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THE EU 2030 FRAMEWORK:
CLIMATE CHANGE AND ENERGY
POLICY

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THE EU 2030 FRAMEWORK: CLIMATE CHANGE AND ENERGY POLICY

Abstract:

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The European Commission presented earlier this year, a report called the "2030 Framework for climate and energy policies." The report is a proposed way forward for the European Union's energy policy and climate change as of 2020 to achieve sustainable economic growth, improving competitiveness and job creation

Keywords:

European Union, 2030, climate changes, energy policy.

THE EUROPEAN UNION'S ENGAGEMENT IN CLIMATE CHANGE

The European Union has always shown a firm compromise in the fight against climate change. In the agreement reached in 2011 in Durban on the extension of the Kyoto agreement until 2020, the European Union established as an objective, the reduction of greenhouse effect gases to 20% with respect to 1990 levels. This was one of the most ambitious numbers that was presented and it became a clear example for the international community of the European Union's compromise in the fight against global warming. Apart from the compromise on the reduction of emissions to 20%, the European Union established a 20% increase in energy efficiency and a 20% participation in renewable energy in the energy mix of the Union. These targets are known as 20/20/20¹.

The measures adopted up to date show that these targets will be met. It is expected that by 2020 the greenhouse effect emissions will be reduced to 24%, that renewable energies reach 21% and that energy efficiency gets close to 17%².

The level of compromise is such that the fight against climate change constitutes one of the five priority areas in EU common policy. This is how the 2010 Growth Strategy, known as "Europe 2020"³, where there is a bet on a sustainable economy that creates jobs and improves productivity and social cohesion. This priority is reflected in the 2014-2020⁴ budgets, approved in 2013 and in which approximately of the 960 million will be destined to cover costs related to climate change.

However, this engagement with the European Union cannot be decoupled from one of the other big priority that the Union has to address in a firm and immediate way: the design of a common energy strategy. The fight against climate change, through the commitment to an economy based on a low carbon energy model, should not become a flaw in competition in the European industrial fabric and should not influence the well being of the citizens through an increase in the bills of their energy consumption.

In this respect, it is important to keep in mind the opinion of the population to know up to what point are citizens involved in the fight against climate change and the cost that they are willing to assume in their bet for a low- energy system. The data recently published special Eurobarometer dedicated to climate change⁵ are very revealing: approximately, 90% of the EU population believes that climate change is a severe problem along with poverty and the economic situation. This same percentage agrees with their governments supporting the use of renewable energies. Plus, 80% believes that the fight against climate change and the improvement of energy efficiency can boost economic growth and job creation within the Union. Europeans are also aware of that the importation of fuel has a significant repercussion in EU's GDP and that its reduction would have economic benefits.

¹ http://ec.europa.eu/clima/policies/package/index_en.htm

² http://ec.europa.eu/clima/policies/2030/docs/climate_energy_priorities_en.pdf

³ http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_es.htm

⁴ http://ec.europa.eu/clima/policies/finance/budget/index_en.htm

⁵ http://ec.europa.eu/public_opinion/archives/ebs/ebs_409_en.pdf

The strategic framework for 2030

Early this year, the European Commission presented a report called “2030 Framework for climate and energy policies”. The report is a proposal of the path that the EU should follow regarding energy policy and climate change from 2020 onwards.

As stated, the European Union established the 20/20/20 targets for 2020 and for 2050 according to the 2050 Roadmap; the greenhouse effect gas emissions should be reduced to 80-95% in relation to 1990 levels. It would be logical to wonder why the European Commission considers necessary to fix, now, targets for 2030. The answer should be found in the new binding global agreement on the fight against climate change that will be discussed in 2015 and will substitute the Kyoto Protocol. The EU wants to meet these targets in order to make a firm bet that guarantees the reduction of greenhouse effect gases through the restructuring of its energy system. The new system should be more competitive, solid and sustainable and should promote economic growth and the creation of employment in the countries of the Union. It is also necessary to cover this restructuring on the long term to guarantee juridical security to investors in the energy sector, as it is they who should decide what infrastructures and technologies will entail less risk and a higher return in the investment.

Among the new targets for 2030 proposed by the Commission and that were presented to the European Council in late March, we should highlight:

- The internal reduction of greenhouse effect gases by 40% with respect to 1990 levels.
- The establishment of a 27% of renewable energies in the European Union, but without setting national targets. Each country will chose the form it that believes is more adequate to meet the global objective.
- By 2030 electric energy coming from renewable energies will be 45% of the total produced. Today this percentage is around 21%.
- Elimination of public help to biofuels based on indigenous crops in 2020.
- With regards to energy savings, the report does not fix any quantitative target because the Commission will wait for the Directive of the EU on energy efficiency that will be made in June 2014. However, the reports shows that, meeting the target of reducing emissions by a 40% will imply an energy saving of 25% in 2030.
- Establishing an integrated energy market implies savings of 40,000 to 70,000 Euros until 2030. In order to do so, it is necessary to encourage bigger dynamism and competition in gas and energy retail markets.
- Reform of emissions trading. The Commission proposes the establishment of a carbon credit reserve to be be used if the EU economic growth in the future needs it.
- Encourage security in energy providing. If the current rhythm of energy dependence on the outside is maintained, in 2035 the EU will be 90% dependent on fuel importation and 80% on gas. This dependency implies an excessive cost for the EU and puts it in a very vulnerable situation against the reduction in the production of fuel, gas, and the appearance of new energy consumers like China or India. The Commission suggests establishing new common policies directed at: boosting the

exploitation of indigenous resources (including shale gas and nuclear energy), acting collectively in order to guarantee gas supply and fuel and importation routes, and, lastly, at encourage energy saving

TOWARDS A NEW ENERGY GOVERNANCE

In the light of the Commission report it seems evident that the EU has the intention to finally cover together the integration of its members in an energy system. An integration based on flexibility. Each State has to design, according to its preferences, a National Plan to create a competitive, safe and sustainable energy system that is in line with the climatic and energy targets of the Union.

The high energy dependency of the EU on the outside has become one of the main problems which need a solution, and it has also become one of the European Council priorities. The recent crisis in Ukraine has contributed to this; it was the Council who communicated its intention to establish all the necessary measures to stop depending on gas supply from Russia. At the moment, the Commission has to create, before June 2014, a plan to diversify gas supply and avoid dependencies such as the German one, who consumes a third of the Russian gas imported by the EU.

Apart from encouraging a diversification of the sources of supply, the Council also considers as a priority a higher connectivity among countries in such a way that no energy islands exist, especially referring to the Iberian Peninsula and the Mediterranean region. The Commission shall elaborate in June an interconnection proposal in the 2030 horizon that includes the objective that, at least, 10% of the electric generation capacity of each member state is interconnected with its neighboring countries.

On the other hand, and keeping in mind that the EU foundation is based on economic interests, there should not exist such enormous price differences paid by the consumers depending on the country they are in. In this sense, the European Council has made a call for national governments to examine their energy policies in terms of taxes and transmission costs in order to minimize the negative consequences on the final price of the energy that consumers have to pay.

To verify that everything is being done according to the report, the Commission proposes the establishment of a series of indicators that alert from possible deviations in the energy and greenhouse gas emissions targets. These indicators are yet to be defined and among them we can find: the price difference between States, the level of interconnections, market concentration, energy dependence, etc.

CONCLUSIONS

We found ourselves in a decisive moment for the energy future of the EU. The integration of a common energy system within the EU seems to be receiving a boost for two different reasons. Firstly, because it is possible the establishment of new targets in relation to the

reduction of greenhouse effect gases in the upcoming negotiations with a view to reach a new binding global agreement in 2015. The EU, continuing with the firm compromise that it has maintained during the past years in its fight against global warming, wants to move ahead. For the EU there is a clear dissociation between economic growth and emission reduction. One can be competitive and create jobs with a low carbon economy. The use of renewable energies and energy efficiency will play a major role.

Secondly, the recent crisis in Ukraine has revealed the vulnerability of the EU for its excessive outside dependency on fossil fuels supply, in this case, from Russia. The greatest competition for energy resources at a global level forces the EU to cover as a whole the diversification of energy supply and its routes, the interconnection of the networks between its members and the convergence of the prices in all of the common space. The necessity to explore local resources, including nuclear energy and non-traditional fossil fuels, is also evident.

The EU must establish which integrated system is the most appropriate to meet its targets on sustainability and competition, as well as offering companies and households a clean, safe and accessible energy. This should be done now but thinking on the long term to guarantee a juridical security that encourages investors to make the necessary projects. To do so, States will have a certain degree of flexibility in the choosing of their energy mix, but always in accordance with the common compromises. Therefore, it is now when each country has to make its' own bet through its' National Plans. Afterwards, it will not be possible to change the rules of the game.

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