

Quaker Council for European Affairs

Response to the European Commission's Consultation regarding The Europe 2020 Strategy

QCEA is registered on the European Commission's transparency register. Identification number:
3960234639-24

The Quaker Council for European Affairs (QCEA) is an NGO representing the views and concerns of European members of the Religious Society of Friends (Quakers) on issues of peace, human rights, economic justice, sustainability and democratic governance. We advocate non-violent approaches to conflict resolution, promote policies that respect the intrinsic equality of all people everywhere, and try to ensure that European policy sustains the planet's resources and the lives of all those who share them. We have been active in these areas at the European level since 1979.

For you, what does the Europe 2020 strategy mean? What are the main elements that you associate with the strategy?

For the Quaker Council for European Affairs (QCEA), the Europe 2020 strategy is important as it recognises the flaws of our growth model and the importance of climate and environmental elements in changing that model. QCEA advocates that any economic system or energy framework must include consideration of human well-being, and the well-being of the planet, at its heart.

The failure to consider human and planetary well-being is the central flaw in our current economic growth model. It is crucial that the European Union not evaluate success using indicators, like economic growth and job creation, which are based solely on quantity of production. Instead the EU should use indicators based on quality of life and production such as living sustainably on the earth and ensuring the well-being of all its citizens. The targets for 20 percent renewable energy, 20 percent increase in energy efficiency and a 20 percent reduction in greenhouse gas emissions are vital, enabling the EU to counter climate change in the short-term.

The recognition of the need to improve efficiency in order to decouple economic growth from the use of natural resources is particularly important as we cannot continue to use more resources as the economy grows.

We consider the sustainability of our energy supply to be vital, and the move towards a low-carbon economy of central importance, as it is imperative we do not exceed the 2°C warming limit. According to the Global Carbon Project's annual report for 2014, 40.3 billion tonnes of carbon dioxide will be emitted in 2014, putting us on track to exhaust the carbon budget by 2045.¹ Current policies are predicted to cause a temperature

¹ <http://www.carbonbrief.org/blog/2014/09/world-on-course-to-overshoot-two-degrees-target-study-shows/> [accessed 14/10/14]; <http://www.globalcarbonproject.org/carbonbudget/14/hl-full.htm> [accessed 14/10/14]

increase between 3.6 and 5.3°C, and the International Energy Agency (IEA) has called for intensive action before 2020 in order to keep within the 2°C limit.² Energy policy is at the heart of this action. Clearly action against climate change is urgent, and Europe 2020 enables us to take some action, but the urgency and severity of the problem requires even more ambitious actions, targets and policies.

Overall, do you think that the Europe 2020 strategy has made a difference? Please explain.

The Europe 2020 strategy has made a difference in making EU Member States commit to reducing the effects of climate change. The considerable improvements should be recognised: greenhouse gas emissions had fallen 18 percent below 1990 levels by 2012 and energy consumption fell by 8 percent 2006-2012. Additionally, renewable energy sources represented a 14.4 percent share of energy consumption by 2012.³

However, the European Commission estimates that a third or more of the reduction is due to the financial crisis,⁴ casting doubt on the effect of Europe 2020 targets. At the same time, these improvements show that strong, ambitious and binding targets must be persisted with, rather than abandoned. The importance of making targets binding is also shown by the fact that the European Union is expected to miss the non-binding energy efficiency target by “only” 1-2 percent, which equates to the total annual consumption of Denmark and the Czech Republic combined.⁵ This shows the insufficiency of relying on voluntary measures: binding targets encourage strong action.

While the Europe 2020 targets have made a difference, there is still much more to be done. The situation is urgent and the European Union, must continue to do all it can to limit energy and fossil fuel consumption. The European Union represents about 15 percent of global energy demand,⁶ so together we can make a sizeable difference. However, it is clear that EU targets must also set an example to the international community, and European heads of state should take the lead in agreeing an ambitious global climate treaty, considering the well-being and future of the people they represent.

QCEA advocates that the EU should take strong targets to the UN Paris conference in December 2015. They should include raising the 2020 greenhouse gas reduction target to 30 percent, as the IPCC has estimated that developed countries must lower their greenhouse gas emissions by 25-40 percent by 2020 in order to avoid the 2°C limit.⁷ The 20 percent increase in energy efficiency by 2020 should be made binding, and translated into ambitious national targets. For 2030, the EU should target at least a 49 percent greenhouse gas reduction, at least 30 percent renewable energy sources (excluding

2 International Energy Agency., *Redrawing the Energy-Climate Map. World Energy Outlook Special Report*, (International Energy Agency: London, 2013), p. 9.

3 European Commission, *Taking stock of the Europe 2020 strategy for smart sustainable and inclusive growth* (European Commission: Brussels, 2014), p. 13.

4 European Commission, *Energy Efficiency and its contribution to energy security and the 2030 Framework for climate and energy policy*, (European Commission: Brussels, 2014), p. 4.

5 <http://www.e3g.org/news/media-room/making-sense-of-the-numbers-what-does-the-Commissions-30-energy-efficiency> [accessed 10/10/14]

6 Ecofys, *Saving energy: bringing down Europe's energy prices for 2020 and beyond* (Ecofys 2013), p. 7

7 International Panel on Climate Change (2007), *Fourth Assessment Report*, Chapter 13: Policies, instruments, and co-operative arrangements, p 776, <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter13.pdf>

biofuels and nuclear energy) given that the EU may exceed the 2020 target and a 40 percent energy efficiency target. These targets will put the European Union in a good position to meet the 2050 target of 80-95 percent decarbonisation.

Has the knowledge of what other EU countries are doing in Europe 2020 areas impacted on the approach followed in your country? Please give examples.

[QCEA has not replied to this question, since it represents Quakers at the European level]

Has there been sufficient involvement of stakeholders in the Europe 2020 strategy? Are you involved in the Europe 2020 strategy? Would you like to be more involved? If yes, how?

QCEA views public consultation as very important, and more consultation and involvement of stakeholders is always desirable. However, how consultation is carried out, and who is consulted, are essential factors in a good consultation. The public opinion is clear: a Eurobarometer survey from September has shown that 95 percent of Europeans consider protecting the environment to be in their personal interest while 70 percent think that not enough is being done by governments to protect the environment. 77 percent feel not enough is being done by business and industry.⁸ It therefore seems incongruous that 232 national businesses and associations along with 51 individual companies were consulted on the Europe 2020 strategy⁹ as they could lessen the ambition of climate targets.

The European Commission has expert groups on gas although no expert group on renewable energy is obvious on the European Commission website. The gas expert group is dominated by companies from gas industries. Thus, corporations making a profit from increased energy usage, have an opportunity to affect European Commission policy, while the public and renewable businesses have no such opportunity to directly advise the European Commission. The expert group for policy development and implementation of CO₂ from road vehicles, for example, includes four automobile industry associations and just one environmental NGO.¹⁰ Stakeholder consultation should be more fairly weighted, allowing environmental groups and renewable industry representatives to make their case and share their expertise for the challenges ahead.

It is important that our energy policy-making becomes more democratic as the public at large must have a voice in energy and climate decision making. The Global Day of Action on climate change, on the 21st September 2014, showed the strength of public opinion on the matter. Conversely, the dominant agenda of powerful fossil fuel companies (which, in 2012 represented 19 of the world's 50 leading corporations) must be resisted. The importance of these companies in the global economy gives them substantial political influence, allowing them to protect their own financial interests at the expense

8 European Commission, *Special Eurobarometer 416, Attitudes of European Citizens towards the environment Summary*. (Brussels: 2014), p. 22 http://ec.europa.eu/public_opinion/archives/ebs/ebs_416_sum_en.pdf [accessed 14/10/14]

9 European Commission, *Working document, Europe 2020 – public consultation overview of responses* (European Commission: Brussels, 2010), p.3 states that 232 EU and national business and professional federations and 51 individual companies were consulted compared with 190 NGOs.

10 <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail&groupID=2795> [accessed 14/10/14]

of the planet, and local communities. This is due to the fact that energy systems are intended to make a profit, rather than to act as a public service. Everyone is affected by climate change, so everyone must have a voice in the decisions that affect them, including those related to energy.¹¹

Do the current targets for 2020 respond to the strategy's objectives of fostering growth and jobs?

The current targets may well achieve the objectives of fostering growth and numbers of jobs, but QCEA takes the view that this objective places misguided emphasis on economic growth and jobs for the sake of statistics. It also displays an underlying assumption that producing more things and creating more jobs are synonymous with development and well-being, which is not true. This system equates 'more' with 'better', when policy makers should be concerned instead with increased quality, for their citizens and the planet. Focussing on increasing the quality of products, rather than the quantity of them, would also create jobs. Not only will demand for endless economic growth result in a rapid depletion of the Earth's resources, but beyond a minimum level, increased wealth does not contribute to human well-being. There is no evidence that increased Gross Domestic Product bears any correlation to life expectancy, beyond around \$18,000 a year per capita. In fact, countries continuing to produce more without reason cause health and environment problems meaning the government then has to chase to repair the damage caused by the economy.¹²

Growth and jobs are not all. European Union strategies should have two aims: increasing citizens' well-being (which of course includes creating long-term jobs with a decent wage that can ensure people have enough for a good quality of life) and decoupling growth from resource use in order to make as little impact as possible (to tread lightly, as Quakers might say) while still ensuring the welfare of every person.

QCEA advocates that Europe should leave behind the current globalised economic model focussed only on GDP and not well-being, as it is not good for workers or the planet. We should aim for an economy where corporate success is measured in terms of influence on society, nature, and workers - their social capital. We believe that corporations should have to account for more than just their own profits, and that they should be taxed based on their negative externalities,¹³ such as their impact on the environment (depleting resources), and through that the health of their workers and the local communities they might affect. The economic crisis and challenge of climate change offer an opportunity for necessary change of the economy and society to prioritise the environment and social well-being.

This economic module should also be low carbon. Economists and politicians are developing a view that a low-carbon economy is possible and that protecting the environment and growing the economy are mutually reinforcing rather than mutually exclusive. QCEA considers this to be a step forward in recognising the potential benefits of a sustainable approach as well as the obligation to develop that approach.

A recent report from the Global Commission on the Economy and Climate (GCEC) has

11 <http://www.worldwatch.org/energy-democracy-bringing-power-people> [accessed 14/10/14]

12 Coutrot, Thomas and Jean Gadrey, *ETUI Policy brief No.3 'Green Growth' is called into question* (2012), p. 4-5.

13 <http://www.etui.org/News/Greening-the-economy-from-1920s-thinking-to-corporation-2020> [accessed 14/10/14]

outlined that if strong action is taken now to shape structural and technological change, climate change can be tackled and lasting, low-carbon economic growth created.¹⁴ This sentiment was echoed by world leaders at the 2014 United Nations climate summit in New York. QCEA welcomes this development, but emphasises that considerations of costs and growth should always come second to how effectively a policy mitigates climate change. The price of pro-active action is tiny compared with the overwhelming cost of inaction. Combining effective and adequate climate action with economic growth would require a completely different type of economy from our current high-carbon system, where increasing production is the overarching aim.

Reducing carbon emissions is possible through a different economic model. Investment in a low-carbon economy is not only an imperative but will save costs of trying to respond to more extreme changes later on.¹⁵

Among current targets, do you consider that some are more important than others? Please explain.

The three targets relating to greenhouse gas emissions, renewable energy sources and energy efficiency are all very important. However, the European Commission has admitted that economic recovery could sideline these targets,¹⁶ especially energy efficiency and it is imperative that this be avoided. Environmental protection and combating climate change must not be undervalued compared to economic growth and job creation. Devoting considerable resources to climate change, and transitioning to a low-carbon economy, would help prevent any economic recovery from hindering the achievement of these targets. We cannot expect market mechanisms to allow for this necessary change of direction, so governments must take the lead.

The importance of energy efficiency, the only climate related target that was not binding, has been emphasised in a 2013 report by Ecofys. The report notes the many benefits to energy savings, economically and environmentally. Energy efficiency measures reduce the money needed for energy, can reduce energy prices create employment and decrease dependency on imports. Further, energy efficiency measures in conjunction with ambitious renewable energy targets will lessen the share of fossil fuels in the energy mix. The IEA has estimated that energy efficiency measures (including higher performance standards in buildings for lighting, appliances, heating and cooling, for vehicles and motor systems) could result in a global reduction of 1.5 Gt of emissions in 2020.¹⁷

Increasing our energy efficiency - both in terms of demand reduction, and wasting less - is one of the most important ways we can decouple growth from resource use. It is not possible to sustain the current model of growth, as it requires ever increasing resources, which are not only finite, but which also damage our environment, and human well-being.

14 The Global Commission on the Economy and Climate, *Better growth, Better climate. The new climate Economy Report, The Synthesis report* (New Climate Economy: Washington DC, 2014),.

15 Climate Action Network Europe, *30% Why Europe should strengthen its 2020 climate action* Climate Action Network Europe (CAN Europe: Brussels, 2013), p. 6.

16 European Commission, *Taking stock of the Europe 2020 strategy*, p. 13.

17 IEA, *Redrawing the Energy-Climate Map*, p. 10

Do you find it useful that EU-level targets are broken down into national targets? If so, what is, in your view, the best way to set national targets? So far, have the national targets been set appropriately/too ambitiously/not ambitiously enough? Having headline targets at a European level is important, and it is equally crucial to break those down into national targets so that EU Member States maintain clarity in their policy-making, remain responsible for the overall headline target and allow flexibility within the Union.

Setting these targets solely at the EU-level would increase the chance that individual EU Member States will not see it as their responsibility. The fact that the EU is on course to surpass the 20 percent greenhouse gas emissions reduction target shows that the target was not ambitious enough. That lack of ambition risks causing complacency among stakeholders and uncertainty about the actions necessary in the coming years

QCEA considers that the Effort Sharing Decision (ESD) under the 2020 targets is well-intentioned in terms of trying to make the 2020 targets as fair as possible between all the EU Member States. However, the ESD is clearly premised on the view that lower-income EU Member States are obliged to go through a stage of growth based on fossil fuels. This is an outdated economic paradigm. With financial and technical support from the EU, lower-income countries with old fossil fuel infrastructure could switch to low-carbon infrastructure now, rather than allowing their emissions to increase before they make that transition. Take Poland for example: under the ESD for Europe 2020, Poland is allowed to increase its greenhouse gas emissions by 14 percent (compared to 2005 levels) by 2020. Its electricity infrastructure - 90 percent coal-fired power plants - is ageing and inefficient, with over half of installed capacity over 30 years old, with 20 percent older than 40. Rather than encouraging Poland to spend money on renovating fossil fuel plants, the 2020 targets and ESD could instead have encouraged Poland to invest an estimated €90-100 billion in clean, efficient energy sources - not shale gas or coal.¹⁸ This is particularly important given that the International Energy Agency predicts that the emissions allowable in a 2°C trajectory will already be confirmed by infrastructure existing by 2017. Thus no more high-carbon infrastructure should be built after this date, and from then on new emissions should be forestalled.¹⁹ Updating Poland's high-carbon infrastructure therefore makes no sense in terms of climate policy. The IEA has also predicted that preventing the building of new coal-fired plants and limiting the use of the least efficient existing ones, would reduce global emissions by around 640 Mt in 2020, so there is considerable environmental benefit for divesting from coal.²⁰

13 EU Member States are currently not expected to meet their greenhouse gas reduction targets for 2020. The EU must enable and encourage them to make additional efforts to do so. It is also necessary for the EU to monitor and regulate Member States' use of support mechanisms, in order to ensure that money and work is being allocated appropriately. More will be said about this below, particularly concerning the Emissions Trading System (ETS) designed to support Europe 2020.

¹⁸ Ecofys, *Saving energy: bringing down Europe's energy prices for 2020 and beyond*, p. 10.

¹⁹ IEA, (2013) *World Energy Outlook*.

²⁰ IEA, *Redrawing the Energy-Climate Map*, p. 10

What has been the added value of the seven action programmes for growth? Do you have concrete examples of the impact of such programmes?

The programmes launched under Resource Efficient Europe have been valuable in supporting and furthering the headline targets. The acknowledgement that “continuing our current patterns of resource use is not an option” is also crucial.

Does the EU need a comprehensive and overarching medium-term strategy for growth and jobs for the coming years?

Medium and long-term planning is vital in order to ensure that our use of the planet's resources as well as economic growth and job creation are sustainable. Careful and detailed planning is crucial given the scale of the transition needed from a high-carbon to a low-carbon economy. A strategy for economic growth should have sustainability at the centre, and not be based on the old, unsustainable model. QCEA advocates that this should include: strong encouragement for private investment in renewable energy technologies, sources and infrastructure (excluding nuclear and biofuels); reform of the ETS; a phasing out of fossil fuel subsidies; avoiding policies that will delay transition to renewable energy (such as fracking, carbon capture and storage and importing gas); and ambitious targets for 2030 and 2050.

For 2030, the EU should target at least a 49 percent greenhouse gas reduction, at least 30 percent renewable (excluding biofuels and nuclear) energy sources, given that the EU may exceed the 2020 target, and a 40 percent energy efficiency target. The 49 percent target has been recommended by Greenpeace and Ecofys.²¹ These targets will put the European Union in a good position to meet the 2050 target of 80-95% decarbonisation. More specific targets and instruments should be added to help achieve the 2050 target.

What are the most important and relevant areas to be addressed in order to achieve smart, sustainable and inclusive growth?

The most important areas to be addressed are that of reforming economic and energy systems to ease transition to a low-carbon economy. The greenhouse gas emissions, renewable energy and energy efficiency targets are crucial to that, as growth will be impossible if it cannot be completely decoupled from resource use. Reforming the energy system and combating climate change also reinforce the anti-poverty measures within the Europe 2020 strategy, as climate change affects the poorest most. Higher energy prices caused by the dwindling fossil fuels resources hit the poorest people in society disproportionately harder than wealthier people. This leads to issues such as fuel poverty, which could be dealt with by energy efficiency measures (which have been shown to considerably lower the price of energy, providing savings are passed on to the end user)²² and renewable energy sources (as, while these have a relatively high initial cost, once they are set up they suffer from none of the problems that fossil fuels do, such as security of supply, and causing environmental damage).

What new challenges should be taken into account in the future?

The challenge of transitioning to a low-carbon economy and society is the biggest challenge of the next 15 years, as well as the biggest opportunity. The aforementioned

²¹Ecofys, (2013), *The next step in Europe's climate action: setting targets for 2030*. http://www.greenpeace.org/eu-unit/Global/eu-unit/reports-briefings/2013/ecofys_PolicyPaper.pdf

²² Ecofys, *Saving energy: bringing down Europe's energy prices for 2020 and beyond*.

GCEC report notes the importance of the next 15 years (to 2030) to the global economy - they estimate that the global economy will grow by more than half, a billion people will move to live in cities, and around \$90 trillion is likely to be invested in infrastructure. Similarly, those 15 years are crucial for climate action, as without strong action in that period, it is near certain that the global average increase will exceed the internationally agreed 2 °C.²³ The period is even more important, as the IPCC has noted that in order to avoid exceeding the 2 °C limit, much of the fossil fuels stocks remaining cannot be used, perhaps as much as 80 percent of global reserves.²⁴ This means action must be taken immediately to divest from fossil fuels - we cannot simply wait until we exhaust the supply.

We cannot rely on rapid technological development to solve all the problems related to the climate. Many previous scientific and technological breakthroughs have later been revealed to be dangerous, or our techniques as only partly mastered. Chlorofluorocarbons were thought to be completely safe, as were asbestos and radioactivity.²⁵ Technologies such as Carbon Capture and Storage (CCS) have not been fully developed and are at best solutions that may become possible in the long term. At worse they give false hope and justify the continued use of fossil fuels.

Fracking will also not only continue our dependence on fossil fuels, but could also have considerable negative effects on the natural environment and human well-being. The European Commission has stated that EU environment policy should be based on the precautionary principle, meaning that techniques such as fracking that could cause environmental damage should be avoided in the absence of scientific consensus around the potential consequences of such extraction. Further green growth cannot rely on a technological revolution because the minerals essential for most new technologies are in short supply.²⁶ Thus the new challenge is that of achieving the transition to a low-carbon economy without relying on technological fixes.

New “unconventional hydrocarbon” technologies such as fracking have also failed to create jobs or increase security, and have often resulted in a decline in conditions for workers, and the erosion of their rights.²⁷

Fuel poverty is a particularly important challenge. EU targets should take this into account in the future as it is vitally important that our transition to a low-carbon economy benefit everyone in society, making affordable energy accessible to all. The European Commission has estimated that 11 percent of EU citizens, or around 56 million people were unable to sufficiently heat their homes in 2012.²⁸ That figure may be as high as 125 million across the continent.²⁹ Energy prices rose by 29 percent between 2005 and 2011, meaning that in some countries over 30 percent of people are unable to afford to

23 GCEC, *Better growth, Better climate*, p. 8.

24 <http://www.theguardian.com/environment/2013/sep/27/ipcc-world-dangerous-climate-change> [accessed 30/09/14]

25 Coutrot, Thomas and Jean Gadrey, *'Green Growth' is called into question*, p. 2.

26 Coutrot, Thomas and Jean Gadrey, *'Green Growth' is called into question*, p. 2

27 <http://www.worldwatch.org/energy-democracy-bringing-power-people> [accessed 14/10/14]

28 Luca Bergamaschi, Ingrid Holmes and Rebecca Lawson. *Making sense of the numbers: what does the Commission's 30% energy efficiency target by 2030 mean and is it enough?* (E3G, 2014), p. 7.

29 European Fuel Poverty and Energy Efficiency, *Tackling Fuel Poverty in Europe. Recommendations Guide for Policy Makers*, (EPEE: 2009), p. 4

pay for the energy needed to keep their homes warm, resulting in many deaths.³⁰ QCEA considers this completely unacceptable, and steps must be taken to support people affected by fuel poverty, and this crisis offers the opportunity to implement changes as part of a low-carbon economy. Energy efficiency measures would be ideal, as one of the main causes of fuel poverty is poor insulation.³¹ The energy efficiency of all buildings must be subject to higher standards than they are currently. One method would be to require companies that emit too much CO₂ to invest in improving the energy efficiency for households suffering fuel poverty.³² Increasing the share of renewables in local areas - with the exception of biofuel crops - would also help combat fuel poverty, as well as assuring greater security of supply. Solar and wind are viable technologies that can produce energy inside the European Union, reducing energy dependency, and issues of fuel poverty. Regional cooperation will also be crucial.

We cannot rely on the market or on technology to deal with the challenge we face, so governments and citizens must take action to make the change to an energy democratic, low-carbon, high-quality economy where the well-being of people and planet are prized above all.

How could the strategy best be linked to other EU policies? *Energy Infrastructure projects*

The climate and energy targets in the strategy should affect fossil fuel projects, particularly gas pipelines and other high-carbon infrastructure that will soon be unnecessary. E3G have predicted that pipelines being built to help lessen dependence on Russian gas (following the Ukraine crisis) will most likely be stranded, as they have calculated demand without reference to the 2020 and 2030 targets.³³ Billions of Euros could be wasted on white elephants. Instead of investing in gas pipelines, which are not only problematic for the climate, but also for energy dependency, the EU should invest in renewable infrastructure, which is problematic for neither. In addition to the resources absorbed into the infrastructure and the loss of land area for other uses and ecosystem services, the cost may be passed onto consumers exacerbating problems of increasing energy prices and fuel poverty.

Energy efficiency measures should result in an overall decrease in energy consumption. Together with an increased renewables share, as per both the 2020 and 2030 targets, energy efficiency would result in a decreased market share of that already reduced consumption for non-renewable energy sources like gas.

An Ecofys report has shown the benefits of energy efficiency measures, particularly in terms of reduced electricity prices for end-users. But a fair proportion of these savings comes from “*avoided investment in energy infrastructure*” [emphasis added].³⁴ The report estimates that if the 20 percent savings target for 2020 was met it could reduce the amount that had to be invested in energy infrastructure by about €30 billion a year.

30 <http://www.euractiv.com/energy/soaring-energy-costs-europeans-p-analysis-519884>

31 EPEE, *Tackling Fuel Poverty in Europe* p. 3.

32 EPEE, *Tackling Fuel Poverty in Europe* p. 12-13.

33 <http://www.euractiv.com/sections/energy/eu-risks-wasting-billions-gas-infrastructure-white-elephants-308625>
[accessed 14/10/14]

34 Ecofys, *Saving energy: bringing down Europe's energy prices for 2020 and beyond* p. 9.

Thus, refraining from building more fossil fuel infrastructure would not only reduce greenhouse gas emissions, but could also benefit individual citizens of the EU, rather than gas and oil companies.

The Emissions Trading System (ETS)

The Emissions Trading System also needs to be reformed in order that it perform its stated function of combating climate change and reducing industrial greenhouse gas emissions. This would include retiring the 2 billion surplus allowances the European Commission has estimated remain in the system³⁵, resulting in a meaningless carbon price. The surplus allowances have completely undermined the ETS's aim to incentivise low-carbon investment.

A report from Climate Action Network Europe, Greenpeace and the WWF has shown the ineffectiveness of ETS support mechanisms under the 2020 agreement, particularly Article 10c. This allowed the ten new EU Member States to continue handing out free emission allowances to power producers until 2019, on the condition that they invest in energy diversification, upgrading infrastructure and clean technology. 680 million allowances, equivalent to about €12billion, were granted by the end of 2012.³⁶ The report has shown, that despite stipulations that the funds be invested in green technologies and modernisation, most has been spent on modernising existing fossil fuel plants, and cutting national budget deficits.³⁷

Investors have called for a “stable reliable and economically meaningful carbon” price that encourages investment to be redirected from fossil fuels towards energy efficiency and renewable energy measures and technology.³⁸

Furthermore, by lowering the ETS carbon price (in this case halving it from €30 a tonne to €15) has meant that European governments have lost almost €70 billion, which could be invested in renewable energy and electricity infrastructure, as is the intention of the scheme.³⁹

The allocation of free allowances has also been promoted with reference to the threat of “carbon leakage”, the idea that industries will relocate outside Europe if the carbon price is raised too high. The current allowance price is well below the European Commission's estimate for a price that would cause industries to relocate (€5 as against €30), and it is questionable whether carbon leakage exists as a phenomenon. Company relocation can be explained by many factors. The World Bank has concluded that “unilateral emissions cuts by industrial countries will have minimal carbon leakage effects.” Any risk of carbon leakage could also be avoided by taxing imports from

35 European Commission, *Executive summary of the Impact Assessment accompanying the document, a policy framework for climate and energy in the period from 2020 to 2030*, (European Commission: Brussels, 2014), p. 2.

36 CAN Europe, Greenpeace European Unit, WWF European Policy Office. *Stronger together. Investment support and Solidarity Mechanisms under the EU's 2030 Climate and Energy Framework*, (2014), p. 6.

37 CAN Europe, Greenpeace Europe, WWF Europe, *Stronger together*, p. 7-10.

38 http://www.iigcc.org/files/publication-files/2014_GLOBAL_INVESTOR_STATEMENT_ON_CLIMATE_CHANGE.pdf [accessed 10/10/14]

39 Climate Action Network Europe, *30% Why Europe should strengthen its 2020 climate action*, p. 6.

nations using more carbon.⁴⁰ Agreeing strong targets at the UN summit in Paris will be necessary to prevent any potential threat of carbon leakage.

The ETS should be reformed, by setting a strong carbon price, retiring surplus allowances, and ending the allocation of free allowances. It must also be backed up by ambitious legally binding legislation and targets, free from the fear of carbon leakage.

What would improve stakeholder involvement in a post-crisis growth strategy for Europe? What could be done to increase awareness, support and better implementation of this strategy in your country?

The European Commission and other European institutions should undertake more consultation of individual citizens and SMEs about how they would like to be supported in making the transition to a low-carbon economy. It would be very possible to increase awareness of and support for the climate targets by encouraging citizens and small businesses to increase their energy efficiency through insulation and thus enable them to save money and energy. The EU should seek to create an energy democracy, by consulting and listening to citizens on energy issues.

What type of instruments do you think would be more appropriate to use to achieve smart, sustainable and inclusive growth?

The EU is quite right to focus on the inclusivity and sustainability of any economic growth. In order to achieve smart sustainable and inclusive growth, QCEA advocates instruments to support citizens, SMEs and industry to increase their energy efficiency, by encouraging them to use less energy and subsidising window, roof and wall insulation particularly for the least well-off in society as this would help combat fuel poverty. Different minimum energy efficiency standards for various end users could help make energy efficiency possible for individuals, small enterprises, and larger ones. These measures would be extremely effective: buildings account for 40 percent of end-use energy consumption and 36 percent of the EU's CO₂ emissions. Further, for every Euro invested in the sustainable refurbishment of housing, two Euros *aren't* needed for the production of energy.⁴¹ The EU could also subsidise installation of solar cells or panels for homes and small businesses. As renewables increase their share of the energy mix, subsidies for fossil fuels should be phased out. The IEA estimates that even a partial phasing out of fossil fuel subsidies could result in an emissions reduction of 360 Mt of CO₂ in 2020.⁴² One solution is to make it affordable not to emit greenhouse gases, rather than expensive to emit.

Encouraging private investment, as well as investing public money, in renewable technologies and the green sector is also very important. A 2014 letter signed by 347 investors representing more than \$24 trillion in assets has emphasised that “strong political leadership and more ambitious policies” in terms of climate would encourage them to invest further. There is a the significant gap between what is currently being invested - \$250 billion annually - and the amount the IEA has estimated is required to

40 Aaditya Mattoo et al., *Reconciling Climate Change and Trade Policy*. The World Bank Development Research Group, Policy research working paper 5123, (World Bank: 2009), <http://elibrary.worldbank.org/doi/book/10.1596/1813-9450-5123> [accessed 2/10/14]

41 United Nations Economic Commission for Europe (2009) ‘Better houses rather than more power plants’. http://www.unece.org/press/pr2009/09env_p05e.htm

42 IEA, *Redrawing the Energy-Climate Map*, p. 11.

avoid the 2°C threshold - at least \$1 trillion a year to 2050.

The idea of using natural gas, and shale gas as so-called low-emission bridge fuels should also be abandoned, as neither is an adequate bridge, and the infrastructure created would discourage further transition.

The emissions caused by the life cycle of a shale gas (or fracking) well (before, during and after its commission) are too high to allow us to meet our long term climate targets, especially given the risk of methane leaks, not to mention health concerns. Prolonging dependence on fossil fuels, like gas, not only discourages investment and research in renewable energy sources but also takes us dangerously closer to catastrophic climate change.

The instruments under the Energy Efficiency Directive, designed to support the energy efficiency targets were useful, but do not go far enough. The public sector should be required to renovate more than just 3 percent of its buildings a year, because, as the directive notes, the renovation of public buildings will pay for itself. Efforts to pass savings onto consumers need to go beyond simply giving access to data on real-time and historical energy consumption: subsidies are also important. Incentives will encourage SMEs to undergo energy audits and share best practice. They should receive support to upgrade their buildings. Large corporations should be obliged to meet more stringent energy efficiency standards. A good example of the potential of energy efficiency measures is the Energiesprong (energy leap) project in the Netherlands, which has already retro-fitted 111,000 homes to make them zero-energy.⁴³

Instruments necessary to achieve smart, sustainable and inclusive growth include: encouraging private investment in low-carbon technologies, setting the example with public investment in low-carbon research and development, providing support for citizens and SMEs on energy efficiency efforts, stabilising the carbon price and making it economically meaningful, and moving capital away from outdated high-carbon industry.

**What would best be done at EU level to ensure that the strategy delivers results?
What would best be done at Member State level?**

The EU should ensure that its focus on environment and climate issues does not waver, particularly under the new European Commission structure, which in QCEA's view has subordinated climate policy to the all-encompassing drive for economic growth and job creation. However, economic growth itself cannot alleviate the problems faced by European societies. It is essential that sustainability be explicitly included in the mandates of all European Commission vice-presidents, and for the transition to a low-carbon economy to be a priority.

All targets should be made binding at EU Member State level, and the EU should monitor the actions of EU Member States to ensure they are devoting enough attention and resources to meeting the target.

How can the strategy encourage Member States to put a stronger policy focus on growth?

QCEA believes that more focus on the outdated model of economic growth is not

⁴³ <http://www.theguardian.com/environment/2014/oct/10/uk-looks-to-dutch-model-to-make-100000-homes-carbon-neutral-by-2020> [accessed 10/10/2014]

necessary. It is already a clear focus of all European countries. EU Member States need to place more emphasis on ensuring the well-being of their citizens and the environment by removing the correlation between growth and resource use as well as accepting that economic growth and increasing production is not the priority. Wealth that already exists needs to be shared more fairly in European societies, allowing us to live within our means. Increasing the quality of production, rather than the quantity, would create decent jobs and reduce our resource consumption.

The strategy should encourage a stronger policy focus on making the transition to a low-carbon economy.

Are targets useful? Please explain.

Targets are certainly useful if they are ambitious, binding and based on transparent terms of reference. Targets such as President-elect Juncker's aim of being 'no 1 in renewable energy', while laudable, are defined in extremely relative terms. These should be replaced by clear and explicit targets relating to increasing the share of renewable energy sources, while reducing the amount of fossil fuels being used, rather than simply increasing the amount of energy being consumed.

Target frameworks and strategies are particularly important for a long-term challenge like climate change and the transition to a low-carbon system. The 2020 framework should be designed put Europe in a good position to comfortably achieve the 80-95 percent decarbonisation target by 2050, as well as the 2030 objectives. However, the European Commission has admitted that present policies are not sufficient to reach the long term climate objective of reducing greenhouse gas emissions by 80-95 percent in 2050 compared with 1990.⁴⁴ Therefore targets need to be more ambitious.

Would you recommend adding or removing certain targets, or the targets in general? Please explain.

QCEA would recommend that the 20 percent energy efficiency reduction target by 2020 be made binding for all EU Member States, and the binding greenhouse gas reduction target increased from 20 percent to 30 percent by 2020, as suggested as a possibility in the Europe 2020 proposal. The European Commission review of Europe 2020 in March 2014 stated that the EU had achieved an 18 percent reduction in greenhouse gas emissions by 2012, and that a 24 percent reduction could be achieved.⁴⁵ Therefore the conditions are right to raise the ambition of this 2020 target to the 30 percent suggested by the European Commission, making it much easier to meet the proposed 2030 targets, and perhaps even increase the ambition of those targets.

A CAN Europe report has revealed some of the benefits of switching to a 30 percent target, including creating green jobs, encouraging green innovation, reducing energy costs, increasing energy security and mitigating health problems. They estimate that a 30 percent target would only cost €11 billion more than the 2008 estimate figure required to achieve a 20 percent greenhouse gas reduction (€81 billion against €70 billion)⁴⁶ This would also be less costly and more sustainable than making deeper and steeper emission reductions at a later stage to meet the 2050 targets. The IEA has

⁴⁴ European Commission, *Executive summary of the Impact Assessment accompanying the document, a policy framework for climate and energy in the period from 2020 to 2030*, p. 3.

⁴⁵ European Commission, *Taking stock of the Europe 2020 strategy*, p. 13.

⁴⁶ Climate Action Network Europe, *30% Why Europe should strengthen its 2020 climate action*, p. 6.

estimated that if low-carbon investment (of \$1.5 trillion) is not made before 2020, investment of \$5 trillion globally will be required to get back on track.⁴⁷ The European Commission has estimated that a move to the 30 percent target for Europe would only cost around 0.2-0.3 percent of GDP⁴⁸ and analysis has suggested that a 30 percent target by 2020 will lead to GDP gains of around 10 percent by 2050.⁴⁹ It would be possible for the EU to reach a 32 percent reduction by 2020, by combining the targets for renewable energy share and energy efficiency.⁵⁰ Therefore, a more ambitious greenhouse gas emissions target for 2020 has many benefits for the climate and society, and a proportionately smaller cost. More widely, the earlier action against climate change is taken the less costly it will be.

The European Commission's energy efficiency directive includes provision to suggest binding national targets in 2014, if it seems the EU is not likely to achieve the 20 percent energy efficiency target.⁵¹ This does seem to be the case, so QCEA advocates the adoption of ambitious and binding energy efficiency targets for 2020 for all EU Member States.

QCEA also recommends defining renewable energy sources as non-combustible energy sources, excluding biofuels and nuclear energy. Biofuel plants may not actually contribute to emissions reductions, and the certainly have negative consequences for biodiversity, food resources, and land tenure.⁵² Non-combustible renewables and energy efficiency measures are long-term no-regrets policies, which will enable us to make the necessary long-term changes to reach our 2050 target.

What are the most fruitful areas for joint EU-Member State action? What would be the added value?

[QCEA has not replied to this question, since it represents Quakers at the European level]

Do you have any other comment or suggestion on the Europe 2020 strategy that you would like to share?

QCEA urges the EU to prioritise climate and environment issues and not subordinate them to outdated obsessions of economic growth and jobs. QCEA envisages a long-term European Union plan based on the well-being of all its citizens, our natural resources and environment, where growth has been replaced as the central focus of policy. This is

47 IEA, *Redrawing the Energy-Climate Map*, p. 11.

48 European Commission, *Commission staff working document accompanying the Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing risk of carbon leakage part two* (European Commission: Brussels, 2010), p. 46.

49 IDDRI, Ecofys and Climate Strategies, *Is there a case for the EU to move beyond 20% GHG emissions reduction by 2020?*, draft interim report. P10.

50 Ecofys, (2013), *The next step in Europe's climate action: setting targets for 2030*. P4-5
http://www.greenpeace.org/eu-unit/Global/eu-unit/reports-briefings/2013/ecofys_PolicyPaper.pdf

51 http://europa.eu/rapid/press-release_MEMO-11-440_en.htm?locale=en [accessed 6/10/14]

52 A number of civil society organisations signed this open letter to European decision-makers outlining the costs of biofuels and requesting that the EU make changes to its 'failed' biofuels policy:
<http://www.cidse.org/content/publications/just-food/land-land-grabbing/open-letter-to-eu-policy-makers-on-biofuels.html>

particularly crucial in 2014 as the European Commission changes and lays out its priorities for the next five years. These five years are crucial for the environment. The 2020 targets are a good starting point, but they need to be met, or exceeded, and then built upon as we look to the future.

The next 15 years is when urgent action must be taken to avoid exceeding the 2°C limit agreed by world leaders in Copenhagen in 2009. QCEA believes that this urgent action must include recognising the short-comings of our growth model and thus revising the goals of our economic system, as we make the transition to a low-carbon economy and energy system. This transition will be difficult, but necessary, and such a challenge is also an opportunity to address the impact of our economic system on the well-being of people, as well as planet. As we make the transition to a low-carbon economy, we must also reform our society. Eliminating the problems of poverty and fuel poverty must be high priorities, aiming to create long-term, fulfilling jobs that enable a good quality of life for all Europe's citizens. This transition must not be delayed as it will be easier and have a greater benefit if it is sooner rather than later, backed up by long-term planning.

The 2020 climate and energy targets should be made binding, and the greenhouse gas emissions reduction be increased from 20 to 30 percent by 2020, as more ambitious targets will enable us to meet the challenge faster and more cost-effectively. Support mechanisms for the programme - namely the ESD and ETS - should be reformed so that they no longer perpetuate a high-carbon economy as they have been doing, but aid the transition to low-carbon society by fixing a strong predictable carbon price, and using the profits to fund renewable energies, smart grids and energy efficiency measures.

We do not own the world, and its riches are not ours to dispose of at will. We must show a loving consideration for all creatures, and seek to maintain the beauty and variety of the world. We must work to ensure that our increasing power over nature is used responsibly, with reverence for life. ⁵³

Contact: [George Thurley](#)

Quaker Council for European Affairs
Quaker house



Sustainable Energy Security
Consultation Response October 2014

Square Ambiorix 50
1000 Brussels
Belgium

Email: office@qcea.org