

**XI. Slovak Annual Congress on Power and Energy
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**Framework of Climate – Energy
Policy of EU 2030 and Position of
Slovakia**

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Climate - Energy Policy

2008/2009

2011

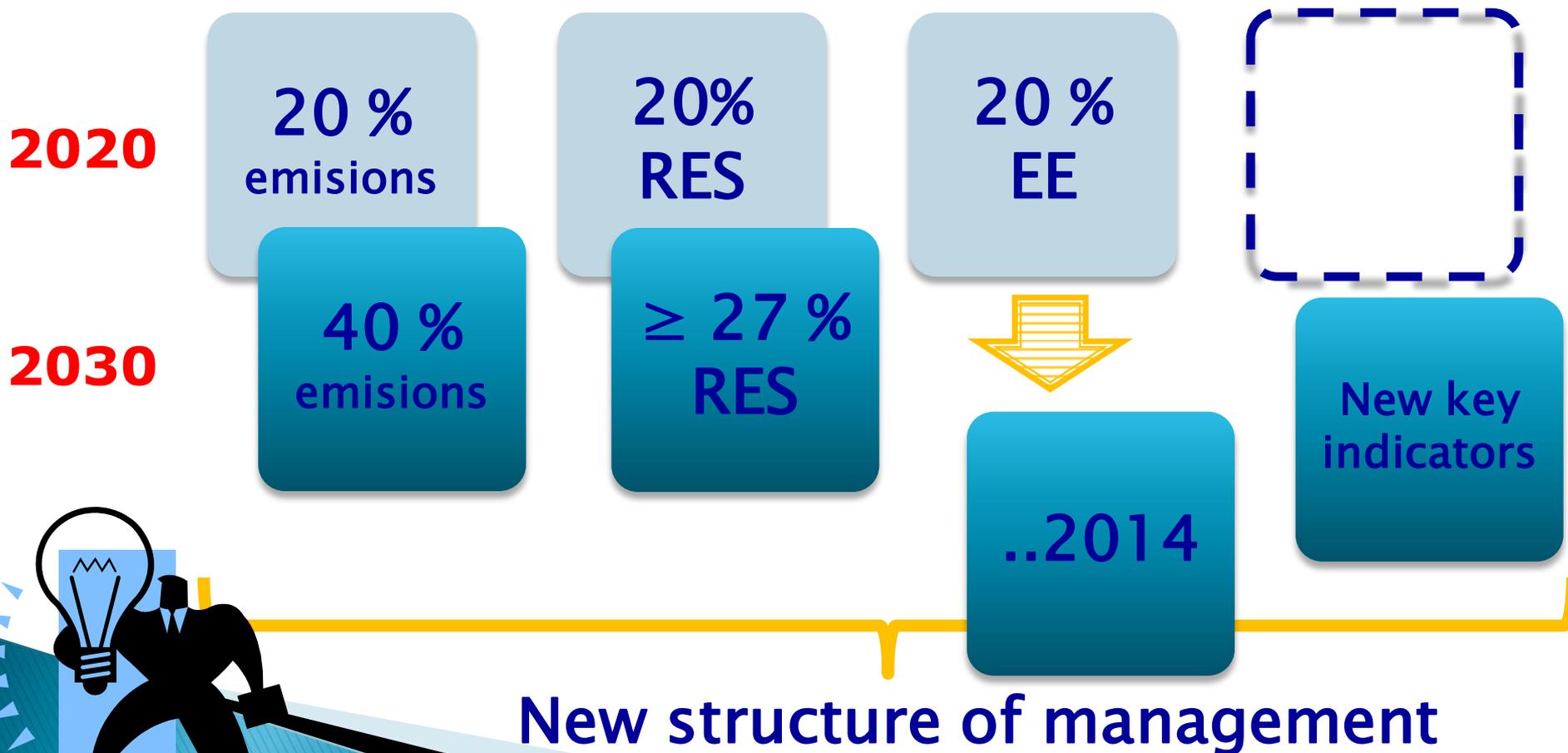
2014

Climate – energy
package
EU (2009)



Energy
roadmap 2050

Framework of climate and energy policies 2030



Framework of Climate and Energy Policies 2030

On January 21, 2014, the EC published a draft of Climate and energy policy framework for period from 2020 up to 2030

Announcement of Climate and energy policy framework for period from 2020 up to 2030 (binding greenhouse gases emission target at the level - 40% by 2030 in relative comparison compared to 1990 and binding aggregated goal at the EU level of 27% (indicative goal for renewable energy sources (RES) at the national level); energy efficiency is not a part of the package - measures will be examined in frame of planned directive revision concerning energy efficiency in the summer of 2014

Goal aiming at emission reduction by -40% should create conditions for achieving the share of 27% of renewable sources in final consumption.

As to the electricity a minimum share of 45% (current share is 21%) is considered.

The EC believes that a separate objective in transport does not make sense.

Progress in the area of energy efficiency is achieved through the specific policy measures.

The most important measure in this area is the adoption of a directive on energy efficiency.

Board EC and the EP requested to review fulfilment of commitments in the first half of 2014 in terms of progress towards achieving the goal by 2020.

EC following the review will consider whether it is necessary to propose a directive on energy efficiency.

Analysis of the effects of the Announcement

Framework of Climate and Energy Policies 2030

- 3. Proposal of Decision of the EP and of the Board on the establishment and functioning of market stabilization reserve concerning ETS („Board“) and on amending Directive 2003/87/EC (structural reform of trading scheme concerning emission quotas)**

The EU ETS should remain a key tool for implementing the transition to a low-carbon economy. EP and EC adopted in December 2013 a proposal by which the EC is authorized to postpone the auction of 900 million emission quotas till the period 2019/2020.

It is, however, necessary to continue measures implementation and therefore the EC put forward a proposal of EP and the EC on the establishment and functioning of market stabilization reserve for ETS.

- 4. EC Recommendation on minimum principles for the exploration and production of hydrocarbons (such as a shale gas) using high volume hydraulic fission.**

Draft of recommendations concerning shale gas is of a non-legislative nature.

It sets down the minimum requirements for exploration and production of shale gas in the EU.

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EC Announcement on energy prices, security of supplies and the internal energy market (analytical information on the impact of prices and impacts on the functioning of the domestic market)

Announcement on energy prices analyses fundamental factors affecting energy prices and identifies main solutions, which should serve to increase the competitiveness of the EU economy

These include

in particular, continued liberalization of the energy market, involving greater involvement of consumers

diversification of fossil fuels supplies in the EU

securing of cost-effective development of renewable energy sources

creation of benchmarks for network fees and practices

continuation of the emphasis on improving energy efficiency and introduction of innovative technologies, including ensuring flexibility on consumption side

Member States shall also consider the modification or reduction of taxes and fees for energy-intensive sectors of industry; such aid must, however, be accurate and specifically addressed

Framework of Climate and Energy Policies 2030

The package of documents analyzing economic development in the energy sector (indicators for **competitiveness** and management aspects of the framework of the so-called 2030 framework, **so called new governance structure**);

National plans for competitive, secure and sustainable energy

EC – it is necessary to simplify and make more effective current individual procedures concerning reporting on energy coming from RES, energy efficiency and reduction of greenhouse gas emissions for the period after 2020.

Observance of relevant objectives could be achieved through the combination of EU and domestic measures described in the national plans of MS for competitive, secure and sustainable energy.

These plans should set up a clear approach to achieve domestic goals concerning greenhouse gas emissions in sectors outside the EU ETS, energy from RES, energy savings, energy security, research and innovation and other important decisions related for example to nuclear energy, shale gas, carbon capture and storage ...

Management system would be realized in 3 steps

in the first step, EC would develop detailed guidelines for the realization of a new management process

in the second step MS would prepare requested plan

in the last step, plans would be reviewed on the level of the EC from point of view of adoption of national commitments and assumptions related to objectives fulfilment on Community level

Energetická náročnosť

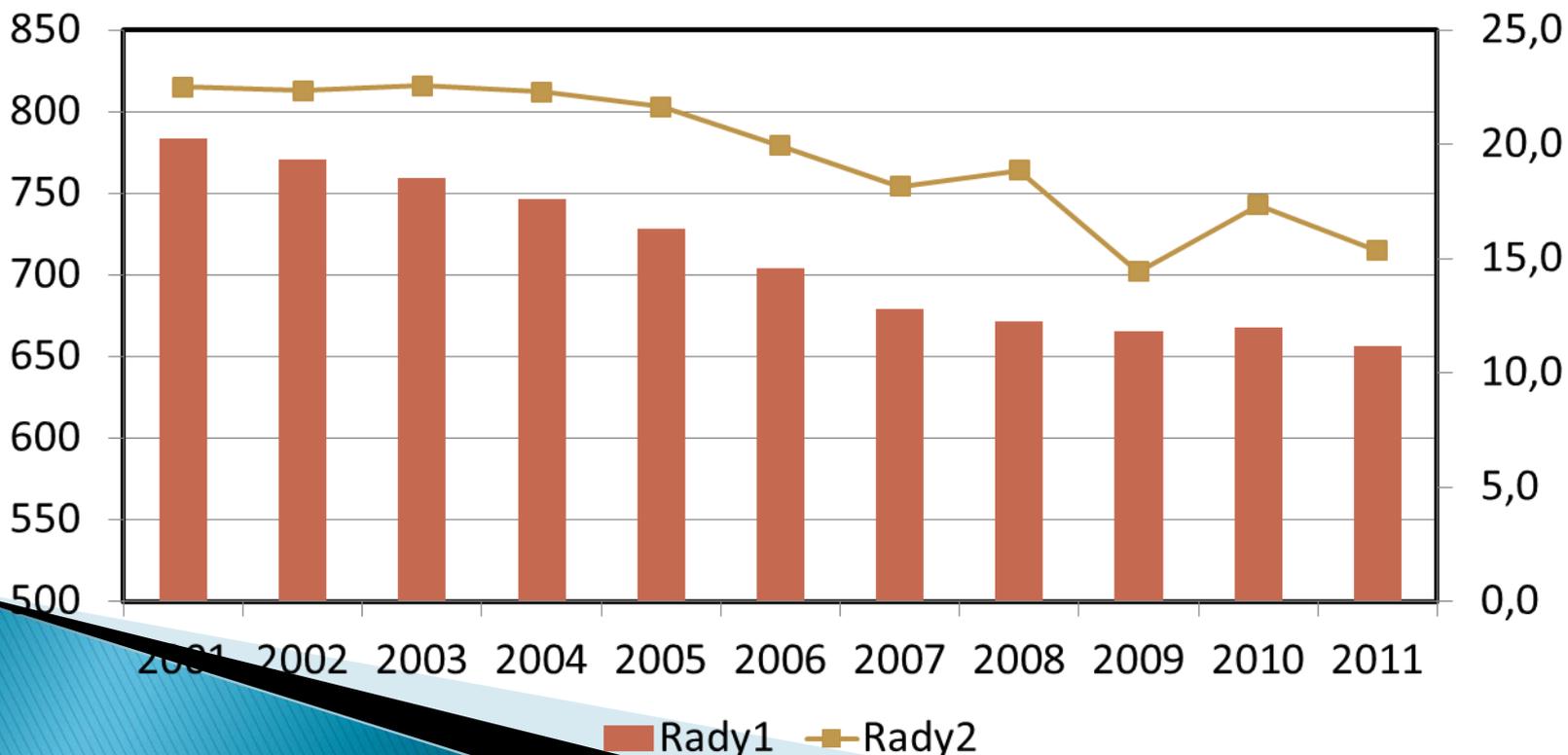
Energy intensity, defined as the ratio of gross domestic consumption and gross domestic product; in Slovakia for 10 precedent years downward trend

In years 2005-2010 SR decreased energy intensity by more than 21% - the largest reduction in EU-27 in the given period.

Despite this decline, in 2005-2010 Slovakia had the fifth highest energy intensity based on constant prices in the EU-27

Decrease of energy intensity by 45 %

PJ/mld. eur



National Indicative Objective of Energy Efficiency for 2020

- **EU target - 20% reduction in consumption compared with reference PRIMES scenario 2007**
 - **Specific values**
 - **1474 Mtoe of primary energy consumption**
 - 1078 Mtoe of final energy consumption
 - 368 Mtoe of primary energy savings
 - **The proposed national indicative target SR**
 - Requirement of Directive 2012/27/EU on energy efficiency
 - Requirement to express in terms of absolute value of primary energy consumption and final energy consumption, including the calculation

| | |
|---|-----------------------------|
| Energy efficiency objective in the absolute value of final energy consumption in 2020 | 425 PJ (10,15Mtoe) (25%) |
| Energy efficiency objective in the absolute value of primary energy consumption in 2020 | 679 PJ (16,21Mtoe) (20%) |

Current Status and Objectives of RES

present time

- ✓ use of RES 54 PJ

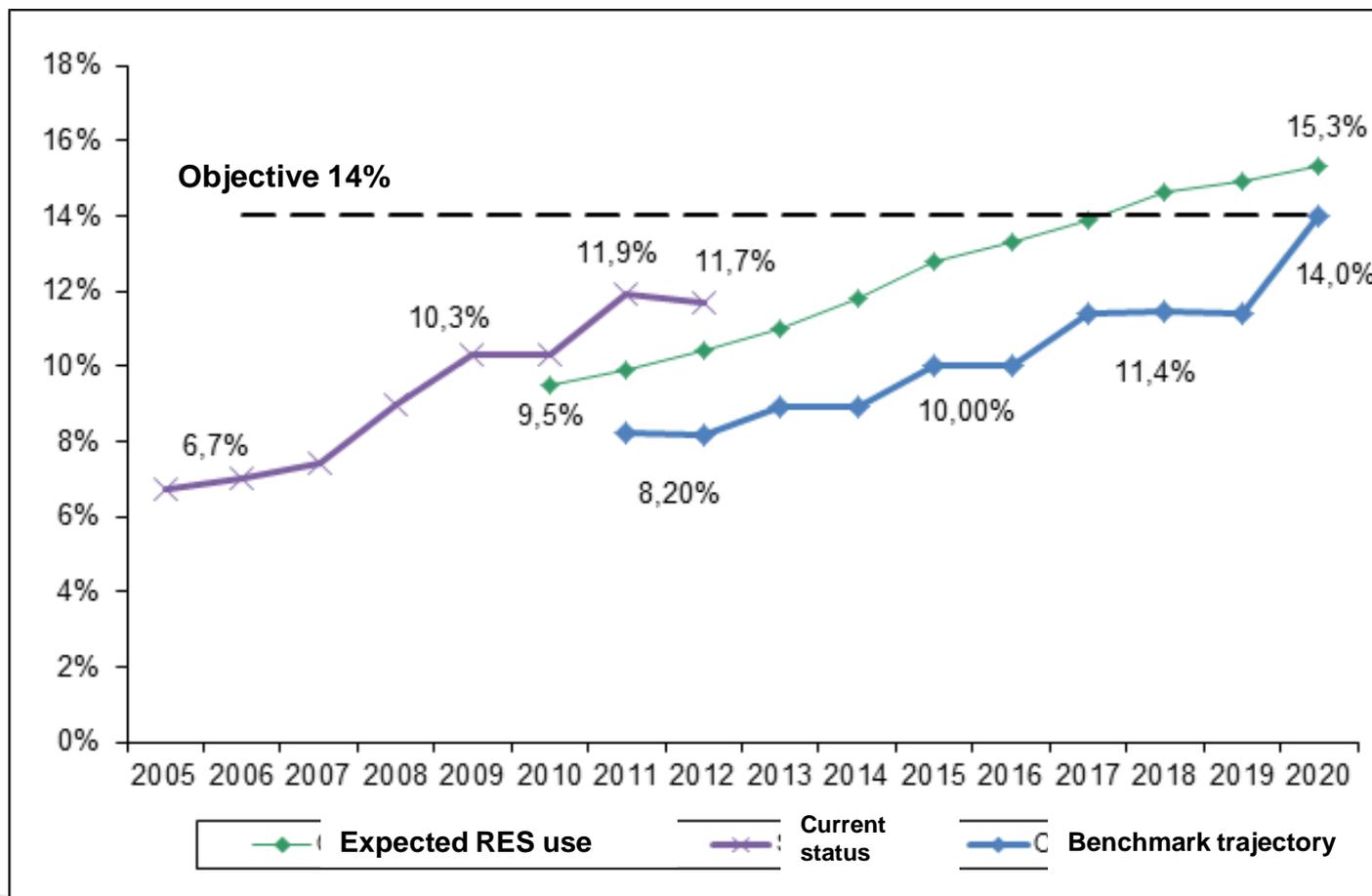
Trend of use

- ✓ steadily growing (30 PJ – 2001)
- ✓ increase corresponding to domestic coal mining
- **9,0 %** share of RES in consumption of primary energy resources (energy mix)
- **11,7 %** (in 2012) final consumption of RES in final energy consumption of about 460 PJ)
- ✓ **20,5 %** share of electricity production in electricity consumption
- ✓ **4,5 %** share of biofuels in motor fuels consumption (% of bio-components in motor fuels energy content)

Goals for 2020

- 14 %** Share of RES in gross final consumption in 2020
- 23 %** Share of RES in consumption electricity in 2020 (indicative target)
- 10 %** Share of RES in transport in 2020
- over 80 %** of non-carbon production of electricity in total production

Comparison of RES Objectives with Expectations and Benchmark Trajectory



Framework of Climate and Energy Policies 2030 and Position of Slovakia

- initiative with important political, economic and environmental implications,
- initiative **cannot weaken the competitiveness of industry** on a global scale (economic impacts could affect the countries with highest share of industry production in GDP; while industry in Slovakia is one of the highest shares of GDP across the EU; the share of industry in GDP of Slovakia is between 25.5% to 32.6% in 2012),
- opportunity **to set better conditions for the modernization of the energy sector**, ensuring the stability of long-term investments to reduce greenhouse gas emissions and development of low-carbon technologies, in order to increase the competitiveness of European industry in global markets,
- before adopting objectives - **a more thorough discussion is needed** (in particular impacts on economy, clear and comprehensive denomination of consequences of climate-energy package for individual countries in the form of analyses with detailed calculations),
- from the point of Slovakia view the proposed binding greenhouse gas emissions reduction by 40% and binding aggregated EU target for share of RES at least 27% **is the key issue**

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Support of single objective - reducing greenhouse gas emissions by 2030

- By technology-neutral and cost-effective manner, with **particular emphasis on maintaining the competitiveness of our industry,**
- Slovakia for long time and very intensively **changed its emission profile** - significantly 'missed' disposable reduction potential - further reduction of emissions will therefore be more challenging and associated with much higher cost,
- decision on the final value of objective reduction - will depend on the agreed principles and criteria for determining the MS contribution to the overall objective of emissions reducing
- to reach **agreement on criteria for cost-sharing mechanism** (burden sharing) based on **the principle of solidarity; must not be allowed, that poorer EU Member States,** which will bear a higher rate of cost for achieving emission objectives, **would paid the price for the common objectives,**
- sharing mechanism must also **take into account efforts already made,**
- given the economic and social importance and a relatively high proportion of plants included in the EU ETS it is important - to take long-term measures to **minimize the risk of carbon leakage** beyond 2020,

In this context, Slovakia prefers a **more realistic approach** to reduction of greenhouse gas emissions compared with the proposed objective **on the level of 40%**

Framework of Climate and Energy Policies 2030 and Position of Slovakia

- SR Slovakia is **against setting objective for RES** on both EU and national levels;
 - goal for greenhouse gas emissions provides for sufficient incentive for the development of RES in accordance with national conditions; Slovakia supports the development of RES, the rate of development, however, should be left to the MS, RES should not be the goal, but one of tools to achieve the main goal - emissions reduction,
- Slovakia objects **to pertinent intention to define the goal for 2030 in the area of energy efficiency**
 - Being aware of the potential in the area of energy savings, additional measures for its implementation, however, should be left to the MS
- It is important to use **those methods** to reduce emissions, which are considered by MS **to be the best** in terms of conditions of individual MS
- Such a flexibility is important **in terms of cost minimization**, as well as possibilities to influence energy prices and respecting national competences as well as with regard to defining the national energy mixes

Framework of Climate and Energy Policies 2030 and Position of Slovakia

- completion of domestic energy market and building of new energy infrastructure, including new interconnections between MS, is an important element needed **for energy prices decrease**
- possibility to support efforts to simplify reporting and monitoring of RES policies, changes of climate and energy efficiency and the need for mutual information on national decisions in the areas of energy and climate policies,
- proposed "iterative" process is considered to be **a disproportionate interference with national competences**
- **overlapping with positions of V4 + countries**

Framework of Climate and Energy Policies 2030 and EB Conclusions

- European Board confirmed - in connection with the conclusion of a global climate agreement (21st session of the Parties Conference in **Paris in 2015**), **that its contribution would be submitted no later than in the first quarter of 2015**; similarly all major world economies should act in the same way
- **agreed EU policy framework up to 2030** – in the area of policy of greenhouse gas emissions reduction, RES and energy efficiency - will, inter alia, be **based also on the following principles**:
 - **consistency among individual objectives** and their fulfilment by cost-effective manner in 2030
 - **security of energy supplies** for households and businesses and
 - **flexibility for MS** to achieve these commitments, while respecting their own choice of energy mix

Framework of Climate and Energy Policies 2030 and EC Conclusions

- **EC Board** - to analyse the impacts of the proposals on the individual MS and to develop mechanisms that will bring **fair distribution of efforts**
- jún 2014 - June 2014 - the goal to **take a decision on a given policy framework as quickly as possible -not later than in October 2014**
- energy - completing of internal energy market is the priority, the *Board* challenged Commission to propose specific objectives by June 2014, which should be achieved in the area of interconnections
- to reduce Europe's energy dependence as to **the gas** – to submit to the *EC* **a comprehensive plan of reduction of EU's energy dependency** in June 2014; take measures to **promote the Southern corridor**, including the development of connections in Eastern Europe and to explore ways to facilitate the export of natural gas from North America
- to continue **reduction of energy costs** borne by the end user; to review the system of levies for energy policy financing, price tax components as well as the network costs

Thanks for your attention

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