

ADDRESSED TO HEADS OF GOVERNMENT OF THE EU MEMBER STATES

Brussels, 25 February 2014

European electricity industry views ahead of the European Council of March 2014

Dear Head of Government,

At the European Council meeting on 20-21 March in Brussels you will discuss the European Commission proposals for EU energy and climate policy until 2030. They include a binding domestic and unilateral greenhouse gas (GHG) reduction target of 40% and, consequently, an EU level renewables target of 27%.

The European electricity industry supports the Commission's proposals on GHG reduction and calls for agreement on a 2030 target of at least -40%. For Europe to reach this goal, we continue to believe that the solution lies in advancing the decarbonisation of the European electricity sector through a strong EU Emissions Trading System (ETS), and through using low-carbon electricity to decarbonise other sectors of the economy such as transport and heating/cooling.

We also endorse the Commission's approach to Europeanising and marketising renewable energy sources (RES) by making the GHG signal the driver of RES growth. Agreeing on two EU – not national – targets will enable the development of a climate-friendly energy mix through the market-compatible EU ETS rather than through a continuation of costly national subsidy schemes.

Achieving a 45% RES share in the electricity mix by 2030, as the 27% overall target implies, is nevertheless a significant challenge. Continued RES growth will require a strong EU ETS and support for innovation, but also further investments in more intelligent distribution grids and, to that end, supportive regulation. We are thus also pleased to see the European Commission's proposal to reinforce the EU ETS through the set-up of a market stability reserve – and ask for further action strengthening the ETS in the coming months.

To preserve Europe's competitiveness, particular care should be taken to reduce GHG emissions as cost-efficiently as possible. EURELECTRIC, on behalf of the European electricity industry, therefore asks you to use the opportunity of the March European Council to endorse the European Commission's proposed 2030 policy framework. In doing so, you will be supporting a policy reoriented towards cost-efficiency and competitiveness. You will also be opting to secure decarbonisation at the lowest possible cost.

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Last but not least: policies can only be as sound as the data that inform them. More transparency on energy costs and prices is vital. In many countries the cost of power generation support is hidden in network tariffs and various taxes and levies. We are concerned that the European Commission's report on energy prices and costs, published together with its 2030 proposals, still fails to deliver a clear and comparable breakdown of price components. We are therefore calling for the European Commission to clarify the legal basis for data collection so as to allow for greater comparability, and to undertake a deeper analysis of prices and costs on that basis.

EURELECTRIC remains at your disposal to discuss any of the issues raised in greater detail.

Yours faithfully,



Hans ten BERGE

Secretary General

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