IFIEC Energy Forum 2014
“European Industrial Renaissance requires Competitive Energy”

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EU Climate and Energy package 2020 to 2030

1. Framework for Energy and Climate from 2020 to 2030

2. European Industrial Renaissance

3. Energy Prices and Costs in Europe

4. Shale Gas, Market Stability Reserve for ETS
1. Framework for Energy and Climate from 2020 to 2030: EC proposals

- Binding **CO₂-reduction target** until 2030: - 40 % (compared to 1990)
  → - 43 % in ETS-sectors (compared to 2005)
  → - 30 % in non-ETS-sectors (compared to 2005)

- Binding **27 % renewable energy target** in primary energy consumption by 2030
  → no binding national targets
  → At least 45 % renewables in electricity consumption
  → Revision of renewable energy directive expected

- **Energy Efficiency target** for 2030: EC proposal expected in autumn 2014
- 43 % CO$_2$ reduction target for ETS sectors: Impact on ETS cap

Entwicklung des CO$_2$-Cap abhängig vom linearen Reduktionsfaktor (LRF)

2030: Cap = 1.333 Mio. t CO$_2$

2058: Cap = 0

Source: VIK graphic, EC numbers
- 43% CO₂ reduction target for ETS sectors: Impact on ETS cap (II)

![Graph showing CO₂ reduction targets and free allocation over years from 2005 to 2030.]

Source: VIK graphic, EC numbers
2. European Industrial Renaissance

“A strong dynamic industrial base is indispensable for a strong European economy”

M Barroso, 2013, State of the Union Address

**Aim:** Increase industry contribution to GDP to 20% by 2020

1. Increase of productivity, resource and energy efficiency necessary
2. Completion of internal market (for energy by 2014)
3. **Mainstreaming industry-related competitiveness concerns** across all policy areas
4. Energy must be available at competitive prices
3. IFIEC request: Streamline 2030 strategy towards growth and jobs

Strong support from companies all over EU

MANIFESTO

EUROPE’S MANUFACTURING INDUSTRY CEOs CALL UPON HEADS OF STATE TO STREAMLINE 2030 STRATEGY TOWARDS GROWTH AND JOBS
3. IFIEC request: Streamline 2030 strategy towards growth and jobs (II)

- Climate objectives must be set in a way to keep a high performing industry in Europe
- Enabling the EU manufacturing industry to grow will reduce global GHG emissions
- The precondition: An EU Climate Change Policy without Carbon Leakage
3. IFIEC request: An EU Climate Change Policy without Carbon Leakage

Carbon Leakage – today

- The problem: investment leakage (the longer term perspective)
- Only little production carbon leakage because sufficient protection at low carbon prices (the short term perspective)

Carbon Leakage – in future

- The problem: investment and production carbon leakage if no globally aligned binding action and burden after 2020 because
  - EU reduction target leads to extreme shortage of allowances: without breakthrough technologies not enough allowances to continue industrial activity in the EU
  - High carbon prices in the medium- (in case of market intervention) or long-term

The existing approaches to avoid carbon leakage will not work under these circumstances
3. IFIEC request: New approach to Carbon Leakage needed - „just go on“ not an option

Medium term strategy

- A „dynamic ETS“:
  - Realistic benchmark (technologically feasible)
  - No reduction factors
  - Allocation based on actual production
  - A new (industry) reserve to balance the difference between forecasted and actual production
  - Complete and stable compensation of indirect costs (indirect allocation)

But only to a certain point in time / a certain carbon price level
3. IFIEC request: New concepts necessary after 2020 if no globally comparable effort achieved

Long term strategy

☑ High EU reduction targets as planned only with globally aligned binding action/burden

Request to EU politicians:

☑ Make a clear commitment for a climate policy strategy review after 2020

☑ No unconditional target setting
Thank you