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BUSINESSEUROPE COMMENTS ON THE EU STRATEGIC ENERGY TECHNOLOGY (SET) PLAN AND THE ENERGY COUNCIL'S CONCLUSION ON THE PLAN

BUSINESSEUROPE welcomes the SET Plan and is pleased to see that the Energy Council supports the Plan. It is now the time for action. We have read the SET Plan with great interest and see this as an important first step towards improved research, development, demonstration and deployment (RDD&D) of energy technologies in the EU. BUSINESSEUROPE pointed to a number of elements in our June position and we are happy to see these points reflected to some extent in the SET Plan.

However, the challenge is to make sure that the SET Plan can contribute significantly to the EU 2020 targets and beyond. In doing so, there is a need to focus on how to ensure cost-effectiveness in implementation of the targets and how to ensure that European business in general - including energy-intensive industries - can thrive under the regime which will deliver the targets while safeguarding European competitiveness. The SET Plan has no focus on energy-intensive industries, it is therefore imperative for BUSINESSEUROPE to emphasise at this point that the EU 2020 target, including the SET Plan, must be implemented in such a way that it safeguards the competitiveness of all EU industry.

Initiatives on EU RD&D governance - improved coordination is welcome

The SET Plan contains many relevant views on what needs to be done to improve the RD&D in relation to energy technologies. BUSINESSEUROPE welcomes in particular the proposals on how to improve the coherence of EU energy technology research. Establishing a Steering Group and improving cooperation at Community level through a European Industrial Initiative and through the creation of a European Energy Research Alliance as well as focusing on a trans-European energy network are all elements which needs to be further explored to find out whether these initiatives can truly result in a less fragmented EU effort within energy technology RD&D.

BUSINESSEUROPE wishes to emphasise that as these initiatives progress further, Commission and member states should make sure that the need to enable the market to bring forward new technologies must be present in the considerations on how to coordinate efforts. Since this is seen as crucial to the solution of problems of bringing technologies all the way to the market.

Improved coordination must ensure that parallel activities are coordinated among countries to benefit from synergies which could be identified. But coordination should respect national competences and must not hinder a focus on specific, national competences.



BUSINESSEUROPE looks forward to the Communication on financing low-carbon technologies

BUSINESSEUROPE has on several occasions pointed to the need for increased funding for RD&D within energy technologies as soon as possible. We are pleased to see that the Commission will publish a Communication on financing low-carbon technologies by the end of 2008 or even earlier.

Drawing on expertise of governments, industry, etc., as stated in the Communication is the right way forward. BUSINESSEUROPE looks forward to contributing to the Commission in its preparation of this communication.

At this point BUSINESSEUROPE wishes to encourage the Commission to be very assertive on how to make funds available for demonstration plants within CCS, PV and other energy technology demonstration plants (including energy efficiency demonstration projects).

A need for increased focus on energy efficiency

BUSINESSEUROPE welcomes the fact that the SET Plan mentions that it is key to EU technology challenges when facing the 2020 targets to "bring to mass market more efficient energy conversion and end-use devices and systems in building, transport and industry...". However, the stronger focus is still on solutions within the energy supply side. BUSINESSEUROPE is concerned that energy efficiency will not receive the attention needed. Energy efficiency is the most cost-effective way of meeting greenhouse gas targets and will make the EU able to invest less in energy supply.

Energy efficiency is also relevant to emphasise when focusing on various technologies for producing energy, since clean coal and more efficient use of fossil fuels should be seen in connection with CCS technology.

Therefore, in the further actions decided on how to implement the SET Plan BUSINESSEUROPE encourages the Commission and member states to give much more attention to energy efficiency.

Enabling the market to drive forward technological development and deployment within renewable and other low-carbon technologies as well as energy-efficient technologies

Though the SET Plan draws the right conclusions on the need to bring clean technologies all the way to the market, BUSINESSEUROPE wishes to emphasise the need to focus much more closely on how to enable the market to bring forward technologies. Closing the various stages of financing gaps.

The problem is that when evaluating barriers of bringing forward new technologies, the analysis does not focus on the fact that, to be able to attract capital, the EU needs to focus on the commercial perspective of new energy technologies. The missing link between venture capital and entrepreneurs is central to solving the problem. So when a technology is evaluated, this element needs to be taken into consideration.



BUSINESSEUROPE believes that it is necessary to use instruments to promote entrepreneurship and thereby enabling technologies with a market potential. Initiatives to improve entrepreneurs' skills in search of risk capital are one way to bridge the gap between the RD&D phase and the commercial phase.

BUSINESSEUROPE also believes that it is necessary to use market-friendly demand-pull initiatives such as public procurement, technical product standards and labelling in order to develop the market potential for clean technologies.

Launching new priority initiatives - European Industrial Initiatives

In the SET Plan the Commission points to a number of different and very important technologies. However, as already stated, demand-side technologies should also be addressed, including efficient use of fossil fuels within power generation.

The Commission has pointed towards six specific technologies (wind, solar, bio-energy, CCS, the electricity grid and nuclear fission). BUSINESSEUROPE has no specific objections to these priorities. However, making the right choice is imperative. When identifying barriers, the background analysis must not lack a commercial perspective.

Therefore, BUSINESSEUROPE wishes to encourage the Commission to ensure a science-led procedure when analysing and choosing specific technologies, with transparent objective procedures and as independently as possible from political considerations. The science-led procedure must be based on a common consistent methodology to assess the technology potential. Technologies should clearly be ranked according to long-term potential to contribute cost-effectively to objectives of EU energy policy – sustainability, security, competitiveness.

For your information we attach the BUSINESSEUROPE position on the SET Plan dated 20 June 2007.
