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BUSINESSEUROPE'S SCORECARD FOR THE EU'S CLIMATE AND ENERGY ROADMAPS 2050

BUSINESSEUROPE supports the intention to set up roadmaps for 2050 to move towards a low-carbon, secure and competitive energy future in Europe. Companies need long-term predictability.

In a world where global consumption will continue to rise, business is the solution, not the problem, to reducing greenhouse gas emissions. European companies are ready to continue their investments in low-carbon technologies and solutions, and are looking forward to working together with EU institutions to create the right long-term policy framework.

For BUSINESSEUROPE and its member federations, a successful 2050 roadmap must:

- **Pursue an integrated approach with industrial policy**

The EU must pursue an integrated approach to climate, energy and industrial policy with utmost attention given to the effects on European growth, energy security and employment. Measures to prevent carbon leakage must be continued and enforced. With energy prices in Europe generally higher than, for example, in the US or China European energy competitiveness must be protected.

- **Draw on a bottom-up, sector-by-sector analysis**

Detailed and thorough impact assessments are needed for the way forward to achieve 80% to 95% emission reductions by 2050, based on technical and economic feasibility studies at the (sub-) sector level. The pathways to 2050 must take into account the commercialisation cycle and learning curves of new low-carbon technologies, as well as the planning, permitting and construction timescales of existing technologies. They should also be regularly reviewed.

- **Preserve the agreed legal 2020 framework, especially for EU Emission Trading Scheme (ETS) sectors**

The roadmaps must not imply any changes to the already agreed framework for emission reductions up to 2020, in particular not for the EU ETS. Public interventions in the market mechanisms of the EU ETS will increase uncertainty and reduce overall support of and trust in the system. The objective of the EU ETS is to meet a set emission target at the lowest cost for society, not primarily to drive investment.



- **Focus on untapped efficiency potential (e.g. buildings)**

Future regulatory approaches must ensure that emissions are cut at least cost. Cost-effective emission reductions resulting from improved energy efficiency must be fully used, for example in the building sector.

- **Acknowledge the use of international offsets**

The ultimate goal of climate policy must be to achieve an international carbon market with one global price of carbon. Therefore the roadmaps must rebuild and strengthen confidence in the future role of international offsets. These are indispensable for cost-effective European contributions to international climate protection.

- **Make any new emission targets conditional on international action**

The EU must continue to work towards a legally enforceable, international climate agreement that demands strong efforts from our economic partners and creates a level playing field for internationally traded goods. Any direct or indirect change of the 2020 emission targets must be conditional to such an international agreement. Accordingly, any targets beyond 2020 must also be conditional to equally strong action from other major economies.

- **Do not pick winners**

The roadmaps 2050 must not lock Europe into specific technologies, but remain technology- and fuel-neutral. Ultimately markets will choose the technologies best suited for Europe's climate and energy goals.

- **Lay out a market-based investment strategy**

It is of vital importance to promote investments in energy infrastructure and low-carbon technologies. A clear investment plan with appropriate financial incentives should be elaborated based on the EU Energy Infrastructure Package. One important strategic instrument to facilitate investments is the use of long-term contracts between energy suppliers and users.

Member States must keep their commitment to use at least 50% of the revenue generated through the auctioning of allowances in the EU ETS for low-carbon investments.

- **Ensure transparent model and process**

The model the Commission uses for devising its 2050 roadmaps is highly complex and based on a number of assumptions. BUSINESSEUROPE recommends ensuring the highest degree of transparency of the data and the models used. Making data available on the internet will improve transparency.

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