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***Clean Energy negotiations final stretch:
How can the final deal secure Energy Intensive Industries'
competitiveness?***

Significant progress has been achieved by co-legislators towards adopting a Clean Energy policy framework for the period towards 2030. During the final stretch towards achieving an agreement, **the Alliance of Energy Intensive Industries (AEII)** would like to highlight key success factors, which will allow a successful transition for EU industry to a low-carbon economy.

Our sectors provide low-carbon solutions in the field of renewable energy, energy performance of buildings, transport, CCU and beyond. The transition to a low-carbon economy therefore offers new market opportunities and we would like to see our efforts and the investments towards this path be encouraged by EU regulation.

Energy is also our lifeblood. Industry consumes 25% of EU28 final energy. In order to compete on a global scale, we need access to affordable and reliable energy. If Europe is to continue developing smart, innovative and sustainable solutions for a low-carbon economy, we need to stay attractive for investments.

Key success factors for the Clean Energy Package:

1. The competitiveness dimension is put on an equal footing with other dimensions in the **Governance of the Energy Union**

To ensure a successful transition, it makes sense to deal with climate, energy and industrial policies in a holistic manner. Therefore, it is important that Member States and the European Commission regularly track progress on the competitiveness dimension of the Energy Union as well as Research and Innovation (EP Amendment 59 and 192).

The impacts of planned policies and cumulative costs from energy and climate policies affecting EU consumers including industry must be regularly measured, compared to the international situation and reported publicly.

2. A growth-compatible **energy efficiency** policy

With technologies available at the moment it may not be feasible to completely separate industrial production from energy consumption because the industry will always need energy to manufacture. Under the most ambitious scenarios, industry's efforts to reduce GHG emissions would even lead to greater energy consumption (due to e.g. electrification, CCS/CCU, switch to biomass...). The formulation of the EU Energy Efficiency target should therefore leave room for growth and technological developments, by maintaining the current approach (limit on primary or final energy) and allowing some form of adjustment depending on macro-economic trends.

Furthermore, energy use in industry is also regulated by the EU ETS. It is therefore important to maintain current exemptions for industrial energy consumption and to minimise the impact of direct and indirect costs of energy savings schemes on energy-intensive industries exposed to international competition (EP Amendment 65).

3. A fully liberalised and technology-neutral **electricity market**

The reformed electricity market should foster the emergence of market-based energy production and pricing mechanisms that include all energy sources equally. This requires equal treatment of all generation technologies, along with the development of more flexible generation and demand, as well as competitive electricity storage technologies.

While creating new opportunities, the growing share of variable **renewable energy production** in the grid represents a challenge. Energy Intensive Industries support more market-based funding for the production of renewable electricity. We also urge decision makers to put more thought on further development of storage, the role of industry and the viability of support schemes when the renewable share further increases.

4. Long-term low-emission strategies must be based on **strong data and bottom-up impact assessment** including effects on industry

The transition towards carbon neutrality will require a major paradigm shift for European industry supported by strong innovation policies. It will be about transformational rather than incremental changes requiring significant investments. The EU's level of ambition must therefore reflect the bottom-up potential of each segment of the economy and must be based on realistic scenarios supported by strong data. On the journey to 2050, we also believe that CO₂ should not only be seen as a liability but also as a resource that can be better valorized.