



Central Europe Energy Partners feedback on the Strategy for long-term EU greenhouse gas emissions reductions

Central Europe Energy Partners (CEEP) as an organization representing energy and energy-intensive companies from several Central European Member States supports a fair transition to a low-carbon economy. Designing long-term climate strategy is highly complicated and complex task. It encompasses many sectors and different social and economic policies. Its elaboration shall be accompanied by proper quantitative and qualitative analysis and foremost must include a deep and detailed impact assessment on the functioning of the EU's industry, transport and power sectors. It must also include social costs.

A reference point of such process, however, should be the acknowledgement of differing preconditions of the Member States. They are determined by structure of their economies, in particular the existence of energy-intensive branches which faces diverging economic and technical challenges and specificities of energy-mixes ó namely the volume of fossil fuels consumed and the possibility of their cost-effective substitution by low carbon technologies. In this regard within the EU, process of decarbonisation, beside creating new business opportunities, undoubtedly results in costs unevenly shared among MS and pose bigger challenges for MS relying to larger extent on the conventional sources of energy and with well-developed energy intensive industry.

The key enabler of the EU's long-term greenhouse gas emissions reduction strategy is the transformation of the energy mix towards low carbon sources. However, this process should be aligned with Article 194 (2) of the Treaty on Functioning of the European Union (TFEU), which states that any measure adopted by the EU shall not affect Member States' right to determine the conditions of exploiting its energy resources, its choice between different energy sources and general structure of energy supply. Therefore, of utmost importance is to create within the EU market conditions which will incentivize market players to invest in low carbon sources. In this regard óClean for All Europeans Energy Packageö rightly attempts to create a market which will allow developing RES without excessive state support. Moreover, despite decreasing costs of RES technologies, currently within the EU exists considerable differences in capital cost of RES investments - we believe that this issue should be addressed by the legislator in order to boost development of RES in Central and South-Eastern Europe.

Concerning technology itself, we consider that while discussing long-term perspective it is necessary to emphasize technology neutrality principle. According to the International Energy Agency scenarios, only a combination of several technologies contributions will allow fulfilling the Paris Agreement ambition of limiting the global rise of temperatures. Overregulation and ópickingö of winners will inevitably lead to inefficient solutions and distortions of the market. Similarly, it is hardly possible to foreseen which technologies



may prove to be the most successful and economically viable in the future, be it different forms of energy storage, carbon capture, storage and sequestration or nuclear power.

In order to make long-term EU greenhouse gas emissions reductions efforts feasible, necessary are immense infrastructure and research and development investments. In this field, EU should strive for the achievement technological edge to become a hub of innovations in clean energy solutions. Similarly in order to maintain the reliability of the increasingly decentralized and volatile electricity systems necessary is the construction of new, digitalized smart energy systems.

We believe that the role of the EU should be to support such efforts. Foremost, both in the Multi-Annual Financial Framework for years 2021-27, and every subsequent one, there should be increase of spending for energy and climate. Use of such sources for example within Connecting Europe Facility proved to tip a market balance for numerous crucial investments. Similarly, Program Horizon 2020 should be further strengthened financially in order to support research on clean energy innovations.

Last but not least, fair energy transition must be accompanied by measures guarantying social cohesion for the coal-intensive regions and sectors of industry. Therefore, we expect adequate funding for the program Coal Regions in Transition Platform. To gain social support and acceptance of energy transition, is necessary that specific policy is accompanied by concrete financial measures and instruments.