

Note to signatories: This letter will be sent to the recipients but not press released or published on websites. The signatories listed below need to reply to confirm they are OK with the tracked changes in this document.

Letter on carbon criteria from EU-level RES associations

To:

Dr. Krišjānis **Kariņš** MEP, Rapporteur on the Proposal for a Regulation of the European Parliament and of the Council on the Internal Market for Electricity
Mrs Julie Girling MEP, Rapporteur on the Proposal for a Directive enhancing cost-effective emission reductions and low carbon investments
Mr. Konrad **Mizzi**, Minister within the Office of the Prime Minister of Malta
Ms. Kadri **Simson**, Estonian Minister for Economic Affairs and Infrastructure

Cc:

Mr. Jerzy **Buzek** MEP, Chair of the Committee on Industry, Research and Energy
Mr. Maroš **Šefčovič**, Vice-President of the European Commission, Energy Union
Mr. Miguel Arias **Cañete**, European Commissioner for Climate Action & Energy
Mr. Fredrick **Federley** MEP, draftsman for the opinion, of the Committee on Industry, Research and Energy on enhancing cost-effective emissions reductions
Dr. Pavel **Poc**, draftsman for the opinion of the Committee on Environment, Public Health and Food Safety on internal market for electricity
Mr. Ivo **Belet**, Shadow Rapporteur
Ms. Jytte **Guteland**, Shadow Rapporteur
Mr. Gerben-Jan **Gerbrandy**, Shadow Rapporteur
Ms. Kateřina **Konečná**, Shadow Rapporteur
Mr. Bas **Eickhout**, Shadow Rapporteur
Ms. Eleonora **Evi**, Shadow Rapporteur
Ms. Martina **Werner**, Shadow Rapporteur
Ms. Kaja **Kallas**, Shadow Rapporteur
Mr. Claude **Turmes**, Shadow Rapporteur
Dr. Zdzisław **Krasnodębski**, Shadow Rapporteur
Ms. Cornelia **Ernst**, Shadow Rapporteur
Mr. Dario **Tamburrano**, Shadow Rapporteur

XX May 2017

Subject: The European renewable electricity industry backs calls for a carbon criterion emissions performance standard in Capacity Mechanisms and in the ETS Modernisation Fund

Dear Dr Kariņš,
Dear Mrs Girling,
Dear Mr Mizzi,
Dear Ms Simson

We are writing to express our support for the twin proposals of a carbon criterion for power plants supported by Capacity Mechanisms within electricity market design *and* the Modernisation Fund within the Emissions Trading System (ETS).

We believe this is crucial for the swift decarbonisation of the European electricity supply.

The principle is very simple: public subsidies should not be used to support the most polluting power plants. Doing so runs counter to EU climate and energy policy, counter to the public's expectations for subsidies and risks cancelling out any positive effects of existing climate and renewables policy.

We therefore urge you to support both the European Parliament's amendments 94 and 104 to the Directive on cost effective emissions reductions with regards the 450g CO₂e/kWh criterion within the ETS Modernisation Fund¹, *and* a similar carbon limit for Capacity Mechanism support within the electricity market design regulation². We believe the European Commission's proposal is a good starting point for negotiations.

While it is crucial to ensure that ETS revenues are not used for investing in polluting and unsustainable assets, it is similarly important to ensure that the effect of an increased CO₂ price stemming from ETS reform is not cancelled out with subsidies to high emissions plants via Capacity Mechanisms. The ETS Modernisation Fund should have as its core goal the transition away from fossil fuel generating capacity.

Furthermore, we recommend that the carbon criterion within Capacity Mechanisms should be enforced as of the entry into force of the electricity market design regulation and therefore call for the deletion of the five year grace period³. Exemptions for Strategic Reserves could be justified during a limited transitional period of maximum five years if a cost-benefit and energy system analysis proved that these are the most cost-effective solutions to solve temporary local adequacy problems and that access for new renewable energy capacity is not curtailed or blocked by this exemption.

Overall, the use of Capacity Mechanisms, if permitted at all, should be explicitly restricted to a last resort measure and be temporary in nature.

Carbon limitation criteria are carbon specific but technology neutral. This means that they do not impact on Member States' right to choose between different energy sources, and are therefore in line with Article 194(2) of TFEU. Such carbon criteria are a key part of implementing the EU's 2030 target for 40% reduction in greenhouse gas emissions. Many countries and jurisdictions around

¹ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2017-0003+0+DOC+XML+V0//EN&language=en>

² The European Commission's has proposed a 550g CO₂/kWh criterion in the recast of the electricity market design regulation. See more details in Article 23 here: [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016PC0861R\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016PC0861R(01)&from=EN).

³ Article 23 of the Commission's proposal for a regulation on electricity market design states that "Generation capacity emitting 550 gr CO₂/kWh or more shall not be committed in capacity mechanisms 5 years after the entry into force of this Regulation."

the world have already implemented similar standards, including a number of US states, Canada and the UK.

Please do not hesitate to get in touch if you would like more information on any of these points. We look forward to working with you on both these issues.

Yours sincerely,

James Watson
CEO
SolarPower Europe



Giles Dickson
CEO
WindEurope



Paola Mazzucchelli
Secretary General
EUREC



Susanna Pflüger
Secretary General
European Biogas Association



Doerte Fouquet
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EREF

EUROPEAN RENEWABLE ENERGIES FEDERATION

Rémi Gruet
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