industry and business competitiveness;
- Ensure security of energy supply with growing global demand and competition for energy sources; and
- Contribute to the global de-carbonisation of the global economy to tackle climate change

The EU has a role to shape energy policy discussions around the globe; however it is time for the EU to move on from unilateral approaches to more

global strategies. Furthermore, the European experience in setting a common energy policy framework and defining standards in sensitive energy areas, for example nuclear energy, could serve as guides in global discussions.

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*AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate U.S. investment in Europe totalled €1.4 trillion in 2009 and currently supports more than 4.5 million jobs in Europe.*

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POSITION STATEMENT