



30 April 2012

### **EXECUTIVE COMMITTEE MEETING - DEBATE WITH GÜNTHER OETTINGER, EU COMMISSIONER FOR ENERGY**

**BRUSSELS, 10 MAY 2012**

**PHILIPPE DE BUCK, DIRECTOR GENERAL**

Dear Commissioner Oettinger,

It is my pleasure to welcome you at BUSINESSEUROPE's Executive Committee Meeting, to share your views on the requirements to a comprehensive Energy and Climate policy until 2020 and beyond with the management of our national member federations.

BUSINESSEUROPE has been a supporter of the 20/20/20 strategy and advocates the three pillars of EU energy policy - sustainability, security of supply and competitiveness. However, recent developments have given cause for growing concern, which I would like to address within five questions:

#### **(1) How to boost investments in energy infrastructure?**

The Commission estimates that Europe's energy system will require investments of € 1 trillion by 2020. Currently, however, Europe's energy sector is suffering from a significant lack of investments which gives cause to serious concern whether the urgent need for more and smarter energy infrastructure will be met.

Proposals such as the "Connecting Europe Facility" claim to address this issue but even if the € 9.1 billion earmarked for energy infrastructure can be upheld in the budget negotiations, it is still uncertain whether the amount is adequate and whether public finance will be able to provide the needed investments.

#### **(2) How to ensure future energy competitiveness of European industry?**

According to Eurostat, EU electricity prices on average rose by 45% between 2001 and 2011. In fact, a current EU gas price of € 25 per Megawatt hour compared to € 6 in the United States creates significant disadvantage vis-à-vis global competitors and developments such as Germany's nuclear phase out have concerns about future cost and supply security.

Therefore it is crucial that the Commission ensures the proper implementation of the recently developed "competitiveness proofing" guidelines to examine the impact on energy competitiveness of upcoming policy proposals in an appropriate manner.



### **(3)How to improve energy efficiency without increasing bureaucracy?**

Significant efforts have already been achieved, as European industry has increased its energy efficiency by 30% since 1990. Energy efficiency is a key priority to European business community and BUSINESSEUROPE therefore supports the objectives pursued by the proposed Energy Efficiency Directive.

However, we share the concerns expressed by various Member States, that a sufficient degree of flexibility is necessary to avoid burdensome bureaucracy and in particular to capture “real” energy efficiency, meaning “doing more with less” instead of “doing less to consume less energy”.

### **(4)How to boost new energy technologies in Europe?**

On the one hand, costs of renewable energy support are increasingly burden national budgets, reaching € 35 billion, i.e. 0.3% of European GDP in 2009. On the other hand, support for research, development and demonstration (RD&D) is not commensurate with the EU's low-carbon ambitions.

Considering these facts, support schemes for renewables require an enforced market orientation and higher level of efficiency by adding a European dimension and more political attention must be paid to research and development policies such as the EU Strategic Energy Technologies (SET-) Plan.

### **(5)Which role for the CO2 price and the EU Emission Trading Scheme (ETS)?**

We all know that the functioning of the European Emission Trading Scheme (ETS) is heavily called into question at present time and ongoing discussions have created lots of uncertainty.

To be clear, BUSINESSEUROPE still remains a strong supporter of emission trading not least as the ETS is right on track to reach its target to reduce emissions by 21% between 2005 and 2020. Nevertheless, in order to bolster the ETS' central role we call on the Commission to enter into discussions with stakeholders on a comprehensive Climate and Energy policy framework beyond 2020 in order to provide European industry with a longer term perspective and policies that take into account the various reciprocities and cumulative effects of wide range of energy and climate policies.

Dear Commissioner,

I once again want to thank you on for accepting our invitation to come to the BUSINESSEUROPE Executive Committee and share with us your views on the future EU Energy and Climate policy. The floor is yours.

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