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Call from the Alliance of Energy Intensive Industries to safeguard the competitiveness dimension of the Energy Union

Competitiveness, together with research and innovation, is one of the five dimensions of the Energy Union. Today, Energy Intensive Industries are calling for attention from decision makers on this particular dimension, especially in the context of the Clean Energy Package. It is important that the impact of the 2030 Climate and Energy framework and new policies under adoption on the competitiveness of Energy Intensive Industries is adequately considered both in terms of:

- New opportunities – Our sectors provide low-carbon solutions e.g. in the field of renewable energy, energy performance of buildings, transport, CCU etc. The transition to a low-carbon economy therefore offers new market opportunities: our efforts and the investments towards this path should be encouraged by EU regulation;
- Challenges – Energy is our lifeblood. Industry consumes 25% of EU28 final energy. In order to compete on a global scale, we need access to affordable and reliable energy. On the contrary, if EU industry is placed on unequal footing and weakened vis-à-vis international competitors, investments in smart, innovative and sustainable industries will not materialize in Europe.

For the above reasons, we believe that:

- The **Governance of the Energy Union** must place competitiveness on an equal footing with the other dimensions, track progress on measures to preserve industry's international competitiveness and look at cumulative costs from energy and climate policies affecting EU industries;
- The policy framework governing the **electricity market** should be non-discriminatory and technology-neutral. Capacity mechanisms represent a major regulatory intervention. Alternative and more cost-efficient solutions should be prioritised, in particular voluntary demand response. If capacity mechanisms are implemented, they should be used only for a limited time, until market balance and functionality are established;
- While creating new opportunities, the growing share of variable **renewable energy production** in the grid represents a challenge. Support schemes, when deemed necessary, should be market-

based and market-responsive. They should be seen as a transitional tool diminishing over time and aiming at supporting immature technologies to become cost competitive. Finally, they should not negatively affect industrial competitiveness.

- Real ambition in the field of **energy efficiency** makes sense, in particular if it is focused on sectors with large untapped potential where consumer behavior can realistically be influenced, like **buildings**. Measures should tackle sectors of the economy that are not already deeply regulated and where measures to take are the most cost-effective. Energy efficiency can also support industry's competitiveness but only under the condition that it leaves room for industrial growth by introducing flexibility in the target formulation and keeps a consistent approach towards CO2 reduction as the main target. Energy intensive industries already have the strongest incentives and regulatory provisions (i.e. EU ETS, BREFs, etc.) to be energy efficient, thus it is also key that **Energy Savings Obligation** do not lead to double regulation and do not disturb the level playing field between Member States, based on their degree of "industrialization". Therefore, the possibility for Member States to exclude energy use in ETS Annex I sectors from the calculation of the savings obligation must be maintained, not only until 2020 but also after.

We are at your disposal if you wish to receive more detailed input regarding the points listed above and thank you in advance for your attention.