European renewable energy industry views ahead of the March European Council

Dear Heads of State and Government,

At the European Council meeting scheduled for 20th-21st March you will discuss the European Commission’s proposal for a policy framework for climate and energy from 2020 to 2030. This proposal includes a binding domestic greenhouse gas (GHG) emissions reduction target of 40% and a binding EU level target of at least 27% for renewable energy.

The European renewable energy industry supports the Commission’s proposal on GHG emissions reductions and calls for an agreement on a 2030 target of at least 40%. In order to achieve this aim, strong, reliable and effective policies are needed for the renewables sector, as well as to ensure a well-functioning market, the phase-out of fossil fuel subsidies, a strengthened EU Emissions Trading System (ETS) and dedicated research policies.

During this meeting, you will also address industrial competitiveness, which is directly linked to the 2030 climate and energy framework. However, as it currently stands, the Commission’s proposal falls short of enabling Europe to reap the benefits of its first mover advantage and boost its technology leadership in renewable energy.

Indeed, in contrast with the Commission’s proposal, the accompanying Impact Assessment clearly shows that with a renewable energy target of 30% in addition to a GHG target, there would be 568,000 more jobs and savings of about €260 billion on fossil fuel import, as well as lower energy costs for energy intensive industries. This is tremendously important in terms of Europe’s competitiveness and its employment crisis, especially in light of an ongoing GDP-leakage whereby the EU spent €545 billion (or 4.2% of its GDP) on importing fossil fuels in 2012 alone.

We clearly support the Commission’s proposal of a binding renewable energy target for 2030. However, the target itself remains meaningless without the guaranteed ability to enforce it. Unless the EU takes itself to court over its failure to meet the target, national binding commitments are required. An overall target has to be met by a fair and reliable contribution of each Member State. Only clear and enforceable targets provide the necessary signal to the industry and to investors to continue to innovate and help decrease our GHG emissions.

The set-up of a “market stability reserve” and the proposal for a steeper linear factor are a step in the right direction, however further action for strengthening the ETS is needed, including a permanent cancellation of surplus allowances. Establishing the ETS as a sole driver for the
decarbonisation of Europe’s economy, as some actors have suggested, not only leaves out
the heating and transport sectors, but will also lead to higher costs for society in the run-up to
2030 and 2050. While potentially reducing the short-term costs of climate change mitigation,
innovation driven only by carbon pricing would narrow the focus of technology deployment to
the lowest cost, i.e. closest to market technologies, at the expense of a broad range of critical
renewable energy technologies. Continued growth for the renewables sector will require both a
“demand pull” (via the market created) and a “supply push” (via R&D&I).

Agreeing on mutually reinforcing targets for GHG emissions reductions, energy efficiency and
renewables will enable the development of a European climate-friendly energy mix through
dedicated and reliable policies and the implementation of the polluter-pays-principle rather
than through a continuation of costly fossil fuel subsides and imports.

It is now up to you to choose either a growth or a no-growth strategy. Whether Europe should
head into a "regrets" or a "no-regrets" pathway, whether to support Europe's innovative
industries or not, whether GDP-leakage in Europe is to be stopped or continued through the
import of fossil fuels, and whether to create more or fewer jobs.

The European renewable energy sector, its manufacturers, researchers and producers, from
small to medium and utility scale, are very much looking forward to a 2030 framework which
enhances the role of renewables for growth, jobs and industrial competitiveness.

Yours sincerely,

Rainer Hinrichs-Rahlwes, President of EREC

CC:
Energy, Environment and Climate Ministries
Permanent Representations (Climate, Energy, Environment Attachés)
Commissioners Oettinger and Hedegaard
Director Generals Jos Delbeke (DG CLIMA) and Dominique Ristori (DG ENER)
President of the European Parliament Martin Schulz