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Roadmap for a Low Carbon Economy by 2050: AEGPL's Position

As the representative body of a clean, lower carbon and inherently efficient gaseous fuel, AEGPL (European Liquefied Petroleum Gas Association) strongly supports the European Commission's efforts to develop a policy framework compatible with the pursuit of a more sustainable, secure and competitive energy model. Provided it succeeds in reconciling the EU's various economic, environmental and strategic imperatives, the transition to a low carbon economy should yield substantial benefits for Europe and Europeans.

As a contribution to the debate over how best to approach the decarbonisation challenge, AEGPL offers the following reflections and proposals for the consideration of DG Climate Action as it prepares its Roadmap to a low carbon economy.

An Ambitious Yet Realistic Vision:

Perhaps the biggest challenge in the development of the 2050 Roadmap will be achieving an appropriate balance between ambition and realism. Failure to set sufficiently high objectives would compromise the EU's status as a global leader on climate change mitigation policy. Moreover, it would send the wrong message to citizens, fostering the illusion that business as usual remains an acceptable approach. Conversely, a strategy that does not take due account of the economic, technical and social challenges associated with the transition to a low carbon economy will inevitably lead to disappointment and frustration among citizens and stakeholders in general.

In order to avoid this risk, plans for the energy model of the future must be based on sobre and realistic assumptions, particularly as regards the scale and speed at which new or emerging technologies such as large-scale renewables and carbon capture and storage (CCS) will begin to play a substantial role in the EU's energy system. An approach based on optimistic, best-case scenarios could lead to a situation in which a policy, e.g. the promotion of a greater reliance on theoretically low-carbon electricity is inconsistent with a practical reality wherein carbon-intensive fossil fuels continue to account for a significant share of power generation.

Similarly, decisions to promote the increased use of a given energy source or technology must be based on a complete life-cycle analysis of all associated consequences. For example, it now appears that the role of biofuels in climate change mitigation policy needs to be urgently revisited in the light of recent suggestions that they may in fact generate higher levels of greenhouse gas (GHG) emissions than their fossil counterparts. This raises significant doubts about the wisdom of the 10% target for renewable energy in transport by 2020 and highlights

the risk of building public policy around flawed or uncertain assumptions. A measured approach in which winners are not picked too soon and all relevant consequences are considered is more likely to yield better results in the longer term. It would also help reduce the frequency and scale of policy reversals, increasing visibility for all stakeholders and enhancing the confidence and security of energy investors and end-users.

Engagement with international partners

Though the Copenhagen conference did not produce the results Europe might have hoped for, it was still a step towards an eventual agreement. The EU's international profile and image were both enhanced by its ambitious approach in the months leading up to the negotiations. Europe must continue to set the bar high so as to encourage its international partners to do likewise. With a view to ensuring that it does not end up the winner in a one-horse race to cut emissions, thereby compromising the competitiveness of the European economy, the EU will need to work with its partners around the world, stressing the common and concrete social and economic benefits that concerted action on climate change will yield.

The EU could further contribute to the global debate on climate change by broadening the scope of the discussion to include non-gaseous emissions such as black carbon, increasingly recognized as the second leading cause of global warming after $C0_2$. Strategies aimed at cutting these emissions in both developed and developing countries should yield quick results since black carbon's atmospheric lifespan is significantly shorter than that of conventional warmers such as $C0_2$ and methane.

Energy Efficiency as a Top Priority

As outlined in the European Commission's 2006 energy efficiency Action Plan and reinforced by the EU's energy efficiency improvement commitment in 2007, primary energy consumption in the EU could be reduced by at least 20% by 2020 under an appropriate and well-implemented policy framework. Achieving this objective would contribute significantly to Europe's environmental sustainability, energy supply security, and economic competitiveness, yet the policy instruments needed to transform this potential into reality are not yet in place. In its 2008 communication on delivering the efficiency target COM (2008) 772, the Commission noted that "current energy efficiency legislation alone will not deliver sufficient energy savings to meet the 20% saving objective". AEGPL therefore looks forward with interest to the future Energy Efficiency Action Plan. The sooner the Commission is able to clarify its intentions, the more rapidly LPG operators will be able to adapt their approach accordingly, particularly as regards the design and implementation of practices, instruments and technologies that will help end-users reduce their consumption without compromising comfort or convenience.

Moving to more specific legislative instruments, AEGPL supports the expected development of new implementing measures for priority products within the framework of the eco-design Directive. AEGPL is currently an active participant in the consultation forums on boilers and water heaters and looks forward to moving forward with equivalent discussions on cooking equipment next year. Lessons learned during the development of previous implementing measures, notably the need to take a non-discriminatory, fuel-neutral approach, the need to ensure that the technical assumptions on which such measures are based are accurate and consistent, and the importance of carrying out broad and detailed consultations with relevant stakeholders should of course be applied.

Finally, AEGPL encourages the Commission to ensure that combined heat and power technology, particularly micro-CHP, figures prominently in the next efficiency action plan and the subsequent legislative proposals. Offering a wide range of benefits including increased efficiency, C02 reductions, enhanced supply security, and economic gains for end-users, this technology represents an immediately available means of reducing Europe's dependence on its over-strained and inherently inefficient power distribution grid. Operators in the LPG sector are already moving forward with the development and commercialization of LPG-based micro-CHP systems designed for buildings beyond the reach of the natural gas grid. Indications that the EU supports this type of technology would be welcome and would certainly stimulate further commitments on the part of industry. In this context, AEGPL would strongly support a revision or recasting of the EU's cogeneration Directive, which could be adapted to include, among other things, provisions for the establishment of feed-in tariffs to encourage onsite production of electricity via fuels such as LPG and natural gas.

Recognition that the Decarbonisation Process Will Take Time

AEGPL shares the Commission's view that despite the inevitable and welcome emergence of renewable-based energy solutions, conventional fuels such as oil, gas, and even coal will certainly continue to play a major role in the European energy system (and, by extension, the European economy) over the coming decades. Indeed, the International Energy Agency's World Energy Outlook 2009 foresees that fossil fuels will "remain the dominant sources of energy" until at least 2030.

A cursory glance at the contemporary European energy model reveals the extent to which we currently depend on conventional resources. Roughly 98% of Europe's cars run on oil, with LPG, itself a fossil fuel, being far and away the most widely used alternative. While there is increasing cause for optimism concerning the development of electric vehicles, their emergence as a large-scale feature of the

fuel mix remains an uncertain prospect and the arrival of longer-term alternatives such as hydrogen appears even more remote.

Similarly, power generation continues to be dominated by coal and natural gas, and nuclear, and there is little certainty as to the capacity of carbon sequestration or renewable technology to provide reliable and adequate solutions at an acceptable cost in the near future. Oil, gas, and even coal also continue to play a significant role in the domestic heating sector across Europe.

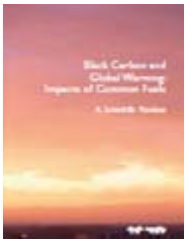
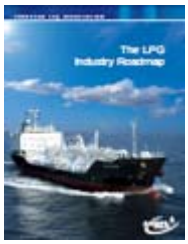
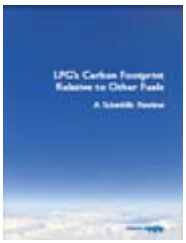
The fact that the EU has established what is broadly considered an ambitious target of a 20% share for renewable energy by 2020 - thereby setting an implicit objective of an 80% share for non-renewable resources - is itself a testament to the massive scale of the decarbonisation challenge. The obstacles, both technical and economic, are considerable and should be neither underestimated nor understated. Fossil fuels are not yet fading vestiges of an irresponsible past, but vital features of the modern European economy.

With a view to ensuring that fossil fuels are used as effectively as possible without unduly compromising the EU's sustainability agenda, AEGPL recalls that the need to fully consider the specific characteristics, advantages and disadvantages associated with each one. Used intelligently, fossil fuels can be not just a necessary evil but genuine contributors to the development of a more sustainable Europe. A fossil fuel vs. renewable dichotomy in which fossil fuels are perceived as a single, monolithic entity is inaccurate and ultimately unhelpful. Rather than developing a policy framework designed to eliminate all fossil fuels from the energy system, the EU should examine opportunities to ensure that the contribution of the cleaner, gaseous fuels is optimized. For example, the use of natural gas for large scale power generation, natural gas and LPG for micro-cogeneration, and both for space/water heating as well as transport could be encouraged. The replacement of traditional fuels such as diesel and wood with cleaner-burning gaseous alternatives such as natural gas and LPG may not constitute an energy revolution but it is undoubtedly a practical and immediately achievable step in the right direction. With all the ambition and good will in the world, it is clear that a decarbonised European economy remains a distant prospect, particularly in light of the various technological and economic challenges that the Commission has rightly identified. As regards the arbitration between energy sources, AEGPL stresses the potential of clean, lower carbon, and immediately available gaseous energies such as LPG and natural gas - as a complement to the emergence of renewable-based solutions, including a renewable-derived version of LPG - to facilitate the transition towards a low carbon European energy system.

Concluding Remarks:

As outlined above, AEGPL strongly supports the Commission's efforts to develop a Roadmap towards a low carbon economy in 2050. As an association and as an industry, we are committed to contributing to this process and are convinced that LPG has a role to play. AEGPL looks forward to cooperating with DG Climate Action and the Commission in general to ensure that this potential contribution is optimised.

Supporting documents:

	**Autogas in Europe: The Sustainable Alternative**		**Black Carbon and Global Warming: Impacts of Common Fuels**
	**The LPG Industry Roadmap**		**LPG and Local Air Quality**
	**LPG's Carbon Footprint Relative to Other Fuels**		

AEGPL is comprised of **24 national LPG associations**, representing the main European LPG suppliers, distributors and equipment manufacturers. With the support of its working groups of industry experts, AEGPL is actively involved in concrete initiatives and programs to ensure the safe, efficient and sustainable development of LPG in Europe.

To learn more about AEGPL, visit us on the web at www.aegpl.eu