



MAKING THE 2030 CLEAN ENERGY PACKAGE WORK FOR PEOPLE

Informal Energy Council

Tallinn, Estonia

19-21 SEPTEMBER 2017



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What will the Clean Energy Package change for European citizens?

The European Union is engaged in negotiations on a package of climate and energy legislation with a new deadline: 2030. Seven files are on the table. To add to the complexity, many issues – such as renewables, efficiency and energy poverty – are simultaneously discussed in different directives. **This makes for a complex process to follow and understand for citizens.**

The previous 2020 climate package was comparatively well-known by the general public – it was hailed as an important step for political climate action. Its straightforward three 20% objectives (emissions reductions, renewables and efficiency) were widely reported by the media, triggering big discussions in European countries on the level of ambition required.

But if you ask European citizens today what the 2020 package has changed in their lives so far... not many could offer a response.

The 2020 package simply did not go far enough to trigger a significant step towards the transition we need. **EU climate action has so far not been bold, clear, or just enough for people to see its benefits.** The scale was not what science and equity required: 2020 was a mere notch beyond business as usual. The package did not visibly contribute to reversing the downwards economic trends following the 2008 crisis, energy poverty has continued to soar in many countries, electricity prices are on the rise, and massive structural unemployment is still the norm. Meanwhile, as fossil fuel extraction is not phased out, air pollution crises regularly make the headlines and the frightening impacts of climate change are increasingly visible. Altogether, this makes for a bleak picture.

As it stands, the 2030 package offers little for EU citizens.

The 2030 climate package has been termed 'The Clean Energy Package for All Europeans'. But can this latest package fulfil its promise in this gloomy context? Some positive steps forward are being taken, with the recognition of the importance of community energy and the inclusion of the fight against energy poverty. Unfortunately, the 2030 objectives do not go far enough and do not meet the concerns of Europeans: this package doesn't seize the opportunity to deliver warm homes, cheaper energy, community power, clean air, or local green jobs. 10 years after the financial crisis, it's difficult to see how this new political process will deliver its promises and improve the everyday lives of all Europeans – but it is not too late.

European leaders must reconnect with citizens to lead the way towards a fair and sustainable society – the 2030 package is a chance to do this.

European citizens cannot afford costly fossil fuel infrastructure

Keeping global temperature increases below 2°C and aiming for 1.5°C, as laid down in the Paris Agreement, requires a fast and ambitious energy transition. Global temperature rise reached 1.1°C in 2016¹ and it is clear that only an exclusive focus on the development of renewable energy sources and energy savings can provide Europeans with a truly sustainable and healthy environment. The fossil fuel sector is a major contributor to climate change, including gas, owing to its significant CO₂ and methane emissions. Given our remaining carbon budget, a 2°C scenario implies that **any power capacity additions must be zero carbon by 2017²**. The time for fossil fuels has therefore ended and so should it be for new investments in that sector.

Changes in the fossil fuel industry put further pressure on the now extremely limited carbon budget as the industry is now replacing depleting 'conventional' reserves with more and more extreme fossil fuel sources: shale gas in the US, coal bed methane in Australia, tar sands in Canada, shale oil in Estonia, etc. Not only do these come with higher emissions of greenhouse gases such as methane and CO₂, they also often come with a destructive footprint for the environment and for the health of local communities living near the extraction, production and distribution sites. As Europe consumes more and more of this extreme energy (notably via liquefied natural gas from US shale gas), it shares responsibility for their production. The recent ratification of the Paris Agreement by the EU and its emission reduction commitments tell us that the reliance on these fossil fuel needs to end.

Fossil fuels also come with a considerable economic cost for citizens. **The oil, coal and gas industries are subsidised to the equivalent of 6.5% of global GDP**: \$5.3 trillion in 2015. While Russia, the US and China are the biggest contributors, Europe's contribution is approximately €300 billion³.

This is backed by EU public policy. In the last three years alone, **new and planned gas infrastructures in EU have been allocated more than €1 billion of European public subsidies⁴**. There is now little justification for further infrastructure. In 2014 Lithuania acquired an LNG terminal with €448 million of state aid (with the European Commission's green light). And yet, despite the 34% drop in gas demand in North Eastern Europe between 2010 and 2015 (see graph), and despite the fact that the terminal alone can provide enough gas for the three Baltic States' yearly consumption, there are now proposals for further terminals in Latvia and Estonia. The construction of these mega fossil fuel projects, backed by taxpayers' money, will inevitably create a new long-term fossil fuel lock-in that we cannot afford as the world approaches a 1.5°C increase in global temperatures and the devastating impacts of climate change are already being felt.

1 <https://public.wmo.int/en/media/press-release/wmo-confirms-2016-hottest-year-record-about-11C2%B0c-above-pre-industrial-era>

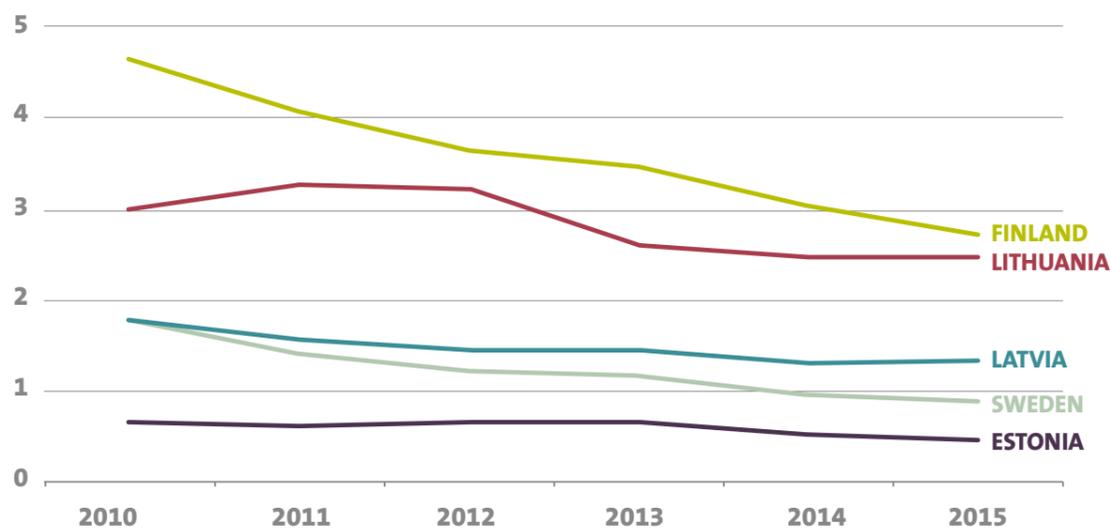
2 <http://www.sciencedirect.com/science/article/pii/S0306261916302495>

3 <http://www.sciencedirect.com/science/article/pii/S0305750X16304867> & <https://www.theguardian.com/environment/climate-consensus-97-per-cent/2017/aug/07/fossil-fuel-subsidies-are-a-staggering-5-tn-per-year>

4 <http://www.foeeurope.org/commission-billionth-euro-fossil-fuel-subsidies-170216>

2010-2015 gas demand in North Eastern Europe (in billion cubic meter).

Source: Eurostat



Community Power cools the climate

One vital way that the Clean Energy Package can be meaningful to citizens is by genuinely enabling people's ownership of renewable energy.

The need for climate protection and clean energy is often stated by Member States as an EU priority. If the impact of the energy transition is perceived as negative by citizens, then this negativity will be associated with Brussels. On the other hand, if the right legal framework is put in place for people to benefit from the energy transition, people will be able to feel the benefit of EU level decision making. Putting people in control of their own local energy is the perfect counter argument for Eurosceptics who demand we "take back control".

Citizens and communities all over Europe have started to build up community renewables projects in their local areas. The projects are hugely popular with people because they provide many benefits such as local jobs and value creation for the local economy. Being involved in community energy projects gives communities a sense of pride in what they can achieve. However, far too often attempts by communities to set up projects hit barriers that slow them down or prevent them from coming to fruition.

The Clean Energy Package is likely to be seen as complicated and technical by the majority of Europeans who at best find it irrelevant and at worst view it as an interference from Brussels. However this negative reception can be avoided if directives genuinely and boldly set up the right conditions for people to benefit from the transition to renewable energy. This is a way for the EU's energy policy to have a positive impact that people feel in their homes, communities and daily lives.

The current Clean Energy Package proposal makes some noise about community energy but the provisions are in no way strong or bold enough to make a profound and positive difference to people's lives. Brussels must finally deliver!



Electricity markets should work for community energy

Many communities and municipalities across Europe see the benefits of local energy ownership and wish to set up projects. By 2050, almost half of all EU households could be producing renewable energy, about 37% of which could come through involvement in an energy community⁵. However these projects are often slowed down or hit barriers related to market design and how the European energy market functions.

Community ownership projects need to be guaranteed fair and non-discriminatory access to the market. Citizens should have the right to be supplied with green, locally produced energy and electricity regulation should enshrine that right.

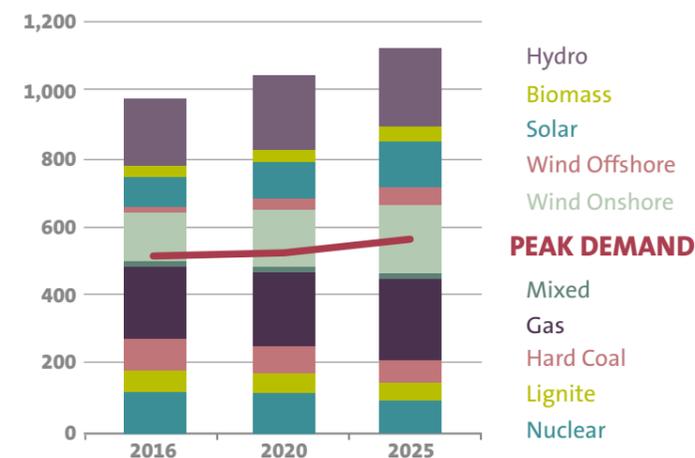
Yet community renewables often hit a major barrier to entry: the energy market is distorted by overcapacity. While some large energy companies may argue that overcapacity is not evenly distributed across Europe, the solution is to this is to provide better interconnection and demand response rather than to subsidise even more capacity.

However the fossil fuel industry is attempting to hold onto market share and to keep burning polluting fossil fuels with the creation of capacity markets. In these markets, energy generators are paid not just for supplying energy to the wholesale market, but for having their capacity on standby. This means payments tend to end up going to old coal, nuclear and gas plants.

Capacity markets cost billions and the cost often ends up being borne by consumers.

European citizens do not want to subsidise old dirty power plants that should have been retired already. They want the opportunity to benefit from participating in the energy market – which is what the market should be designed for.

Overcapacity in the EU



Source: Regulatory Assistance Project, based on data from ENTSO-e's 2016 System Outlook & Adequacy Forecast

⁵ CE Delft (2016). The Potential of Energy Citizens in the European Union. http://www.cedelft.eu/publicatie/the_potential_of_energy_citizens_in_the_european_union/1845

Warm homes, not the climate

Energy efficiency is often perceived as a technical debate, because it is framed as such. We calculate the energy intensity of economies, which translates into figures, graphs and national targets. **This frames efficiency in a negative way: it becomes a problem to be fixed, another cost of the transition, a burden on public budgets.** This is looking at things from the wrong perspective.

We must change the way we talk about energy efficiency. It is not a cost: it is first and foremost an opportunity to change the way we talk about the transition and to shift the focus to people's concrete and everyday concerns.

Improving energy efficiency means putting a stop to massive energy waste across Europe that costs people and costs the planet. In Europe, 75% of buildings are inefficient: they are impossible to keep warm in winter, and lead to huge energy bills for families. This feeds into energy poverty, which affects up to 125 million Europeans who cannot adequately light, heat or cool their homes.

This has tremendous impacts on people's health. We spend 90% of our time indoors, and bad homes cause a

variety of diseases, mainly cardiovascular and respiratory. Energy poverty also causes up to 100,000 excess winter deaths across the continent every year. Energy poverty has also been shown to affect mental health, which feeds into a negative feedback loop of social exclusion.

To fight energy poverty, we need to address its root causes: leaky homes and rising energy prices.

- **We need massive renovations.** Keeping the pace to the current 1% per annum renovation rate would mean decades lost. An ambitious efficiency target for 2030 is crucial to boost both public and private investments. **Every percentage point of increased renovation lifts 7 million people out of energy poverty.**
- **Renewable prices don't fluctuate.** Community-owned energy projects are part of the solution: many of these projects exist because of people's wishes to eliminate energy poverty in their neighbourhoods. Studies show community ownership also supports energy savings: people avoid wasting energy when they produce it themselves.



The Clean Energy Package we need

For clean air, revitalised local economies, strong communities, warm homes and a safer climate: we need a fossil free, community-powered, waste free energy system for Europe by 2030.

To achieve this, the Clean Energy Package for All Europeans must deliver:



Cut energy waste: invest in energy efficiency!

1. We need at least a 40% binding energy efficiency target for 2030 to move beyond business as usual, along with at least a 1.5% annual savings target, excluding loopholes.
2. Make 'efficiency first' a reality: efficiency efforts should replace any new fossil-fuel project as part of the phase-out of dirty energy.
3. Now is the time for action on energy poverty: specific measures and strategies to combat energy poverty must be included in the Clean Energy Package, including in the energy savings obligation of the Energy Efficiency Directive.

Make the Renewables Directive work better for community energy

1. Strengthen the definition of Renewable Energy Communities so that it is not open to abuse.
2. Continue financial support schemes for community energy projects.
3. Create national or regional one stop shops with targets for community energy – as was done in Scotland.
4. Create specific mechanisms to facilitate access to those in energy poverty to access community energy schemes.

Market Design that boosts the integration of Renewables in the energy system

1. The legal framework must ensure a level playing field for all players including Local Energy Communities, a level playing field may require different treatment for different actors.
2. Priority access/ dispatch for renewables – especially for small actors – must be maintained until it is demonstrated that market distortions incentivising inflexible overcapacity have been dealt with.
3. Provisions on the definition of "Local Energy Communities" need to be clarified so the definition is not open to abuse.
4. No subsidies for polluting fossil fuels plants in the form of "capacity payments".



Friends of the Earth Europe is campaigning to create the much-needed, fair and urgent transition to a fossil fuel free Europe by 2030. This means dismantling the fossil fuel system and creating the just, clean energy future that people want and need.



Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.



Friends of the Earth Europe gratefully acknowledges financial assistance of the European Climate Foundation and the European Commission DG Environment for this publication. The contents of this briefing are the sole responsibility of Friends of the Earth Europe and cannot be regarded as reflecting the position of funders. Funders cannot be held responsible for any use which may be made of the information this briefing contains.