

BRIEFING

Promote a secure, competitive and climate-friendly energy system

BUSINESSEUROPE



Keep all energy options open, including nuclear

BACKGROUND

Challenges in the areas of security of supply and climate mean that the European energy system needs to evolve. On the demand side, top priority must be given to improving energy efficiency; an approach which addresses the root of both these challenges. On the supply side, the contribution of renewable energies, nuclear energy, carbon capture and storage (CCS) and other new technologies is indispensable to meet the challenges of security of supply and climate. Well thought-out policies are essential for these energy options to be developed under optimal economic conditions.

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Support energy efficiency for all demand and supply sectors

Making our economy more energy-efficient is the single most important first step to tackle our problems related to energy and climate change. Increasing the economic productivity of each unit of energy used will be conducive to environmental quality and competitiveness as well as to supply security. In particular, the huge potential for increasing energy efficiency in buildings must be exploited.

20% renewable energies target: move progressively towards market-based instruments

BUSINESSEUROPE acknowledges the role of renewable energy sources for tackling energy and climate challenges. Nevertheless, as it will be extremely costly to reach the EU's ambitious renewable targets by 2020 – 20% overall and 10% renewables in transport – EU renewable energy policy must allow for utmost flexibility and comprise well-designed market instruments to minimise the costs of reaching these targets. In order to give Member States the possibility to comply with their national renewable energy targets at the lowest cost, BUSINESSEUROPE supports cross-border trading of renewable certificates provided that this new mechanism is designed with great caution. National support schemes should however not be disrupted by renewables trading. Investing in adequate networks is also important to guarantee security of supply.

Increase R&D efforts and coordination substantially

The EU's Strategic Energy Technology Plan (SET Plan) can make an important contribution to achieving Europe's energy goals if it adequately involves industry as an indispensable part of the solution. The Strategic Energy Technology Plan must adopt an integrated approach, enabling the market to drive new technologies from basic research to market penetration. This could be achieved through an independent evaluation of technological potential, allowing technologies to compete for public funding on fair and transparent terms. The Strategic Energy Technology Plan must be properly funded.

Nuclear energy must receive proper strategic attention

Bearing in mind the huge amount of electricity generation capacity to be built in the next 22 years (in EU-15, a need for some 520 GW is foreseen for the 2000 to 2030 period, representing an investment of around € 600 billion), the time has come to give back to nuclear energy the attention it has not received for a long time in energy strategy discussions. Nuclear energy produced without generation of CO₂ in 13 EU countries represents 32% of electricity generated in the EU. This shows why it is important to promote open and well informed debate on the nuclear option. The Commission should propose a Community action roadmap articulating the various initiatives that should be taken at EU level to eliminate the obstacles which unnecessarily hold back the development of nuclear energy. It is also important to maintain Europe's technological lead in nuclear technologies as global markets develop.

Carbon capture and storage (CCS)

Carbon capture and storage will be an essential technology to enable a reduction of industrial emissions from the energy production sector. It is vital to develop a well-designed regulatory framework to ensure predictability. It is also necessary to consider how to foster investment in this technology, as a carbon price is likely to be insufficient. It is essential to launch twelve major European demonstration projects by 2020.

Strengthen the EU's external energy policy

Europe should coordinate as much as possible the European Member States' positions in international forums and vis-à-vis non-EU energy suppliers. The EU should introduce a more coherent framework to develop effective and properly financed policies to diversify energy imports. This will reduce the over-reliance of some Member States on single gas suppliers and encourage them to engage in constructive dialogues with key producer countries on security of supply issues and with major consumer countries to cooperate on energy efficiency matters.