2030 Climate Target: Inception Impact Assessment

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EGEC is the voice of the European geothermal industry. It is a not-for-profit organisation representing over 120 members across the entire value-chain located across 28 countries. Geothermal energy provides renewable heating, cooling, baseload electricity and sustainably sourced raw materials everywhere. It is included on the European Transparency Register number: 11458103335-07 Further information can be found at www.egec.org

We welcome this opportunity to comment on the orientation of the impact assessment concerning the EU new 2030 climate targets. Our views are:

1. **Leadership:** We agree with the statement that "EU leadership in 2020 is needed more than ever given that worldwide progress towards the objectives of the Paris Agreement is insufficient".

   President Juncker launched the goal of making the EU **Number 1** in renewables energy because of its multiple benefits of low-cost, carbon-free energy, industrial strategy, local employment and sustainable regional development. Renewable energies are a lucrative source of sustainable growth; technological and project business model innovation; supply-chain investment; and strategic competitive advantage.

   The next step is to build on the competitive advantage **synergies between renewables and industrial** strategy. For example, geothermal lithium empowers the EU to access substantial quantities of lithium which is the key ingredient in electric batteries and the decarbonisation of transport and new business models for mobility and portable technologies. This is where the EU needs to demonstrate leadership.

   A global renewable energy target and coordination in NDCs would inject much needed urgency into the international negotiations and the increasing of emission reduction targets.

2. **Science-based targets:** The EU is correct to revise the -40% by 2030 as it is not aligned to climate science. To meet the objectives of the Paris Agreement, and keep global average temperatures below 1.5 degrees Celsius, the EU must set its mitigation targets outlined by climate science.

   The EU will stimulate all other countries to emulate it when it sets the right targets and the correct policy framework to mitigate climate pollution and achieve sustainable, inclusive socio-economic development.
The UN’s Emissions Gap Report 2019 stated emissions must be reduced by 7.6% annually to meet the Paris Agreement target. This must be the starting point for the revision of the EU’s 2030 climate targets. **It is unclear how the -55% target proposed by the European Commission correlates to the target stipulated by the global scientific community.**

3. **Significance of increasing the contribution from renewable energy and energy efficiency targets:** Energy accounts for over 75% of the EU’s climate emissions. Greater penetration of renewable heating, cooling and electricity, combined with energy efficiency targets, are central to the increased climate target. A substantial increase in these targets is required to must be central to the impact assessment for 2030. **The modelling must include an assessment 50% of heat being derived from renewable energy sources by 2030.** This should review their impact on emissions, avoided climate costs, reductions in household energy bills, energy costs for industry and the overall energy import cost.

Note that 13 Member States – Austria, Denmark, Finland, Italy, Latvia, Luxemburg, the Netherlands, Portugal, Spain, Sweden, France, Germany and Greece – stated the need to scale up "sustainable mobility, renewable energy, building renovations". This must be reflected in the 2030 modelling as they are a key part of the post COVID-19 green stimulus.

4. **100% renewable energy scenario:** The EU’s baseline energy model must be 100% renewables incorporating baseload renewable electricity generation and all heat from renewable energy sources. Austria, Denmark, Ireland, Lithuania, Luxemburg and Spain have already called on the Commission to include a 100% renewable energy model in their Long-Term Strategy assessment. This has significant implications for both 2030 and 2050 targets.

5. **Timescale:** We agree that increasing the targets is "a significant step-up of ambition in the short term" but do not agree that this would lead to a "reduced lead-time for devising and implementing additional measures".

The Renewable Energy Directive has been in place for since 2009 generating a vibrant supply-chain and industrial base located across all Member States, especially for geothermal energy. Renewable energy targets are one of the EU’s most successful industrial policies as they stimulated direct clean investment in the energy system, regional employment, competitive advantage and inclusive local growth.

The 2019 recast also established a legislative base for renewable heating and cooling. This is significant as it covers almost half of the EU’s final energy consumption. Minor adjustments are needed to the current renewable energy framework, particularly to enforcement of the renewable heating & cooling target in Article 23, which when combined with stronger targets and new financial instruments such as risk guarantee schemes, is sufficient to meet the challenges of the new climate target.

6. **Limitations of the energy model:** There is no recognition in the flaws of the PRIMES model, which is used to assess energy system policy options, and how these
failings are to be rectified. For example, there is no visibility of the type and number of heating appliances used in buildings and industry, which account for nearly 50% of the EU's final energy consumption.

7. **Carbon pricing:** The modelling should acknowledge the lack of carbon pricing for heat and should not be confined to just reviewing this through the lens of the EU ETS. Household boilers are significantly below the 20MW threshold applied in the EU's carbon market. MRV costs for these alone would increase complexity and opportunities for market abuse. Furthermore, non-price market barriers should be accounted for when examining different approaches to pricing the climate externalities for fossil fuel use in heat.

8. **Definitions:** Robust definitions are required of the following:
   a. "**Energy affordability**“ - Affordability differs over time and to customers. Given the significant variables associated with this, it should not be used as it can be seen as a means of continued reliance on fossil fuel incumbents over new, safer and cleaner renewable energy solutions’
   b. "**Security**” – Security must be measured against increased utilisation of indigenous renewable energy sources against fossil fuel imports and their climate costs;
   c. "**Effective and efficient internal energy market**“– EU legislation institutionalises support for fossil gas as part of the internal market rather than the service of heat, which can be supplied by numerous renewable energy solutions. Therefore, any assessment of the internal energy market must go look at a heat market and not be confined to the fossil gas legislation;
   d. Direct and indirect subsidies – In the heat sector, public subsidies are granted for fossil infrastructure, appliances and fossil fuel consumption. The financial and climate benefits of renewable heating and cooling solutions must be measured against these;
   e. "**Minimise the risk of stranded assets**” – This must not be used to lock-in continued use of resource intensive fossil fuels at the expense of renewable energy solutions or energy efficiency measures;
   f. Macro-economic impacts - The total cost of energy imports and their climate change impacts should be used to measure the effectiveness and efficiency of renewable energy investments.

Sanjeev Kumar  
Head of Policy, EGEC  
s.kumar@egec.org  +32 499 539731

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3 Euractiv, "Six EU countries join call for 100% renewable energy scenario". 13 March, 2020.