

POLICY PAPER

“BYE-BYE PARIS”: COUNCIL DERAILS 2°C SCENARIOS



Claude Turmes
Member of the European Parliament



The Greens | European Free Alliance
in the European Parliament

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Introduction

The Energy Council is meeting today and will try to reach a General Approach on at least four legislations of the Clean Energy Package: the renewables directive (RED II), the EU framework law on climate and energy (Governance of the Energy Union) and the market design (regulation and directive).

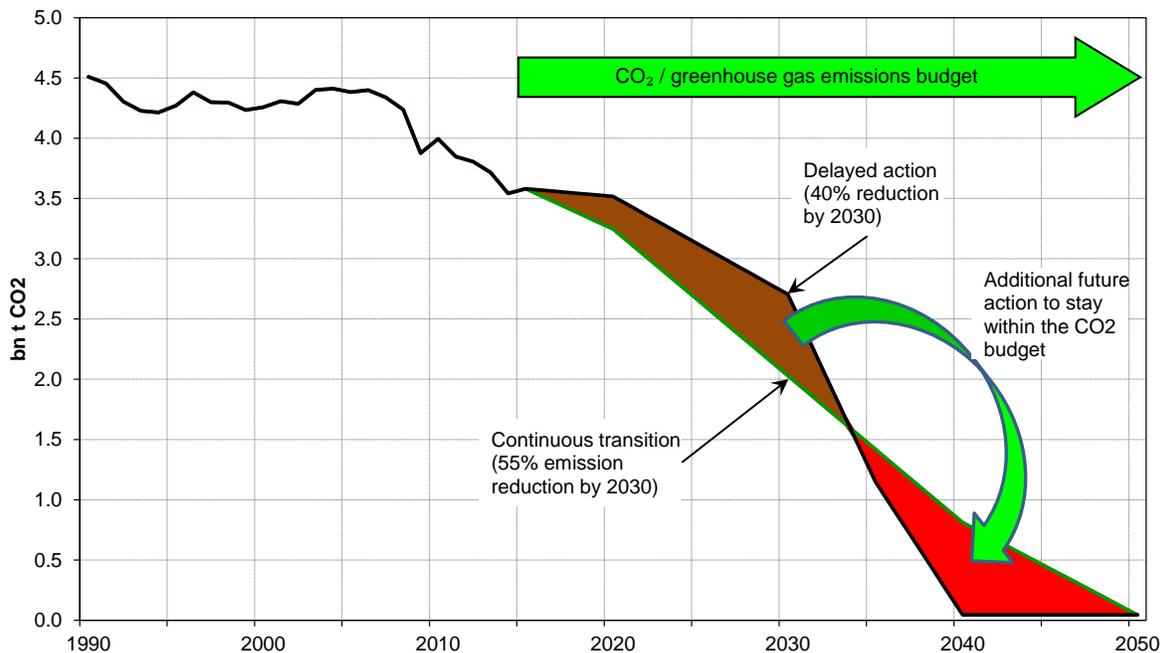
Almost 6 month into an Estonian Presidency which started with many talks about modernising the European economy in the digital age, we are more and more concerned by the anti-renewables and anti-climate positions taken by the Council. Instead of putting all efforts in order to reach a deal that would be in line with the Paris Agreement, the Estonian Presidency proposes to sacrifice the indispensable energy transition to the fossil fuel lobbies. Is the fact that the Estonian energy mix largely relies on dirty oil shale extraction and combustion a factor of explanation?



Welcome to e-Estonia, EU oil shale presidency!

1. Oil shale Presidency endangering the Paris Agreement

The Paris Agreement requires the adoption of a carbon budget able to keep global warming within the limits of 2°C, pursuing efforts to 1.5°C. The Commission should calculate the EU's fair share of the global carbon budget, and propose targets that comply with it, allowing the EU to achieve a net-zero carbon economy by 2050 at the latest.



Vision Scenario, Öko Institut Berlin

<http://energyblog.claudeturmes.lu/wp-content/uploads/sites/3/2017/02/vision-scenario.pdf>

The European Parliament recently adopted some encouraging positions on energy efficiency (a binding target of at least 40%), renewable energy sources (a binding target of at least 35%) and governance (a net-zero emission economy by 2050 based on a carbon budget). Although these levels of ambition are not fully in line with a “well below 2°C” scenario, they at least allow to keep some chances to meet the objectives of the Paris Agreement.

In stark contradiction, a poorly inspired and possibly driven by domestic oil shale interest Presidency is putting at risk what is left of the EU credibility on the international scene, destroying the few good things put on the table by the European Commission in the Clean Energy package: a 550 gCO₂/kWh emission performance standard for capacity mechanisms, a linear trajectory for the deployment of renewables and energy efficiency between 2020 and 2030, and the new rights attributed to citizens for producing, consuming, storing and selling their own green electricity.

One week after the One Planet Summit and two years after COP 21, the deeds are more than ever in jeopardy with the words. The Estonian government likes to brand itself as e-Estonia, the champion of digital and green tech. However the country still relies on a power mix where oil shale, an energy source

even more polluting than lignite, accounts for 85 %. Estonia is also the second largest global producer of oil shale after China. It is not impossible that the issues at stake for the State-owned company Eesti Energia, which faces a difficult financial period due to low wholesale prices in the NordPool market, are so important that the Estonian government changes from an “honest broker” to the defence of high-carbon assets. We hope that today’s Energy Council will not turn into a pro-coal and pro oil shale exercise. We call on the Estonian Presidency as well as all national governments to recognise the need to close fossil fuel mining and all solid fuels-fired power plants in line with the Paris Agreement, with the support of the Just Transition platform launched last week in Strasbourg.

2. One week after One Planet Summit, new coal subsidies in Europe

Less than a week after the One Planet Summit, the reputation of the EU as a whole risks to be severely damaged today. The compromise proposed by the Estonian Presidency opens the door to massive coal subsidies via capacity mechanisms. It weakens the text proposed Commission in November 2016 that included an emission performance standard of 550 gCO₂/kWh. We do not see the political rationale for this approach as those Member States against coal subsidies (BE, DE, DK, FI, FR, IT, LU, NL, SE, UK) are in a position to outvote pro-coal Member States (BG, CZ, ES, GR, PL, RO). The text of the Estonian Presidency would not only allow subsidies for a double digit GW of new coal (PL alone is already planning for 9 GW of new coal capacity) but would also throw billions of euros of new subsidies to allow old existing high polluting power plants to artificially stay in the market, thus destroying all chances for the EU to comply with the Paris agreement. This is for example what is happening in Spain, where the government is refusing the closure of coal plants that are not profitable.

- ***We call on progressive Member States to reject the Presidency text and on the Estonian Presidency to come up with alternatives as honest broker on this crucial question (Article 23 of the market design regulation).***

3. Why is the Council afraid of cheap renewables?

Costs for renewables like solar PV, onshore wind and offshore wind have come down in a fantastic way since the October 2014 European Council. And with the digital revolution now entering energy and transport, the necessary flexible back-up (smart grids, demand response management, batteries) can be deployed to build a resilient system. IRENA confirmed recently that the EU could deploy higher amounts of renewables in a cost-effective way and proposed a 34% RES target for 2030. Despite these hard facts, the Estonian Presidency has systematically refused to put the target discussion on the agenda.

- ***27% is not enough for renewables! It is definitely not in line with the Paris Agreement and should be revised upwards. We need to increase the 2030 RES target to at least 35% (Article 3 of RED II).***

In the absence of national binding targets, national trajectories for the deployment of RES should be linear and a strong gap filler should kick-in in case the achievement of national and EU targets are under threat. The Estonian Presidency is weakening the Commission's text. Instead of a linear trajectory and probably

in order to protect Eesti Energia's oil shale power plants, the Estonians are proposing a back-loaded type of trajectory with only two reference points in 2023 and 2025 and refusing to add another reference point in 2027. Such a weak approach is undermining EU's climate targets (how to get quickly out of coal if we do not also quickly invest in renewables?), and will also threaten thousands of jobs in the European wind industry, as a back-loaded trajectory means reduce business activity in Europe in the coming years.

- ***Adopt linear trajectories for the deployment of RES, based on at least 3 reference points with percentages reflecting this linearity (Article 4 of the governance regulation).***
- ***Reinforce the gap filler to make it obligatory to adopt EU and national measures in case of doubts about the achievement of the EU and national targets, allow the Commission to monitor progress by doing quantitative and not only "toothless" recommendations in case a MS is below its trajectory (Article 27 of the governance regulation).***

The Estonian Presidency is also proposing in their compromise text to terminate priority dispatch for renewable energy sources, arguing that the market should be driving investment and that renewables should be fit for the market. After decades of public subsidies to oil shale mining and combustion activities, it is a bit ironic to find them advocating so strongly against alleged market distortion.

- ***Priority dispatch should be maintained as long as there is no market reform and full opening for RES in all markets, and we should establish clear compensation rules in case of curtailment (Articles 10 and 11 of the market design regulation).***
- ***Support schemes are here to compensate market distortions and should be continued. They should be technology specific, to allow better spatial planning and grid integration (Article 4 of RED II).***

Putting citizens at the centre of the energy system requires solid regimes for self-consumption and renewable energy communities. However the Estonian Presidency intends to drastically limit the possibilities to engage into such mechanisms.

- ***The legal framework should incentivise engagement in self-consumption and renewable energy communities by removing all administrative and tariff barriers (Articles 21 and 22 of RED II).***

China goes green electric for mobility, California goes green electric for mobility, EU goes... 1st generation biofuels! While the entire world is moving towards electro-mobility and the dieselgate revealed the climate and health danger of pursuing with combustion engines, the Estonian presidency compromise on biofuels is opening the door to a new "biofuel gate" with too generous conditions offered to climate-harmful first generation biofuels. The Estonian presidency is putting an old inefficient technology at the centre of the market.

- ***The Council should go back to the Commission's original proposal (phasing out gradually 1st generation biofuel over the next 10 years) to safeguard existing investments (EU has 4,2%***

of first generation biofuels today) and trigger new investments in the transport sector on real alternatives (renewables based electro-mobility, second generation kerosene (bio-jet).

- ***The Council should adopt credible sustainability criteria for climate-friendly biomass production based on waste and residues only (Article 26-28 of RED II).***

4. Implementing the Paris Agreement requires a strong governance

Except for its links with the RED II, the Governance Regulation received very little attention. This is not surprising, given the institutional setting chosen by the Estonian Presidency. Indeed they deliberately decided to downgrade the participation of environment ministers, assuming that climate policies would be a sub-set of broader macroeconomic interests (as in most Member States energy issues are part of the portfolio of ministries of Economy). The EP is making concrete proposals on how to make EU energy and climate policies compatible with Paris: establishment of a EU carbon budget, net-zero carbon economy by 2050, five years cycles for integrated national energy and climate plans, detailed templates guaranteeing high quality and comparability of national plans and long-term strategies, a new action plan dedicated to methane, new types of partnerships with local actors and beyond borders to create a societal pro-climate movement. However the proposal of the Estonian Presidency is not forward-looking and weakens key parts of EU Commission's proposal.

- ***The incorporation of the Paris Agreement into EU law requires Member States to adopt strong, credible, transparent and comparable long-term strategies for 2050. Their national energy and climate plans should be consistent with these long-term strategies.***
- ***The objective of reaching a net-zero carbon economy in 2050 should be incorporated in national long-term strategies and there should be a mandatory template for these strategies (Article 14 of the governance regulation).***

If EU energy ministers are not delivering on these minimum improvements today, we propose that environment ministers take possession of that file to put an end to this situation where short-term economic interests prevail over long-term societal benefits.

Contact

Jérémie ZEITOUN

Energy policy advisor to Claude Turmes, MEP

Member of the Green Group in the European Parliament



The Greens | European Free Alliance
in the European Parliament

European Parliament

Rue Wiertz, 60, ASP 04 F 255/253, B-1047 Brussels

Phone: +32 2 28 47 246 - Fax: +32 2 28 49 246