



Union Française de l'Électricité

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Position Paper regarding the European Commission communication on long-term strategy to decarbonize the European economy

UFE welcomes the European Commission's communication calling on Members States for the establishment of a long-term strategy to decarbonize the European economy. **The French electric sector supports Europe's carbon neutral objective for 2050, as it is the only credible option to meet the Paris agreement's commitment to limit global warming to 1.5 °C.** As the EU set a 40 % greenhouse gas emission reduction target by 2030 – compared to 1990 – this mainly put the decarbonization burden on the 2030-2050 period. However, as underlined by the recently published IPCC report, it will be easier and cheaper to intensify our efforts during the 2020-2030 decade. **Therefore, UFE calls for a reassessment of the European climate objectives for 2030 in order to ensure a sustainable and efficient energy transition.** Currently, CO₂ emission savings could be achieved rapidly and in a cost-effective way especially through the substitution of coal-fired power plants.



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A carbon footprint approach

Achieving carbon neutrality requires a shift in approach. UFE warns against the risks of a decarbonization that would only result in a reduction of the CO₂ emissions *in* Europe but not *of* Europe itself. Considering exclusively the emissions produced in Europe is not sufficient to have a global approach to climate change. **UFE asks the European Commission to define a dedicated plan for measuring European emissions according to a carbon footprint approach.** The aim is to define the right indicators to take into account the overall environmental impact of European economic activities, especially by reducing emissions at European borders and by protecting industry through the avoidance of carbon leakage.

What are the levers for action?

UFE underlines that it is essential to provide the means to achieve its ambition and calls on the European decision-makers to put in place the required levers.

- A high carbon price on the European carbon market combined with a **carbon tax on downstream fossil fuel consumption** alongside potential **border adjustment measures**, will enable investments towards low-carbon technologies.
- A reform of **energy taxation** at European level that no longer penalizes low-carbon energy sources.
- The establishment of a **reciprocity mechanism in trade agreements between EU and third countries** to defend European environmental standards and preserve the competitiveness of our companies towards the rest of the world.
- A budget as well as European funding dedicated to the energy transition in line with the climate challenges. According to the European Commission, **additional investments of around €180 billion for the 2020-2030 decade, and between €142 and 199 billion per year between 2030 and 2050 will be required.** While UFE welcomes the European Commission's initiative to allocate 25 % of the European budget to climate action, it calls for even greater ambition in this regard. To that extent, the French association also proposes to **direct more financial resources coming from European financing institutions** towards projects that are tackling climate change as well as **integrate climate objectives into their mandate.** Indeed, UFE recalls the necessity to allocate funds for **innovation and R&D in low-carbon technologies.**
- **Develop and invest in smart-grid infrastructure to meet the carbon neutrality objectives, develop electric mobility and reinforce the flexibility of the European electricity system.** There will be no successful energy transition without the adaptation of network infrastructure, which is essential for the integration of new renewables sources of production. A strong political commitment by both national and European authorities towards network infrastructure is needed to support their development given the fact that



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it is increasingly facing public acceptance difficulties. The integration of intermittent renewable energies requires the mobilization of flexibility levers which are mainly based on the services offered by market operators and their active customers.

Develop a systemic approach regarding the energy transition in Europe

UFE shares the integrated vision proposed by the European Commission: the magnitude of the climate change challenge calls for many social and societal changes. According to various estimations, the **energy transition could potentially create between 280,000 and 400,000 jobs by 2030 and up to 900,000 jobs by 2050**. Europe must adopt an ambitious industrial policy that protects the competitiveness of its industry by creating as many green jobs as possible on its territory. Here, UFE underlines the importance of guaranteeing a fair energy transition for all its citizens, to support territories and companies in their changes and prepare the skills of tomorrow by developing the necessary training. Moreover, this transition also requires a rethinking of our societal patterns of consumption. The reduction of greenhouse gas emissions must be part of a coherent and responsible environmental policy that develops circular economy by promoting recycling and protecting biodiversity.