

UEAPME¹ position on the 2030 Framework on Climate and Energy Policies

Introduction

As the organisation representing over 12 million enterprises with nearly 55 million employees, UEAPME calls on the European institutions to agree on a new stable and realistic climate and energy policy framework until 2030. One of the key priorities of this new framework should be to avoid a further increase of high energy costs, which hamper the competitiveness of our economy and particularly SMEs, and to maintain the attractiveness of the EU as a stable business and investment location. In this context, UEAPME supports the cost efficient expansion of renewable energy sources as well as an enhanced role of energy efficiency until 2030. Moreover, the objective of helping SMEs to reduce their energy consumption should also be carried out.

Specific considerations

Multilateralism in climate policy

Since Europe is responsible for only a small proportion of global CO₂ emissions², the EU should strive to reach a global climate agreement in 2015 in Paris in order to create a level playing field for companies all over the world and thus promote the EU's competitiveness. Such an agreement would also create a global market for low-carbon technologies and thus promote job creation and growth in the EU. In this context, the EU engagement in this new global climate agreement should better be decided during the Paris conference or afterwards, since it should be proportional to the other parties' ambitions and commitments.

A realistic emission reduction target

UEAPME believes that the EU Institutions should agree on a realistic and economically feasible binding target at EU level to further reduce GHG emissions as the core element of their strategy to fight climate change.

¹ UEAPME subscribes to the European Commission's Register of Interest Representatives and to the related code of conduct as requested by the European Transparency Initiative. Our ID number is [55820581197-35](#).

² The EU is at present only responsible for 11% of greenhouse gases emitted worldwide each year and that the EU's share is expected to be around 5% in 2030.

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UNIONE EUROPEA DELL'ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

The target proposed by the Commission to reduce greenhouse gas emissions by 40% compared to 1990 levels in the period until 2030 is a significant increase compared to the target set for 2020. UEAPME is of the opinion that the decarbonisation of the EU economy should be a strategic long term objective, which cannot hamper the industrial base in Europe. Therefore, the GHG reduction target should be realistically reachable and above all compatible with EU's growth and jobs.

In this context, UEAPME is convinced that the 30% reduction of GHG emissions proposed by the Commission for the sectors not covered by the ETS will be difficult and expensive to achieve. We can see that SMEs subject to the Effort Sharing Decision are not yet aware of it. There is an important work to be done at national level as far as implementation is concerned. National Governments should work hand-in-hand with SME business organisations in order to implement the Effort Sharing Decision.

Moreover, when determining the possible level of the targets in each of the Member States, the differences in Member States' technological ability to reduce emissions, their economic strength, the measures and investments already realised and the costs as well as technical potential of further emission reductions should be taken into account.

Tackle the structural difficulties of Renewable Energy Sources (RES)

UEAPME wishes to highlight its support for a further expansion of RES since they represent an important economic sector for SMEs as many of them are specialised in installing and maintaining RES equipments. SMEs, especially those in the construction sector should have an easy access to the RES market.

The expansion of RES, which should be adapted to the different national and regional realities, is one of the key elements of the setting up of alternative decentralised systems of production and distribution of energy in which micro-generation, fuelled with local renewable sources, and CHP play a major role. This is necessary because the current method of energy production and distribution is generally represented by large firms and is still based on a high use of fossil fuels and characterised by high energy losses. These conditions do not foster a reduction of the EU's energy dependency and of its GHG emissions.

However, it is important that the expansion of RES takes place at the least possible cost for SMEs. To do this, the structural difficulties of renewable energy have to be urgently tackled:

- a) The necessary infrastructure, including smart grid technology, must be put in place in order to bring RES to the consumers efficiently and without endangering security of supply;
- b) Investments in innovation in the area of energy storage should also be considered;
- c) National measures and support schemes need to be better coordinated in order to avoid that excessive and disproportionate costs are passed on to small companies as it has been so far the case;

Only with these pre-conditions can renewable energy use be expanded in a cost-efficient manner.

Likewise, UEAPME agrees with the Commission on the allocation of subsidies for immature energy technologies and on the phase out of subsidies for mature technologies.

Focus on implementation until 2020 and enhanced role of energy efficiency until 2030

Energy efficiency has a key role to play in achieving emissions reduction and an affordable secure energy supply by 2030. As a first consistent step, UEAPME believes the European Commission should properly assess the progress made at national level towards the 2020 target and work on the implementation of existing legislation in order to reach the current target.

It is obvious that SMEs can benefit from investments in energy efficiency improvements and thus, UEAPME is very keen in seeing programs in place at national level, which assist SMEs. Such programs should:

- a) Provide technical assistance on how to put into practice the necessary changes as well as financial schemes. It should be noted that the construction sector can greatly benefit from such programs as provider of energy efficiency equipments and construction techniques. Investments in such equipments and techniques stimulate the much needed creation of jobs and consequently, lead to sustainable growth. Therefore, SMEs in the construction sector should have easy access to the energy services market. Moreover, if the right support schemes are set up, industrial SMEs, whose manufacturing processes are high electricity-intensive, will also be able to benefit from more energy efficient production systems and thus, reduce their energy consumption;
- b) Involve SME organisations with the aim to monitor market and energy/climate policy evolution, exchange best practices, etc;
- c) Increase financial and technological collaborations among SME intermediaries, reinforcing the interconnection with EU and National Regulatory Authorities dealing with SMEs as energy end-users.

In the period from 2020 to 2030, UEAPME is of the opinion that the role of energy efficiency must be further enhanced.

Full implementation of the EU internal energy market

The EU internal energy market, in particular the electricity market, is to a great extent still very fragmented. This concerns the regulatory, political and physical dimensions.

European industry, especially SMEs, need to remain competitive in the internal market to boost economic growth and to create employment. High energy prices within the EU are not only impacting negatively on energy intensive industries but are also a competitive drawback for SMEs. Competitive forces within the internal energy market need to be reinforced to hold in check or to reduce high electricity and gas prices in Europe.

With regards to the regulatory dimension, it is important that any type of support scheme is coordinated at EU level. Energy subsidies and incentives must have a long term, stable and comprehensive approach. In this line, it is necessary to design a simplified incentive system able to support micro, small scale investments and related businesses within a harmonised EU framework. This system can only be designed if significant progress towards the implementation of the regulatory requirements of the Third Energy Package is made. There is also a need to better coordinate the national energy taxation systems to fully implement the internal energy market and prevent the taxes and levies –part of electricity costs- from rising.

With regards to the political dimension, more coordination is needed since individual decisions of Member States can have severe negative consequences on other Member States and on the functioning of the internal market as a whole.

With regards to the physical dimension, there is still a great need for investment in smart, cross-border infrastructure. It is crucial that SMEs reap the advantages of the internal energy market and benefit from lower energy prices.

Conclusions

In a nutshell, UEAPME believes that a technically and economically feasible binding EU target for GHG emission reduction supported by sound energy efficiency and renewable energy policies should be the basis of the new EU framework for climate and energy policy from 2020 until 2030. However, the competitiveness of the

EU must be ensured through the right framework conditions. Last but not least, the package should contribute to the EU strategy aimed at the re-industrialisation of the EU, with SMEs as its front-runners.

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