

Brussels, 10 January 2007

## **Commission proposes an integrated energy and climate change package to cut emissions for the 21<sup>st</sup> Century**

*The European Commission today proposes a comprehensive package of measures to establish a new Energy Policy for Europe to combat climate change and boost the EU's energy security and competitiveness. The package of proposals set a series of ambitious targets on greenhouse gas emissions and renewable energy and aim to create a true internal market for energy and strengthen effective regulation. The Commission believes that when an international agreement is reached on the post-2012 framework this should lead to a 30% cut in emissions from developed countries by 2020. To further underline its commitment the Commission proposes that the European Union commits now to cut greenhouse gas emissions by at least 20% by 2020, in particular through energy measures.*

Commission President José Manuel Barroso said: "Today marks a step change for the European Union. Energy policy was a core area at the start of the European project. We must now return it to centre stage. The challenges of climate change, increasing import dependence and higher energy prices are faced by all EU members. A common European response is necessary to deliver sustainable, secure and competitive energy. The proposals put forward by the Commission today demonstrate our commitment to leadership and a long-term vision for a new Energy Policy for Europe that responds to climate change. We must act now, to shape tomorrow's world".

Commissioner for Energy Policy, Andris Piebalgs said, "If we take the right decisions now, Europe can lead the world to a new industrial revolution: the development of a low carbon economy. Our ambition to create a working internal market, to promote a clean and efficient energy mix and to make the right choices in research and development will determine whether we lead this new scenario or we follow others."

Stavros Dimas, Commissioner for the Environment stated that "Climate change is one of the gravest threats to our planet. Acting against climate change is imperative. Today, we have agreed on a set of ambitious, but realistic targets which will support our global efforts to contain climate change and its most dire consequences. I urge the rest of the developed world to follow our lead, match our reductions and accelerate progress towards an international agreement on the global emission reductions".

Europe faces real challenges. There is a more than 50% chance that global temperatures will rise during this century by more than 5°C. On current projections, energy and transport policies would mean that rather than falling, EU emissions would increase by around 5% by 2030. With current trends and policies the EU's energy import dependence will jump from 50% of total EU energy consumption today to 65% in 2030. In addition, the internal energy market remains incomplete which prevents EU citizens and the EU economy from receiving the full benefits of energy liberalisation.

The package proposed by the Commission today seeks to provide solutions to these challenges based on three central pillars:

### **1. A true Internal Energy Market**

The aim is to give real choice for EU energy users, whether citizens or businesses, and to trigger the huge investments needed in energy. The single market is good not just for competitiveness, but also sustainability and security.

The competition sector enquiry (see [IP/07/26](#)) and the internal market communication show that further action is required to deliver these aims through a clearer separation of energy production from energy distribution. It also calls for stronger independent regulatory control, taking into account the European market, as well as national measures to deliver on the European Union's target of 10% minimum interconnection levels, by identifying key bottlenecks and appointing coordinators.

### **2. Accelerating the shift to low carbon energy**

The Commission proposes to maintain the EU's position as a world leader in renewable energy, by proposing a binding target of 20% of its overall energy mix will be sourced from renewable energy by 2020. This will require a massive growth in all three renewable energy sectors: electricity, biofuels and heating and cooling. This renewables target will be supplemented by a minimum target for biofuels of 10%. In addition, a 2007 renewables legislative package will include specific measures to facilitate the market penetration of both biofuels and heating and cooling.

Research is also crucial to lower the cost of clean energy and to put EU industry at the forefront of the rapidly growing low carbon technology sector. To meet these objectives, the Commission will propose a strategic European Energy Technology Plan. The European Union will also increase by at least 50% its annual spending on energy research for the next seven years.

At present, nuclear electricity makes up 14% of EU energy consumption and 30% of EU electricity. The Commission proposals underline that it is for each member state to decide whether or not to rely on nuclear electricity. The Commission recommends that where the level of nuclear energy reduces in the EU this must be offset by the introduction of other low-carbon energy sources otherwise the objective of cutting greenhouse gas emissions will become even more challenging.

### **3. Energy efficiency**

The Commission reiterates the objective of saving 20% of total primary energy consumption by 2020. If successful, this would mean that by 2020 the EU would use approximately 13% less energy than today, saving 100 billion euro and around 780 tonnes of CO<sub>2</sub> each year.

The Commission proposes that the use of fuel efficient vehicles for transport is accelerated; tougher standards and better labelling on appliances; improved energy performance of the EU's existing buildings and improved efficiency of heat and electricity generation, transmission and distribution. The Commission also proposes a new international agreement on energy efficiency.

The proposals centred on these three pillars will need to be underpinned by a coherent and credible external policy

An international Energy Policy where the EU speaks with one voice

The European Union cannot achieve its energy and climate change objectives on its own. It needs to work with both developed and developing countries and energy consumers and producers. The European Union will develop effective solidarity mechanisms to deal with any energy supply crisis and actively develop a common external energy policy to increasingly "speak with one voice" with third countries. It will endeavour to develop real energy partnerships with suppliers based on transparency, predictability and reciprocity.

Drawing on the consultation process on its Green Paper issued in 2006, the Commission has already made progress towards a more coherent external energy policy as demonstrated by the creation of a network of energy security correspondents. The Commission proposes a whole series of concrete measures to strengthen international agreements including the Energy Charter Treaty, post-Kyoto climate regime and extension of emissions trading to global partners and further extend bilateral agreements with third countries so that energy becomes an integral part of all external EU relations and especially of the European Neighbourhood Policy. As major new initiatives the Commission proposes to develop a comprehensive Africa-Europe partnership and an international agreement on energy efficiency.

Concrete action is required urgently. Taken together, the sector enquiry, strategic review and action plan represent the core of a proposed new European Energy Policy. This process seeks to move from principles into concrete legislative proposals. The Commission will seek endorsement of the energy and climate change proposals during the Spring European Council and will come forward with legislation in light of these discussions.

All the documents can be found at the following addresses:

[http://europa.eu/press\\_room/presspacks/energy/index\\_en.htm](http://europa.eu/press_room/presspacks/energy/index_en.htm)