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Greenpeace press briefing in advance of the EU 'Energy Package' launch: European Commission to lay out good intentions but poor plans

Introduction

The European Commission's 'energy package' will be adopted tomorrow. This package will contain a number of elements, from a roadmap on renewable energy to an assessment of the status of nuclear power in the EU, from measures to strengthen the internal energy market to climate policy.

The package's central document, An energy policy for Europe, attempts to bring together all the elements and to present a vision for the future of energy in Europe.

In this vision-cum-summary document, the Commission sets out the objectives of this process, which began officially last year: to increase sustainability, slash Europe's dependence on imported fuels and enhance competitiveness.

The package proposes some ambitious objectives, but, according to analysis by Greenpeace, will stop short of adopting the measures necessary to achieve them. Overall, it will largely maintain the status quo.

Instead of striving to put Europe's energy sector on a clean, secure and competitive path, the Commission appears to be committed to defending the present energy model, while at the same time recognising that this model is expensive, unsustainable and skewed.

After tomorrow, member states will debate the package in the lead up to the spring European Council, which will adopt a prioritised energy action plan for the next three years. Greenpeace is calling on all European governments to back measures that will ensure that Europeans get the clean energy future that we need and deserve.

Climate Change

The Commission will issue a Communication on Limiting Climate Change to 2 degrees Celsius – Policy Options for the EU and the world for 2020 and beyond.

Limiting the global average (mean) temperature to below a 2 degrees Celsius increase on pre-industrial temperatures has been a stated EU objective for a decade now, with the intention of preventing devastating climate-related impacts throughout the world.

The documents to be presented tomorrow assess the most recent science and warn that climate change is being felt faster than ever and that the need to take action is more pressing than previously thought.

New estimates on the cost of future climate impacts on European health, agriculture and tourism are also a source of concern. Because of climate change, the flow of tourists from the north to southern Europe could significantly diminish, with the result that the economies of today's popular travel destinations would suffer. This impact could be felt in Greece, Cyprus and in southern regions of Spain and Italy.

The Commission recognises that policy to reduce greenhouse gas emissions will – in addition to combating climate change – improve air quality, increase security of energy supply, create new jobs and enhance competitiveness.

The Communication on climate change concludes that developed countries should reduce greenhouse gas emissions by 30% by 2020. Greenpeace welcomes this goal, as it is consistent with the 2-degree objective.

But what goal will the EU set for itself? If the EU is serious about making sure that the 2-degree threshold is not crossed, it should now commit to reducing its domestic greenhouse gas emissions by 30% by 2020, compared to 1990 levels. This target has already been endorsed by a number of member states (Germany, UK, France, Italy and Sweden). Whether the Commission will propose this target tomorrow is still being internally debated – there are rumours that a lower target (of 20%) may be proposed. To propose such a low target would suggest that the EU does not intend to take adequate action at home to meet its 2-degree goal. Any such suggestion should be rejected by member states, not only because of its scientific implications, but also for political reasons: a low EU target would scale down the ambition of the next agreement under Kyoto.

It is also worth noting that the climate background paper presents, on the one hand, a future scenario that underestimates the emission reduction potential of the energy sector. On the other hand, the Commission assumes in its projections that global policies to halt deforestation will be so successful that tropical deforestation will be halted before 2020. This would be an excellent development for both the climate and biodiversity, but it will not happen without concerted efforts – both political and financial – to support forest protection in some of the world's poorest regions. The Commission would need to start developing such policies immediately for them to have an imminent European and global effect. Meanwhile, the Commission would be foolish to underestimate the ongoing importance of measures to increase the share of renewable energy and reduce energy wastage, and therefore drive down emissions.

A further omission is that the Commission, in previous drafts, avoids any explicit reference to the UN Kyoto Protocol beyond 2012 (after the 'first commitment period'). It talks of 'maintaining current elements of the Kyoto Protocol' but, instead of referring to the second period, refers vaguely to 'an international agreement'. This is particularly startling, given that the negotiations for the next phase of commitments by developed countries were launched at the UN meeting in December 2005. It is obvious that the European Commission is talking about Kyoto but stops short of naming it. The Commission recognises the need for urgent action and knows that we do not have the luxury to negotiate a whole new global agreement in place of Kyoto. The Kyoto Protocol is the only international system fit for the purpose, and as such should be maintained, amended and extended to 2015 and beyond. Is this to become the Protocol that dare not speak its name?

Renewable Energy

The Commission claims that the energy package will boost investment in renewable energy. Indeed, a substantial increase in renewable energy technologies would match perfectly the objectives of sustainability, security of supply and competitiveness, as set out in the package. The technologies work locally, have almost no impact on the climate system and promote technological development and high-quality jobs in the EU.

EU POLICY ON RENEWABLE ENERGY TO DATE

The EU currently has a target for 12% of total energy use to come from renewables by 2010. Two directives have been adopted, breaking down this target for the two sectors of electricity and transport:

Since 2001, the directive for the promotion of electricity from renewable sources of energy sets an EU target of 21% for 2010, broken down into national targets. According to the directive, member states have to implement support policies for renewable electricity.

The 2003 biofuels directive for the transport sector sets a target of 5.75% for the share of biofuels in the EU by 2010.

In both the electricity and transport sector, the development of renewable energy is flourishing. In the remaining sector, heating & cooling, by contrast, progress has been sluggish due to the absence of specific targets and support.

However, leaked drafts of the Renewable Energy Road Map reveal that the Commission is setting out to undermine the very system that would help realise these objectives, which is currently functioning successfully: sector-specific support for renewable energy. Instead, it proposes a mandatory overall target for renewable energy by 2020 (most likely to be 20%) without defining a new target for renewable energy in the electricity sector, nor one for heating & cooling.

Only for the transport sector does the Commission plan to continue with a sector-specific approach and propose a binding minimum 2020 target for the share of biofuels.

A binding target of at least 20% for the share of renewable energy is a positive signal, but without specific policies, it is not going to boost investment. Just as the current sector-specific support is maturing and delivering results in the electricity sector, an overhaul of the existing approach represents a dangerous step backwards for the development of renewable energy. Renewables in electricity and heating & cooling operate in separate markets. They face different challenges and need separate support in order to maximise their contribution. The heating & cooling sector, in contrast to the electricity sector, consists of numerous actors and investors, down to single households, requiring public information and engagement as well as the construction of district heating networks for local distribution. Such distinct requirements can only be addressed by setting separate targets and support mechanisms for renewable energy in electricity and heating & cooling.

To secure the urgently needed development across the board and to enhance investor confidence in renewable energy technologies, Greenpeace has recommended a target of at least 20% by 2020, broken down into sector-specific targets. For electricity the binding target should be 35%, for heating & cooling at least 25% by 2020.

Unlike the majority of renewable energy technologies, the production of biofuels is in many cases associated with grave environmental problems. Greenpeace is concerned that the Commission has yet to propose any convincing system that would guarantee their environmentally responsible production.

Energy Efficiency

The Commission reiterates what was contained in its Efficiency Action Plan, presented in October, including the objective to reduce energy consumption by 20% by 2020. However, it does not present measures to ensure that this objective is met. Reducing energy consumption would make Europe cleaner, less wasteful, more secure and efficient.

Coal

The paper relating to coal, [Sustainable Power Generation from fossil fuels: aiming at near-zero emissions by 2020](#) (sic), discusses options to retain coal, and to a lesser extent gas, as generating fuels by developing the concept of 'end-of-pipe' carbon capture and storage (CCS) technologies, to reduce the emissions of carbon dioxide caused by the combustion of these fuels.

The development of carbon capture and storage technologies remains at an experimental stage. As such, strong emphasis on this option is highly risky. The Commission's position reflects a false optimism that CCS technologies will work, that they can be delivered on a very broad scale, and that they would eventually become cost-effective.

Even were the CCS concept to be realised, the 20- to 30-year delay before this could happen would mean that there would be no significant emission reductions before then. This delay should logically disqualify CCS from becoming a priority, given the urgent need to reverse emission trends within a decade, as highlighted both in the climate Communication and given the fact that proven, clean technologies (renewable energy and efficiency) already exist and can contribute to reducing emissions immediately.

In any case, the 'polluter pays principle' must be applied; public money must not be used for CCS experiments or, in the future, its possible deployment. As a fossil fuel, coal even with CCS remains an unsustainable energy option.

The document also utterly fails to address the substantial subsidies currently granted to coal production in the EU. These funds amounted to around €4.1 billion in 2005, in eight countries (two-thirds in Germany alone), covering approximately one quarter (23%) of all coal production. A separate Commission report on subsidies to the coal sector due by the end of 2006 has been delayed. Greenpeace has called for all subsidies for coal production to be rapidly phased out.

Nuclear

Earlier reports that the Commission would articulate new support for nuclear power are not justified by the documents contained in the energy package.

In the overview document, [An Energy Policy for Europe](#), the Commission states that it plans to set up a "High Level Group on Nuclear Safety and Security" to "eventually" develop additional EU rules on these topics. This move appears to be a smokescreen for doing nothing. It also reflects valid doubts held by the Commission about nuclear power – regarding its true costs, waste management, weapons proliferation and adverse public and political opinion.

In addition, the [Draft Illustrative Nuclear Programme](#) is a discussion paper that examines the nuclear situation in Europe today but proposes no significant new initiatives. It does, however, recall previous stalled projects, e.g., the 2003 'nuclear package', which remains dead-locked in the Council. As a discussion paper that contains no new policies, the document is unnecessary and should be abandoned. The Euratom Treaty, on which it is based, is biased and out-dated, and should be scrapped during future EU treaty negotiations. The Commission's priority in the nuclear arena should be to propose a new law to ensure that nuclear firms hold adequate decommissioning funds to meet all post-closure costs of existing reactors, thus putting the polluter-pays principle into practice.

In Greenpeace's view, nuclear energy is dirty, dangerous and expensive, and should be rapidly phased out.

Competition

The energy package will contain three reports on competition and the development of the internal energy market. Taken together, they conclude that competition in the sector is still not

delivering the desired benefits for consumers, and recommend further legislative reforms to this end.

The principal recommendation concerns the 'unbundling' of asset ownership in the gas and electricity utilities, whereby networks (the pipes and wires) would not be owned and operated by the same firms involved in the production and supply of energy. This would have the effect of reducing the excessive market power of large network-owning utilities that dominate national markets today.

Greenpeace supports full ownership unbundling of utilities, as this helps loosen the stranglehold of incumbent coal and nuclear generators in the power sector. Unbundling would allow smaller, new producers (including from renewable energy sources) to distribute the electricity they generate on fairer terms, without facing additional barriers and costs.

In recent weeks, the unbundling proposal has been under attack from a few member states, and a compromise option added to the package that would allow utilities to retain ownership of networks if these are operated independently by another entity. This compromise option – of so-called 'Independent System Operators' – would lead to confused responsibilities and conflicting interests regarding major investment decisions. Such a compromise is unworkable and should be discarded.

Concrete legislative proposals in this area are due in September.

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NOTE This assessment is based on Greenpeace having seen a majority of the components of the energy package in draft form over recent weeks. As usual, Commission documents are subject to final negotiations and changes.

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