

## INCEPTION IMPACT ASSESSMENT ON 2030 CLIMATE TARGET PLAN

### UFE'S DRAFT REPLY

UFE supports the European Commission's proposal to speed up the GHG emission reduction by 2030, and to not postpone all the decarbonisation effort after 2030, in order to bring the target in line with the EU's commitments under the 2015 Paris Agreement.

In general, UFE agrees with the inception impact assessment proposed by the Commission. UFE would nevertheless like to provide further details on elements that should be included in the EU Impact Assessment.

When assessing *"the impacts on the energy affordability, sustainability and security, including energy system costs, infrastructure needs, considering the role of an effective and efficient internal energy market"*, the Commission should also assess whether the current market design arrangements and the regulatory framework are fit for purpose in the context of the energy transition in the medium and long term. In particular, massive, long-term, capital-intensive investments will be needed in the energy efficiency, electricity, and low-carbon energy sectors: the ability of the market design to provide sufficient visibility and deliver these investments in an effective way will therefore be key if we want to achieve a cost-efficient energy transition. While a revision of the directive and regulation on the functioning of the electricity market might not be considered in the short-term, it is fundamental to assess their compatibility with climate objectives in the medium and long term.

When assessing *"how this increase in the 2030 climate target relates to the pathway beyond 2030, through 2040 and ultimately resulting in climate neutrality by 2050"*, the European Commission should notably ensure the overall resiliency of the trajectory. Indeed, it is key that the trajectory is resilient enough so that, if some milestones are missed, there is still possibility to reach the objective. The impact assessment should take into account the possibility to stray from the path. On addition, in the context of the COVID-19 crisis, the Commission should define scenarios that include possibilities to reach the climate target while absorbing economic shocks (consider recession scenarios and their societal implications.)

UFE believes that the initiative should also assess:

- The potential of direct or indirect electrification to be reached in the different sectors. Electricity is the most carbon-free energy carrier in several EU countries and will be one of the important levers to reach the EU climate targets. It is very important to be able to quantify it.
- The breakdown of the burden-sharing between ETS and non-ETS sectors and how to improve the current system to make sure it is more robust to external shocks.
- The "no regrets" strategies, which will anyway produce net benefits in a wide range of climatic, ecological and socioeconomic scenarios. "No regrets" measures can only reduce the vulnerability of the society to climate change.
- The "innovation scenarios", i.e. scenarios with innovative, climate-friendly technologies which today are considered too expensive and not mature for market-deployment but could help achieving the climate target.

- Expected behavioural changes. The document mentions that a “significant majority of the EU population wants to see more action” but does not specify how committed they are to help achieving the target nor what actions they would be ready to take.

UFE would like to recall that it is crucial that the impact assessment of the Commission proposes scenarios of economic rebound that will not lead to a boom in fossil energy consumption as it was the case following the 2008 crisis.