

## EURELECTRIC welcomes publication of Commission legislative proposals to revise EU ETS Directive and on Energy Labelling

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Today the European Commission published its **legislative proposal to revise the EU ETS Directive**. The proposal includes a number of measures to strengthen the EU ETS and was adopted as part of the Commission's "Summer Package". This package also includes a Commission proposal on a new **Energy Labelling Regulation**, replacing the current Directive, an important legislative tool to continue driving energy efficiency on the demand side.

EURELECTRIC welcomes the publication of the proposal to strengthen the EU ETS as it puts the EU on course to take important steps on the path towards the decarbonisation of the European economy.

*"We need a strengthened ETS which creates a level playing field and prevents European governments from developing national measures which lead to higher energy costs and further fragmentation of the internal energy market,"* said EURELECTRIC Secretary General Hans ten Berge.

*"Together with the recent agreement to establish a Market Stability Reserve, we believe that these reforms will enable the EU ETS to provide incentives to reduce greenhouse gas emissions, improve energy efficiency and to invest in low carbon technologies, provided that such reforms contribute to setting a clear, consistent and credible carbon price signal,"* he added.

EURELECTRIC is pleased that the Commission has tabled a balanced proposal, in line with the EU's 2030 climate and energy framework, which acknowledges the need to strengthen the EU ETS as the main instrument to deliver cost-effective decarbonisation in Europe and to achieve the target of at least 40% greenhouse gas emissions reduction by 2030.

In this regard Hans ten Berge stressed that: *"The success of the reformed ETS will depend on ensuring full consistency and coherence between the elements and targets of the 2030 Framework, as well as developing an adequate governance framework which enables the achievement of these objectives."*

EURELECTRIC also welcomes the clarity on the various funds in the proposal: the modernisation fund, which should guarantee investments that are both cost-efficient and effective; and the innovation fund, where priority should be given to research or early demonstration projects having the biggest potential for cost efficient carbon reduction and market viability. Free allocation should be allowed to cover direct carbon costs only for sectors covered by a post-2020 carbon leakage list and should reflect progress achieved in the international climate change negotiations.

Regarding the new Energy Labelling Regulation, EURELECTRIC supports a review of EU legislation aimed at delivering improvements in energy efficiency. This must tie in together with the re-evaluation of the energy conversion factor, in order to establish a clear path towards decarbonising the demand side sector. However, EURELECTRIC believes that any legislative tool to drive efficiency on the demand side must ensure the highest level of transparency as well as a level playing field for all energy carriers, whether primary or secondary. This is essential to drive the market uptake of technologies using decarbonised electricity, which can deliver full sustainability to customers.

Over the coming weeks EURELECTRIC will analyse all elements of the summer package and will issue a detailed statement on these.