

## EU Climate and Energy Package Renewable Energy (RES)

### WKO Position

#### General remarks

1. WKO supports a fair and transparent distribution of climate and energy targets among Member States. Targets should promote convergence among Member States in terms of structural indicators such as energy and CO<sub>2</sub> efficiency. They must be based on an analysis of which potentials can be realised where, to which extent and at which cost until 2020.
2. Setting climate and energy policy targets must not weaken the competitiveness of European companies nor the attractiveness of the EU as a production location in comparison with the rest of the world. The EU must therefore work towards a global climate agreement with adequate obligations of relevant industrial, emerging and developing countries.
3. To meet these ambitious targets cost-efficiently the EU and its Member States should rely on a balanced mix of instruments, in particular a strong push forward for energy efficiency, an increased share of renewable energy sources and new CO<sub>2</sub> abatement technologies such as Carbon Capture and Storage (CCS).

#### Renewable Energy

4. We welcome the move towards **overall RES targets** instead of sectoral targets for renewable electricity currently set at EU level. We also welcome the inclusion of heating and cooling, giving Member States the flexibility to set sectoral targets for electricity, heating and cooling and biofuels according to national circumstances and potentials.
5. **National RES targets** should be based on early actions and additional available potential in every Member State so as to ensure cost-efficiency in achieving the overall 20% RES target. As far as the proposed 34% target for Austria is concerned, it currently seems out of reach considering projected trends in energy consumption. Targets must not be set in such a way that Member States are a priori dependent on the acquisition of Guarantees of Origin (GO) in order to meet their targets.
6. Generally speaking, any increase in the share of renewable energy in our view requires a much stronger focus on **energy efficiency**. This follows from the expression of the target as a share of total energy consumption. Energy saving measures must target final energy consumption as well as the conversion efficiency of energy generators and distribution losses.

7. The **Guarantee of Origin** scheme, as a market-based instrument, may help reduce the costs of target compliance by allowing for trade in "certified renewable energy". Trading by RES producers, however, could lead to increased overall costs as they will aim for the highest support paid by any support scheme. Moreover, a single GO price could create windfall profits for low cost technologies. We therefore welcome the limits to GO trading by companies in the Commission's proposal, in particular the exclusion of existing installations and the possibility for Member States to prevent "GO leakage" by restricting exports. To increase flexibility, banking of GOs, eg by extending the validity period to 2 years, should be considered. With regard to heating and cooling, we propose to include smaller installations from 1 MW<sub>th</sub> instead of 5 MW<sub>th</sub>.
8. Even though it may be premature to fully harmonise national **support schemes** minimum design criteria should be established, including the following requirements:
  - Create a stable and predictable, long-term legal framework to encourage investment and lower risk premiums
  - Decrease financial incentives over time to take account of technological learning
  - Limit support to the difference between generation cost and the market price, including a normal return on capital; avoid over-subsidisation of existing plants
  - Promote CHP vis-à-vis the separate production of electricity and heat by introducing minimum conversion efficiency rates (eg 60%) for biomass
  - Reduce administrative barriers by creating one-stop-shops and simplified permit procedures
  - Establish RES deployment programmes for hydro, wind and solar power to identify the best available locations and include spatial planning considerations
9. The use of **biofuels**, in our view, contributes not only to reducing dependence on fossil fuels but also to reducing CO<sub>2</sub> emissions in the transport sector. Therefore we support both the 10% minimum share of biofuels and the development of sustainability criteria for their production and consumption. Such criteria should also be considered for biomass in general, taking into account land use in third countries so as to avoid a mere "transfer" of CO<sub>2</sub> emissions. It still remains to be clarified how the fulfilment of criteria can be controlled in practice. Technical specifications for biofuels such as those proposed for biodiesel must be developed within CEN; they should not be part of an EU directive.
10. We acknowledge the importance of **information and training** in order to facilitate RES deployment. Austria has already introduced specialised courses on energy efficiency and RES technologies in its vocational training and professional qualification schemes. We do not want these existing schemes to be undermined by an additional mandatory EU certification scheme; therefore we believe that the certification scheme set out in Annex IV of the draft directive should be dropped.
11. The **buildings** sector offers large potentials for renewables as well as energy efficiency. We believe that technology neutral minimum standards based on energy consumption and/or CO<sub>2</sub> emissions should be adopted rather than a renewables obligation. A comprehensive discussion on buildings requirements should in our view take place during the upcoming revision of the buildings directive.