

EPEE NEWS

APRIL-MAY 2009

The European Partnership for Energy and the Environment is pleased to present its bi-monthly newsletter. Please note this version is designed for external use and its content has thus been reduced. The full version of the newsletter (including links to key documents, EPEE's comments/action points, calendar of events, "on the intranet" section and "Message from the Director General") is available for EPEE members only.

To receive additional information on EPEE and the benefits of membership, please contact the Secretariat: secretariat@epeeglobal.org

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Message from the Director General

For EPEE members only!

I. Monitoring & recent events

Key recent events of significance to EPEE members

1. Copenhagen: Draft UNFCCC negotiation texts published

In view of the next meeting of the UNFCCC conference to take place in Bonn in June, two draft documents have been published, outlining ways to decrease emissions from developed countries, improving and expanding the Clean Development Mechanism (CDM) and including deforestation in a new global climate deal.

The text on commitments for developed countries suggests several options for the scope and timing of reduction efforts although it does not yet propose concrete figures for emission cuts – with the exception of the ambitious figures proposed by South Africa and the Philippines which call on the US to cut emissions by a quarter by 2017 compared to 1990 values. The paper also calls on Belarus, Turkey and the United States to commit to binding reductions in the frame of an international agreement. The options propose different timing and commitment periods which all start as from 2013, but end either in 2020, 2022, or 2027.

The EU also proposes introducing carbon reduction targets for the international aviation and maritime transport.

Key documents:

For EPEE members only!

EPEE Actions:

For EPEE members only!

2. Climate and Energy Package: Formally Adopted

On 6th of April, the Council adopted the final legal texts of the Climate and Energy Package. It includes the following proposals:

- Proposal Directive on the Promotion of Renewable Energy Sources (RES)
- Proposal on the revision of the Emissions Trading Scheme (ETS)
- Proposal to decrease the emissions from sectors not included in the Emissions Trading Scheme (burden shared between the Member States)
- New rules for cleaner cars in Europe
- New environment quality standards for fuels and biofuels
- Proposal on Carbon Capture and Storage (CCS)

This legislation aims to fight climate change. It is a measure to achieve EU's target of a 20% reduction in greenhouse gases and a 20% share of renewable energy in total energy consumption by 2020.

The vote took place without any further discussion and simply formally endorsed the agreement reached by the Member States back in December 2008.

Key documents:

For EPEE members only!

EPEE Actions:

For EPEE members only!

3. Energy Efficiency: Parliament backed the extension of the Energy label to more products; but rejected a close A-G scale

On 5 May, the European Parliament adopted the report of MEP Podimata on the recast of the Energy Labelling Directive by an overwhelming majority of 566 votes in favour and 28 votes against.

The main points of the report are the following: the energy label for all energy-using and energy-saving products; advertising must indicate energy consumption or saving; a regular review of energy labelling classification; tax credits for highly energy-efficient products; and public authorities to procure the most energy-efficient products.

MEPs asked the Commission to submit a list of priority products to Parliament and the Council no later than six months after the directive's entry into force. The technical details of the directive, such as the energy classes of specific products, will be determined by a Commission working group under the "regulatory procedure with scrutiny".

The text will now be transmitted to the Council where discussions among Member States might lead to long and technical debates, as energy label is currently a sensitive issue. In any case, no agreement in the Council is expected by the end of the Czech Presidency (30

June); Sweden is more likely to secure a deal on this dossier under its presidency (1 July-31 December 2009).

The day after, MEPs turned down the motion for a resolution on the indication of the energy consumption of household refrigeration equipment.

A qualified majority of 393 votes was required for the motion to be adopted but only 389 MEPs voted in favour of the motion, 260 against and 22 abstentions. Surprisingly, a similar motion for a resolution on the indication of the energy consumption of TV sets was carried just before by 399 votes.

The resolution was proposing to reject the implementing measures with regard to energy labelling of household refrigerating appliances, adopted at the end of March by the Commission's Regulatory Committee. The resolution was also calling on the Commission to come up with a new text for an energy label for refrigerators, as soon as possible and at the latest by 30 September 2009.

Now the ball is in the camp of the Council which is preparing its position and can still reject the implementing measures.

Key documents:

For EPEE members only!

4. US Climate Bill: New Developments

There have been new developments regarding the US Climate Bill (Waxman-Markey) as earlier in May compromises were reached by the Democrats in the House of Representatives. The new proposal is still a "work in progress", but it involves the following new deals:

- Under the new proposal, 30% of free pollution allowances would be granted to the electric sector through local distribution companies, 15% to heavy industrial firms and 3% of the pollution permits will go to the auto sector.
- A more moderate short-term greenhouse gas emission reductions was proposed – 17% below 2005 levels by 2020, as compared to the 20 percent reduction originally suggested
- A compromise on the renewable electricity was reached, with the requirement that 6 percent of electricity be renewable by 2012, and 20% with 5% coming from efficiency. Additionally, a governor may declare that their state will fall short of the RES goal, thus allowing an additional 3 percent to be gained from efficiency.
- The longer term GHG emission reductions remain at 42 percent in 2030 and 83 percent in 2050.

The proposed bill was approved by The House of Representatives Energy and Commerce Committee on 21st May.

Key documents:

For EPEE members only!

5. Swedish EU Presidency: Swedes intend to link climate change and development dossiers

The upcoming Swedish EU Presidency, at the helm of the EU from 1 July until 31 December 2009, has made it clear that it intends to closely link the political fight against climate change and the EU's development policy.

Sweden believes it is vital to link these two areas, effectively this means that striking a deal in Copenhagen in December will significantly depend upon the capacity of industrialised countries to contribute to the collective effort. At the Forum of Major Economies (17 countries account for 80% of global emission) it was highlighted that the EU's aim to reduce greenhouse gas emissions for all industrialised countries by 2020 has nothing in common with the US measure to reduce rates by 5%.

China stated it is completely insufficient and is counting on developed countries to collectively achieve a cut of 40% called for by the International Panel on Climate Change (IPCC).

Key documents:

For EPEE members only!

6. Copenhagen: European Commission preparations ahead of summit

On 13 May European Commission President José Manuel Barroso, Chairman of the Inter-Governmental Panel on Climate Change (IPCC), Nobel Peace Prize winner Dr Rajendra Pachauri and author on the economic cost of climate change Nicolas Stern held a working breakfast on the preparations to the Copenhagen Summit.

All agreed that the lack of commitment on the part of industrialised countries to a binding target for reducing greenhouse gas emissions by 2020 remains the principal difficulty for the Copenhagen negotiations. During May President Barroso will have met with US, Canadian, Japanese, Chinese and Russian representatives in the context of the upcoming climate negotiations. Nicolas Stern stated that the EU's leadership on climate change has been fundamental in terms of targets, technologies and mechanisms. He added that if the EU becomes fragile or tepid the effect on international negotiations will be very large, and that efforts cannot be let up due to the ongoing financial crisis. Dr. Pachauri further stated that

the EU was leading the way in reducing emissions from the transport sector as well as in the field of energy efficiency in the building industry, meanwhile “the US is in a catch-up stage” said Pachauri.

The next round of UN climate talks is presently ongoing in Bonn, Germany and will last until 12 June.

Key documents:

For EPEE members only!

EPEE Actions:

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7. Energy Efficiency: Eco-design requirements extended to all energy-related products

On 24 April, the European Parliament approved the informal deal struck with the Council of Ministers on the recast of the Eco-design Directive to widen the scope from energy-using products to energy-related products. The attempt from some MEPs, including the Rapporteur Romanian MEP Csibi to extend the scope to all manufactured products under the Eco-design Directive has thus failed.

Energy-related products are defined as products which do not consume energy but have an impact on the global energy consumption – insulation materials are an example of energy-related products.

The first indicative list of priority product groups that will be covered by the scope extension will have to be published by the Commission by October 2011.

Key documents:

For EPEE members only!

8. Energy Efficiency: MEPs want more energy efficient buildings in the EU by 2019

On 23 April, the European Parliament adopted the report of Ms. Ticau on the recast of EPBD by a large majority of 549 votes in favour and 51 votes against.

Amongst all the elements of the report, the Parliament sets 2019 as target for “zero-energy buildings” in the EU; demands that the Commission should create an EU energy efficiency

fund by 2014 to finance energy efficiency improvements in buildings; approves that all buildings in Europe undergoing a major renovation would have to meet minimum energy efficiency standards, currently the requirement applies only to buildings over 1,000 square meters; and agrees that the “cost-optimal” efficiency standards should be set according to a common EU methodology established by 2010, and not at national level.

This vote will give a strong hand to the Parliament in future negotiations with the Council in the upcoming months.

All EPEE key amendments were carried in the text adopted by MEPs.

Key documents:

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9. GHG Emissions: EU industry cuts greenhouse gas emissions with 3% in 2008

EU businesses which are part of the EU Emissions Trade System (EU ETS) have cut greenhouse gas emissions with 3,06% in 2008, compared to 2007. This cut contributes to the 6.5% reduction which the European Commission wants to achieve in the second trading period (2008-2012) in order to meet the EU requirements set out in the Kyoto protocol.

While the economic recession has affected the sectors covered by the Emissions Trade System, the 3 per cent cut in 2008 also indicates that the EU ETS is well functioning, setting a strong carbon price which stimulates carbon emission reducing measures. Furthermore, greenhouse gas emissions were cut regardless of the 0.8% GDP growth in the EU-27, indicating the separation of pollution and economic growth.

The EU ETS has in the past covered only CO₂ emissions, but from 2008 it also includes emissions of nitrous oxide from the production of nitric acid in the Netherlands and in Norway.

In light of the 2008 emissions cut, Commissioner Stavros Dimas said: *"This should encourage other countries in their efforts to set up comparable domestic cap-and-trade systems, which we would like to see linked up with the EU ETS to create a stronger international carbon market."*

Key documents:

For EPEE members only!

10. REACH: Industry groups call for spreading of revision of REACH fees

Business Europe has called for the option for companies to spread REACH registration fees over several years at the stakeholder meeting held by the European Chemicals Agency (ECHA) on 27th May. The call is in light of the current economic recession and the financial burden which the registration fees impose on companies.

The phased payment of registration fees is seen as the short term solution for reducing of financial burdens of companies, while in the long term Business Europe proposes a revision of registration fees after December 2010 if there are more registrations than expected.

REACH is designed to run on funding from registration fees by 2011. The UK-based Chemical Business Association (CBA) has called in early May for a revision of ECHA's funding and possible reduction of the registration fees in light of the higher number of pre-registrations than expected. In a press release CBA voices the concern that the volume of registrations (eighteen times more than expected) will impede the effective implementation of REACH, rendering Substance Information Exchange Forums (SIEFs) unmanageable, and will result in over-funding of the Agency.

An ECHA spokesperson has responded to industry group demands that the considerably higher number of pre-registrations does not necessarily mean that the number of registrations will also be greater than expected.

Key documents:

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11. Copenhagen: The World Business Summit calls upon political leaders for an ambitious new treaty

In the context of the World Business Summit, held in Copenhagen between 24-26 May, 700 businessmen have called upon political leaders to agree on an 'ambitious' new treaty during the Copenhagen Summit from 7-18 December. The captains of industry (BP, Siemens, PerpsiCo and Ericsson) handed over a six-point declaration to Danish Prime Minister Lars Løkke Rasmussen at the end of the summit called the 'Copenhagen Call'.

The Copenhagen Call stresses that a solid new treaty *"will remove uncertainty, unleash additional investment and bolster current efforts to revive growth in a sustainable way"* and that *"there is nothing to gain through delay"*. Yvo de Boer, Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC) considered the call to be *"very important"* as it is *"impossible for politicians to undertake vigorous action against climate change without knowing whether the business world is behind them"*.

The involvement of business and industry was echoed by European Commission President José Manuel Barroso who told business leaders at the World Business Summit to “demand that the negotiations make progress”. UN Chief Ban Ki-Moon added that “You and your colleagues have the ingenuity and vision to lead by example where others – including – governments – are lagging behind. You must make it clear to your leaders that doing the right thing for the climate is also the smart thing for global competitiveness and long-term prosperity”.

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