



23 February, 2012

Open Letter to the European Commission & the Presidency of the Council

Energy companies pledge for EU 2030 Climate and Energy Package

2030 targets alongside modernising energy infrastructure essential to decarbonise energy system

A Coalition of leading European energy companies (SSE, Eneco, DONG Energy, Public Power Corporation, ACCIONA, Sorgenia, EWE, EDP Renewables) calls for binding 2030 targets for renewables, CO2 emissions reduction, and energy efficiency in a response to the Commission's Energy Roadmap 2050. The lack of binding targets post 2020, an ETS failing to stimulate investment in renewables, and an outdated energy infrastructure severely threaten to wreck the needed modernisation and decarbonisation of the European energy sector and do not allow industry to create a sustainable and affordable pathway to reach the EU's decarbonisation objective.

More than half of current installed fossil generation capacity in the EU will reach the end of its lifetime within the next twenty years and must be replaced. This requires massive new investment in the power sector. At the same time, European policy makers have ambitions to decarbonise the energy sector and become less dependent on fossil fuels. Delivering on these ambitions is an integrated part of our strategies, and we strive to reduce the cost of renewable energy through innovation and greater industrialization. But the concrete policy measures are not providing sufficient guidance and certainty. The low ETS carbon price with over-supply of emission allowances for 2020 is far from providing the foundation for investments in renewable energy technologies, and does not encourage a shift to existing relatively low carbon gas-fired power plants either. Consequently, the phase out of carbon intensive power plants may be delayed, and the better business case for possible investment in the power sector today is for new lignite coal power plants.

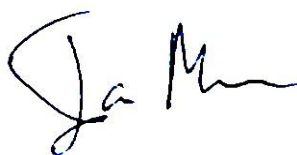
The Energy Roadmap 2050 has presented various scenarios for the decarbonisation of the European energy system and gives direction to future energy policy. The Coalition believes the European power sector should do its share by investing in a secure, affordable and low carbon power supply in Europe by 2050. However - as stated in the EU Low Carbon Roadmap 2050 – current policies will not allow the EU to meet its objective of 80-95% carbon emissions reduction by 2050. *The Coalition believes that this is largely due to the significant policy gap between 2020 and 2050 and therefore calls upon the Commission and the Presidency of the Council to collaborate on taking this next step and decide on legal mandates for binding 2030 renewables, CO2, and energy efficiency targets.*

Setting these targets alone, however, is not sufficient if they are not accompanied by an upgrading of the European transmission and distribution grid and market design. European transmission infrastructure is aging and facing a complete modernisation and transformation in the coming decades. International transmission capacity is needed to avoid large regional imbalances and ensure a cost-efficient utilization of Europe's low-carbon resources. Therefore, ambitious targets also call for a radical and rapid transformation of the European energy system as pointed out in the Energy Roadmap 2050.

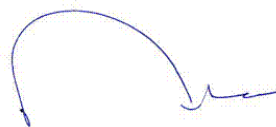
With decisive and timely political action, the energy challenges can be turned to opportunities for Europe at a time where no-regret infrastructure investment projects are badly needed for Europe to grow out of the triple crisis of the economy, climate change, and resource scarcity. New ambitious policy measures for 2030 and beyond are now critical for investors to develop and deploy the technologies and solutions of tomorrow. We therefore welcome the Commission's proposal to define the 2030 energy and climate policy framework as an immediate next step.

Now, we call on the Commission and the Presidency of the Council to collaborate on taking this next step and decide on legal mandates for binding 2030 renewables, CO2, and energy efficiency targets together with a timely implementation of the proposed regulation on trans-European energy infrastructure to support the energy transformation process. The signatories to this letter share the vision to provide low-cost, low carbon competitive electricity to Europe, to promote efficient energy usage, and to take part in shaping the foundation for European prosperity in the 21st century. To this end we put faith in the Commission and the Presidency of the Council to take the next step in defining the 2030 framework in the context of the Energy Roadmap and rapidly drive forward decisions on binding 2030-targets.

Sincerely,



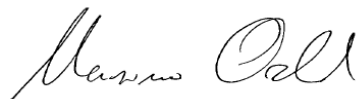
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