

Brussels, 26th of February 2018

Dear Commissioner Arias Cañete,
Dear Minister Temenuzhka Petko,
Dear MEP José Blanco López,
Dear MEP Claude Turmes,

Clean, affordable and secure energy in the European transport sector towards 2030 – recommendations for the trilogue on the Clean Energy for all Europeans Package

Ahead of the final negotiations on the Directive on Renewable Energy (RED), the Governance Regulation (GOR) and the Electricity Market Directive (EMD) as part of the Clean Energy for all Europeans Package (CEP), the Nordic Energy Associations (Nordenergi)¹ would like to emphasize the need for compromises that ensure an efficient regulatory framework for the transition to clean, affordable and secure energy for all Europeans also in the transport sector towards 2050.

Nordenergi would like to recall that the European Union recently through the adoption of a new Effort Sharing Regulation (ESR), agreed on ambitious binding emission reduction targets for Member States in the non-ETS sectors for the period 2021-2030. Reaching these targets and establishing a credible pathway to 2050 in line with the Paris-agreement will require significant additional efforts to phase in electricity, hydrogen and biofuels in the transport sector in Europe.

National measures in the transport sector will only work within a robust European framework and based on regional co-operation.

On the backdrop of the disappointing ambition level for charging points in buildings adopted in the revised Directive on Energy Performance in Buildings, Nordenergi would strongly urge the Council, the European Parliament and THE Commission to consider carefully in particular the following provisions in the trilogue on the CEP:

1. Ambitious renewables target for fuel suppliers in the transport sector – RED article 25

We support a truly ambitious RES-target in transport for 2030 of at least 10 %, based on a multiplier for renewable electricity in transport of 5. Electric motors are 3 times more energy efficient than internal combustion engine motors. Generation of renewable electricity is up to 7 times for energy efficient, when comparing wind electricity generation with the production of bio-diesel or bio-ethanol. Therefore, we believe that a multiplier of 5 for renewable electricity in road transport is even conservative.

A fuel supplier obligation scheme, based on the share of renewable energy in transport fuels is a both effective and transparent tool to increasing the share of renewables in transport. An additional target for Member States will blur responsibilities and increase the administrative burden experienced from 2010-2020. The obligation needs to target the share of renewable energy

¹ Swedish Energy Association, Finnish Energy Association, Energy Norway, Danish Energy

in fuels to ensure a coherent implementation across Europe.

2. No additionality requirement for renewable electricity in transport – RED article 25

Nordenergi is concerned by the Parliament's amendment mandating that only renewable electricity above a yet to be defined Member State baseline will be considered renewable. Limiting the contribution of renewable electricity to additional renewable electricity is unfair, as other fuels have no additionality requirement. This will significantly worsen the incentives for charging infrastructure investments and delay the transition.

3. Better governance of policies and measures to ensure clean, affordable and secure energy in the transport sector – GOR article 3

Nordenergi would like to recall the important contribution of increased electrification, use of hydrogen and sustainable biofuels in the transport sector when achieving the EU overall targets for renewable energy and energy efficiency in 2030. For some Member States, investments in infrastructure for clean fuels could be a priority in their energy policies compared to additional measures in the ETS-sectors. However, such policies might only deliver results in terms of improved RES share and energy efficiency late in the period 2020-2030. This should be reflected in the regulation article 3 at the same time as steady progress towards the European target is ensured.

4. Using markets for consumers to reap the benefits of clean, affordable and secure energy in transport – EMD articles 3 and 33

The Clean Energy for All Europeans Package provides a unique opportunity to empower European energy consumers also in the transport sector. It enables them to be more involved in the electricity system whilst ensuring that vulnerable consumers are not left behind. Consumers will only be empowered through a combination of measures – such as efficient price signals, certified comparison tools and easy switching. Should retail prices continue to be regulated in some Member States, the benefits brought by the Clean Energy Package would be severely weakened. Regulating retail prices impedes consumers from realising the true value of the electricity they consume, thus undermining the potential of demand response. This is essential also in transport. Retail price regulation is also a serious obstacle to competition among electricity supply companies. It reduces the incentive on companies to become more efficient, it discourages the emergence of new market participants and it stifles the development of value-added services, including dynamic pricing. In addition to their negative impact on retail markets, regulated prices also distort the functioning of the wholesale markets, limiting and partly undermining the price formation process. This implies higher electricity costs for all consumers – big and small and threatens the roll out of infrastructure for electric transport. Nordenergi therefore calls for an EMD with a clear process and timeline for the prompt phase-out of regulated prices, ref. article 3.

Chapter IV of the proposed Directive provides for some clarifications concerning the tasks of DSOs, notably relating to the activities of DSOs concerning the procurement of network services to ensure flexibility, the integration of electrical vehicles and data management. It also clarifies the role of DSOs with respect to storage and recharging points for electric vehicles. Demand response will be pivotal to enable smart charging of electric vehicles and thereby enable the efficient integration of electric vehicles into the electricity grid which again will be crucial for the decarbonisation of transport.

Nordenergi supports a balanced approach in article 33 whereby Member States shall ensure that

distribution system operators cooperate on a non-discriminatory basis with any undertaking that owns, develops, operates or manages recharging points for electric vehicles, including with regard to connection to the grid. Member States should only allow distribution system operators to own, develop, manage or operate recharging points for electric vehicles only if the specific conditions are fulfilled.

Nordenergi would finally also like to emphasize the need to follow up on the EU Clean Mobility Package and the Energy Tax Directive to ensure a coherent policy in the key area.

We hope you will take the abovementioned comments into consideration.

Do not hesitate to reach out if you have any questions.

