



*European Economic and Social Committee*

**TEN/624**  
**Clean Energy for all Package**

## **OPINION**

European Economic and Social Committee

**Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank – Clean Energy For All Europeans**  
[COM(2016) 860 final]

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Section responsible	Transport, Energy, Infrastructure and the Information Society
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Outcome of vote (for/against/abstentions)	136/0/2

## 1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the "clean energy" package, which aims to accelerate, transform and consolidate the EU economy's clean energy transition, while retaining the important goals of economic growth and job creation.
- 1.2 According to this package citizens shall be at the heart of the Energy Union, which means their active involvement in the transition process and, in particular, having in place political framework conditions that ensure affordable energy costs for all parts of our society, including the vulnerable. The EESC endorses these principles, while expressing concerns about whether the regulatory proposals are specific enough to meet them.
- 1.3 The EESC would like to emphasise the fact that "clean energy" benefits not just the global climate, but air quality on a local scale in particular, thus providing a better and healthier environment for all.
- 1.4 The package is one component in meeting the EU's commitments following the Paris 2015 agreement on climate change mitigation. Renewable energy technologies and energy efficiency products and services will be key, being aware that we are still far removed from a level playing field on which renewables could survive without special support.
- 1.5 The EESC welcomes the various elements of the package addressing heating and cooling of buildings, eco-design, the electricity market and transport, which are moves in the right direction. However, it is concerned that although the package is a big step forward, huge efforts are still needed to achieve a satisfactory level playing field for all participants in the energy market and at the same time to ensure progress towards a carbon-free energy economy.
- 1.6 The EESC appreciates the optimistic picture painted in the package, with some quite positive assumptions about an increase in industrial output related to renewable energy and energy efficient technologies and the number of jobs that could be created. However, the EESC would also like to emphasise that serious risks and dangers exist, especially if the transition process is too fast or too slow and lacks integrated planning. Both, opportunities and risks have to be considered adequately.
- 1.7 In particular the huge task involved in transforming the economy of regions that are today based largely on the coal industry deserves a much deeper consideration than is displayed in the present package.
- 1.8 The European Council set a target of at least 27% for the share of renewable energy consumed in the EU in 2030. This minimum target is binding at EU level but will not be translated into nationally binding targets. The EESC regrets that there is no consensus at this time among the Member States on a common energy policy and, in particular, national targets. The Commission wants to solve this problem by introducing a governance scheme on integrated national energy and climate plans in which the Member States will pledge their contributions.

- 1.9 The EESC considers the governance proposal as the most difficult and crucial part of the "clean energy" package. It has deep concerns about the proposed Regulation. Final content of Member States' national plans and contributions depend on satisfactory agreement with the Commission, this being achieved through consultations, public attitudes and influence and peer pressure.. In particular, there is no detailed description of the "measures" available to the Commission, such as the financial platform, if the general goals are not met.
- 1.10 "Energy efficiency first" is a key principle in the proposal that the EESC fully endorses. However, energy efficiency is a tool to modernise Europe's economy, not a means to alleviate energy poverty. To suggest otherwise is misleading because energy efficiency requires investments that vulnerable consumers may not be able to make.
- 1.11 The EESC is pleased to note that the Commission is now setting up an Energy Poverty Observatory as already proposed by the EESC in 2013. This could be key for a fully coordinated approach to energy poverty with various measures as for example social tariffs, poverty mitigation measures, consumer advice or energy efficiency.
- 1.12 The EESC is concerned about the financial underpinnings of the package in a climate of public austerity and low growth across the EU and whether the EU means envisaged (and their leveraging) will suffice to achieve the aims.

## 2. **Introduction**

- 2.1 This opinion addresses the package "Clean Energy for all Europeans" in the round, while a series of other opinions (TEN/617, 618, 619, 620, 621, 622, 623, 625 and NAT/702) deal with its specific parts related to various legislative proposals covering energy efficiency, renewable energy, the design of the electricity market, security of supply and governance rules for the Energy Union.
- 2.2 The clean energy package was originally envisaged not as a package but as a sequence of proposals. However, given the interconnections between these proposals, the EESC welcomes on the one hand that it was decided to bundle them into one package and criticizes on the other hand the sheer size of the package numbering a thousand pages, thus making public and civil society participation in scrutinizing and thoroughly discussing the proposal difficult.
- 2.3 It is important to bear in mind that the Energy Union project has been in progress for a while and previous packages (e.g. gas security) have already been issued – strongly driven by the key concerns of climate change and security of fuel supply.
- 2.4 The clean energy package concerns all five key dimensions of the European Energy Union:
- energy security
  - internal energy market
  - energy efficiency
  - decarbonisation
  - research, innovation and competitiveness.

2.5 The "Clean Energy For All Europeans" communication also serves to provide a vision or narrative for the Energy Union.

### 3. **General comments**

3.1 The package aims to speed up the clean energy transition while retaining the important goals of economic growth and job creation in Europe. The main reasons for the package are:

- The first global agreement (Paris 2015) on climate change mitigation, which entered into force on 4 November 2016. The implementation of the EU's ambitious commitments depends to a large extent on the successful transition to a clean energy system.
- The energy sector is central to the development of the European economy. Hence, energy efficiency plays a crucial role in boosting other sectors of the economy. The development of renewable energy technologies and energy efficiency products and services has led to the creation of new businesses, while other energy business models face growing difficulties. It is crucial for EU policy to achieve a net creation of new and high quality jobs and support the success of EU enterprises.
- Another key objective is to ensure that the transition to a clean energy system will have a positive outreach to the people of Europe. This is a big challenge in view of the large disparities among Member States and the need to cover all parts of our society, including the vulnerable.

3.2 The EESC is supporting this strategy, as can be seen from a number of earlier opinions on these issues<sup>1</sup>.

3.3 The EESC welcomes this package of regulatory proposals and facilitating measures that seek to accelerate, transform and consolidate the EU economy's clean energy transition. It particularly welcomes the fact that the areas of heating, cooling and transport are now enjoying the same weight as electricity generation.

3.4 The Commission's "Clean Energy For All Europeans" communication paints a optimistic picture, with quite positive assumptions about an increase in industrial output and the number of jobs that could be created. The EESC acknowledges this, believing such positive signals do need to be sent out in order to maintain momentum in what is for some a difficult transition process.

3.5 On the other hand, the EESC would also like to stress that the energy transition is a big challenge for Europe that also entails serious risks and dangers related to the energy transition, especially if the process is too fast or too slow and lacks integrated planning. A particular matter for concern are the large disparities – economic and political – among the Member States, which are supposed to be dealt with by the new regulation on governance. The EESC is convinced that the energy transition can only be successful if opportunities and risks are adequately considered.

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[OJ C 383, 17.11.2015, p. 84](#); [OJ C 264, 20.7.2016, p. 117](#); [OJ C 291, 4.9.2015, p. 8](#); [OJ C 82, 3.3.2016, p. 13](#); [OJ C 82, 3.3.2016, p. 22](#); [OJ C 487, 28.12.2016, p. 75](#); [OJ C 303, 19.8.2016, p. 1](#)

#### 4. **Governance of the European Energy Union is a key issue**

- 4.1 While Member States have committed themselves to national contributions to energy efficiency and renewable energy to be met by 2020, there are no corresponding indicative reference values for 2030.
- 4.2 The European Council has set a target of at least 27% for the share of renewable energy consumed in the EU in 2030. While this minimum target is binding at EU level, it will not be translated into nationally binding targets immediately. The EESC calls for strong measures to champion those Member States with the most ambitious targets.
- 4.3 The proposed **Regulation on the Governance of the Energy Union** (see TEN 617) now sets out the requirements for integrated National Energy and Climate Plans (NECPs) – replacing separate plans for energy efficiency and renewables – and a streamlined process to establish and oversee them. Governance – with its implications for binding requirements on national sovereign action – is a sensitive area, not least in energy, where Member States' circumstances and political positions differ widely.
- 4.4 The EESC has deep concerns about the capacity of the governance process to enforce and deliver concrete results. There is too great a reliance on consultations and peer pressure rather than clear rules. Further clarification is needed about the way in which the Commission can require Member States to take the "necessary measures" in case it detects that there could be a gap, both on the ambition and implementation levels, in particular as regards renewables and energy efficiency. In particular, greater clarity is required on the nature and functioning of the "financing platform" as a kind of sanction in case of any shortfall in the provision of renewable energy.
- 4.5 In particular, the EESC is disappointed to note that "public consultation" is non-specific in the regulation and falls far short of the EESC proposal for a far-reaching European Energy Dialogue (EED). To win the trust and engagement of citizens such a dialogue should be independent of government and the NECP process. It should offer a focus for informing consumers, help energy suppliers to engage and build trust and provide a channel for the many concerns of different groups about energy security, affordability and sustainability.
- 4.6 In line with the principle of subsidiarity, and in order to fully benefit from the decentralised and flexible nature of energy efficiency and renewables technologies, an increasingly larger part of energy policy and decision-making should be transferred from Member States to local and regional public government levels. The EU, Member States and local and regional governments, in cooperation with organised civil society which ensures strong public and community involvement, should facilitate this transfer and make sure it is accelerated and implemented in a coordinated manner that provides the most benefits to consumers and communities.

## 5. **Energy efficiency provides a huge potential for energy savings**

- 5.1 Improving energy efficiency in all areas (energy generation, manufacturing and transport, electricity, heating, cooling and mobility) is of paramount importance for Europe's future energy system. The EESC welcomes the fact that energy efficiency is to receive greater attention in EU policies and that the new initiatives now also include heating, cooling and transport, which is overdue (see also opinion TEN/618 on the **Energy Efficiency Directive**).
- 5.2 Improving energy efficiency alone – even on the most ambitious scale – cannot solve those energy-related problems involving climate change, security of supply or poverty. It can, however, serve as a powerful means of mitigating the problems. Improved efficiencies can lead to reduced energy consumption and so dampen or reverse the rise in energy costs, even with rising energy prices.
- 5.3 It is important to note that increases in energy efficiency always depend on investment. As a consequence, improved efficiencies do not necessarily lead to a lower cost burden for consumers or industry, as the communication asserts a number of times. They do, of course, always lead to lower energy consumption and therefore have a beneficial effect in terms of climate. A positive effect on costs, however, depends crucially on the balance between investments and energy cost savings. The EESC would like to see a more realistic and critical consideration of this fact.
- 5.4 The EESC welcomes the amendment of the **Energy Performance of Buildings Directive** (TEN/620). Heating and cooling of buildings is extremely important, accounting as it does for 40% of total energy consumption. Energy savings in this area are achieved by renovation and new buildings. In both cases significant investments are required. However, with only 0.4%-1.2% of the building stock being renovated/new built annually, it is clear that these processes need to be accelerated.
- 5.5 Member States are required to set out a roadmap with clear milestones and measures to deliver on the long-term 2050 goal to decarbonise their national building stock, with specific milestones for 2030.
- 5.6 The EESC is disappointed with the choice of the less ambitious policy option, with fewer energy savings than possible. It is aware that the political will of Member States to achieve better results in this area cannot be guaranteed, although energy efficiency in buildings does offer the biggest identifiable opportunity.
- 5.7 The EESC appreciates the large variety of new financial instruments proposed by the Commission. The availability of financial instruments supporting renovation is essential, in particular to incentivise private and non-municipal social landlords to invest in renovation of older property.
- 5.8 The owners or tenants of new or renovated buildings enjoy not only a lower energy consumption but also increased living comfort and a better quality of life. Unfortunately, in typical cases this leads to a rebound effect, where higher rents of renovated dwellings can easily

outweigh the energy cost savings. The communication, on the other hand, expresses a rather optimistic view about cost savings. The EESC recommends a more critical look into this problem. Economic and social criteria should be applied here, otherwise a new form of poverty will be created for older generations.

- 5.9 The EESC welcomes the initiative in the directive to make the installation of electric recharging points for electric cars obligatory for a large fraction of new buildings. It is important to point out, however, that the future demand for higher electrical power requires planning and coordination with the electricity suppliers because of the additional need to invest in advance in high power transformers close to residential areas.
- 5.10 The EESC is convinced that more energy-efficient transport systems driven by the ongoing technological developments and the development of **Cooperative Intelligent Transport Systems** will contribute significantly to European efforts towards energy savings (TEN/621). The new **Working Plan and Regulation on Eco-design** (NAT/702) delivers an important element for the common European market, providing high efficiency products and supporting the circular economy.

## 6. Consumers at the centre of the Energy Union

- 6.1 The EESC appreciates that the Commission wants to put consumers at the centre of the Energy Union. In modern life, transport, housing, communication and general consumption require the use of a certain minimum of energy for all citizens. Energy must not, therefore, become a luxury good. But the often mentioned phenomenon of energy poverty – although not well defined – indicates a trend in which vulnerable citizens experience more and more difficulty in acquiring the minimum energy services they need. The EESC calls for this tendency to be countered and for energy policy to be adapted accordingly.
- 6.2 Technological progress has meant that costs for electricity generation have declined over the past years. The consumer has not benefited from this because the decline has very often been outweighed by taxes, grid costs and so on. This constitutes a serious problem because it has negative impacts on energy poverty.
- 6.3 The EESC disagrees with the assertion that "energy efficiency is one of the best ways to address the root causes of energy poverty". The term "energy poverty" arose when energy prices started to rise significantly. This means that it is high prices that are the root cause of this specific category of poverty and they should be the primary target for any measures to help the vulnerable. Efficiency improvements also help, of course, but they are inevitably dependent on significant investment, which vulnerable consumers in particular may not be able to make (see TEN/518).
- 6.4 The EESC is pleased to note that the Commission is now setting up an Energy Poverty Observatory as has already been proposed by the EESC in 2013 by the opinion TEN/516 on energy poverty. Its main focus should be first to define European energy poverty indicators. This could be key for the MS to adopt a fully coordinated approach to energy poverty including



an understanding of the role and effectiveness played by the various instruments as for example social tariffs, poverty mitigation measures, consumer advice or energy efficiency.

- 6.5 The EESC would like to emphasise the fact that, in addition to the issues mentioned in the communication (energy security, energy efficiency and decarbonisation), clean energy also implies significant health benefits for all citizens.
- 6.6 The package offers citizens only a limited role in directly affecting the decisions that will shape their everyday life and livelihoods. It is not clear whether the principles of an energy dialogue that results in meaningful participation is being – and will be – applied across the Union (see also TEN/617). This dialogue requires a level playing field to be put in place, including in the institutional dimension.
- 6.7 The EESC welcomes the recognition of the growing role of citizens taking part in the electricity market as prosumers. They need a new market arrangement that fits the decentralised structures of electricity generation from renewable sources and that really does put consumers and citizens at the heart of European energy policy.
- 6.8 The EESC encourages the concept of community energy, which refers to a business model where citizens jointly own and participate in renewable energy or energy efficiency projects in the area in which they live. The legislative provisions in the new package should allow for and encourage initiatives of this kind wherever possible.

## 7. **Renewables in a new market**

- 7.1 The EESC supports in general the objective of the **Renewable Energy Directive** (TEN 622) of pushing forward a stronger integration of renewable energy suppliers into the market as a consequence of reductions in the costs of renewables.
- 7.2 The EESC is also concerned, however, that we are far removed from a level playing field on which renewables could survive without special support. There is much still to be done to remove the huge distortions in the existing electricity markets created by subsidies, structural boundary conditions and no clear accounting of external costs.
- 7.3 The EESC welcomes the recent report by the European Environment Agency (EEA) entitled *Transforming the EU power sector: avoiding a carbon lock-in*. Fossil fuels still contribute to roughly half of the electricity generated in Europe. The EEA study compares current power market trends with EU climate goals for 2030 and beyond. Moving out of a carbon-intensive power supply requires increased investments in alternatives, together with supportive policy frameworks.
- 7.4 The EESC is concerned about the lack of details regarding specific measures and support instruments, which may put the further promotion of renewables at risk.
- 7.5 The EESC would like to emphasise the fact that energy security has to be reconsidered when the energy mix changes sharply – an issue not sufficiently addressed in the package.

## 8. **Opportunities for economy and jobs**

- 8.1 The energy transition is a big challenge for Europe, with opportunities for new jobs, economic growth and the well-being of all citizens. In view of the risks and dangers which also come along with such a transition, it is of utmost importance to develop a well balanced policy which provides the right measures to avoid any damage for our society, e.g. for employees (unemployment and job quality), consumers, and SMEs. This can only be achieved by involving the stakeholders in all phases of this transition and the EESC, as a valuable and relevant partner, is one of them.
- 8.2 Global leadership in clean technologies also implies exporting these technologies, which is beneficial from both the economic and the environmental point of view (NAT/690).
- 8.3 Research and innovation are key to supporting Europe's global competitiveness and leadership in advanced energy technologies and energy efficiency solutions. The dedicated strategy on **Accelerating Clean Energy Innovation** (TEN/619) should bring stronger prioritisation and concrete actions to ensure that innovations to phase out carbon technologies are deployed more widely and brought to market more rapidly. The EESC is critical of the fact that there is only limited reference to basic research and what research can contribute. The SET plan is briefly mentioned, but unfortunately only from the industrial angle.
- 8.4 The package makes recurring references to industry, jobs and growth as the definition of innovation; but innovation is more than this. The well-being of people and nature are important assets beyond industry-driven aspects.
- 8.5 The EESC welcomes the Commission's proposal to set up a "clean energy industrial forum", which could in a bottom-up process become part of the broader concept of dialogue with civil society and other stakeholders. It emphasises the importance of balanced support to the research and innovation chain, from basic research to applied research to new product innovations.
- 8.6 Given the huge task of transforming the economy of those regions that are today based largely on the coal industry, the EESC believes that this issue deserves much deeper consideration than is displayed in the present package.
- 8.7 For new investments in renewables and energy efficiency, costs of capital vary significantly between Member States. The EESC considers strong fiscal and institutional measures are needed to end or minimise such discriminatory conditions for consumers and investors.

8.8 South-east Europe possesses both a vast renewable energy potential and a skilled workforce that have so far been largely untapped. The EESC calls for a significant increase in support to stakeholders that pursue Energy Union goals in the region. This will provide consumers and local investors with huge development opportunities in line with the goals of the present package.

Brussels, 26 April 2017

Georges DASSIS

The president of the European Economic and Social Committee

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