

Europex' response to environmental aspects of the European
Commission's summer package:
"We welcome the proposal but see room for improvement."

Brussels, 6 August 2015 | Europex has taken positive note of the Commission's ambitious and forward looking "summer package"¹. We indeed welcome the focus on fundamental challenges as regards the transformation towards a more integrated and renewables-driven power system in the internal energy market. This applies in particular to the need to assess changes to the existing energy market designs in Europe, including efforts to change the framework conditions and rules of the EU Emission Trading Scheme (EU ETS) so that it can remain a key component to help deliver the EU's environmental policy goals.

Please note: The market design issues deserve special attention and will be dealt with in a separate Europex response document. The present paper focuses mainly on the environmental aspects of the summer package.

The realisation of the day-ahead and intra-day target model will likely contribute to meeting the EU's ambitious renewable energy (RES) targets. In this context, Europex welcomes the emphasis the summer package puts on increased regional cooperation in energy policy with regard to renewables support.

Concerning the EU ETS, the summer package brings it in line with the EU's long-term ambition for emissions reductions through adjusting the linear reduction factor. It is crucial that the proposed modernisation and innovation funds build on the experience with previous programmes, such as the NER300.

¹ More on GOs at: <http://www.europex.org/public/20140516-position-paper-on-go-res.pdf>

In the present paper Europex would like to **highlight some issues that are in our opinion missing or should be dealt with differently:**

First, while there are proposals to make energy labelling (of energy appliances) clearer to facilitate and foster energy efficiency, there is **no mentioning of Guarantees of Origin (GOs)**¹. The GO tool – particularly if further standardised, harmonised and expanded to all generation types – can **allow consumers to directly impact the energy and environmental efficiency of their electrical appliances**. This will be based on active choices made by consumers about the type of electricity sources they contractually agree to and can thus contribute to driving more investments in RES. A strengthened GO system is also **able to assist consumers regarding the “difficulty in comparing bills and advertisements from different energy companies”** – a problem recognised by the Commission in the summer package proposals. DG Energy commissioned a study² to prepare a mid-term evaluation of the Renewable Energy Directive. The authors find that concerning the GO system: “there still remain differences in the comprehensiveness of these procedures and therefore their likely effectiveness.” As regards energy efficiency, the study confirms that “costs can be minimised through a standardisation of GOs across Europe” and that “the more GOs are issued the higher the economies of scale achieved and therefore the efficiency of the system”. It is worth explicitly pointing out that the **strengthening of the GO system should be a key focus area since member states are obliged to set up GO systems by the Renewable Energy Directive**. Furthermore, it is believed that this only imposes limited additional costs. If a system is mandatory, it is sensible to use it to the fullest extent considered possible and efficient.

Second, while a proper labelling of appliances is important for achieving energy savings through informed and conscientious consumer behaviour, the proposals could have included a **reference to tradable instruments dealing in energy efficiency**, such as white certificates. These instruments – already in place in some member states – could **offer added flexibility to further spur energy efficiency**. Drawing on the experience of the EU ETS such a system could be put in place at EU level.

² CE Delft et al: Mid-term evaluation of the Renewable Energy Directive, A Study in the context of the REFIT programme, Delft, April 2015

About Europex: Based in Brussels, Europex is a not-for-profit association of European energy exchanges with currently 24 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets with regard to developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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