

2030 Climate Target Plan

Response to the Consultation on the Inception Impact Assessment (Roadmap)

15 April 2020

WindEurope, representing the entire European wind power value chain with more than 400 members, praises the European Commission for taking the lead in raising the level of the 2030 climate ambition and welcomes the possibility of providing feedback through this consultation.

WindEurope strongly supports the target of 55% Greenhouse Gas (GHG) emission reduction by 2030.

Pursuing this target is crucial to avoid backloading and postponing the bulk of efforts to the post-2030 period, which would create a risk of missing the 2050 climate-neutrality objective. Key elements of the energy transition such as the deployment of renewable energy technologies and grid infrastructures follow long investment cycles and need ambitious long-term investment signals.

A 55% GHG emission reduction target should reflect in a **higher renewable energy target** and a higher energy efficiency target. A first assessment shows that **at least 40% renewable energy is needed in the final energy consumption of the EU-27 in 2030¹** in order to reach 55% GHG emissions reduction.

Today the energy sector is responsible for more than 75% of the total European GHG emissions². Decarbonising the way we produce and consume energy is of utmost importance to support the 2050 ambition, and renewable sources are best placed to help in this process.

Wind energy is a source of clean electricity and it's local, reliable and affordable. It adds significant value to the European economy while contributing to the objectives of energy independence and security. With 192 GW installed across the EU-28³, wind energy today supplies already 15% of the total European electricity demand and helps save €10bn/year in fossil fuel imports. The bulk of wind power is provided by onshore wind farms but 2% of the EU electricity is already provided by offshore wind farms⁴.

The wind energy sector brings local value and creates jobs and growth: contributing €36bn to the EU-28 Gross Domestic Product with €8bn exports, it employs 300,000 people across all regions of Europe⁵. Onshore wind is today the most cost-competitive form of new power generation in many countries in

¹ WindEurope first assessment based on Ecofys, *The 35% renewable energy and 35% energy efficiency targets voted for by the European Parliament enable greenhouse gas emission reductions of 50% in 2030* and European Commission *EUCO 32 32.5*. The calculation is for EU-27. With UK departure from the EU, additional efforts will be needed to reduce GHG emissions because the UK did extremely well in that field compared to other Member States. However, due to the UK below-average adoption of renewable energy in their final energy consumption, the need for a higher RES target is justified.

² Data reported in the European Commission *Inception Impact Assessment* subject to this consultation

³ *Wind energy in Europe in 2019*, WindEurope (2020). Cumulative installations EU-28, end of 2019.

⁴ *Wind energy in Europe in 2019*, WindEurope (2020)

⁵ *Local Impact, Global Leadership*, WindEurope and Deloitte (2017). Estimates on jobs creation are the latest WindEurope figures.

Europe, thanks to technological developments and economies of scale. Offshore wind energy is not far behind: its costs have fallen 60% in three years only⁶.

The sector is ready to be the backbone of the EU long-term decarbonisation efforts. The International Energy Agency projections show that wind energy is set to be the EU largest source of power generation by 2027. According to the European Commission Long Term Strategy and in compliance with the Paris Agreement, staying below 1.5°C of global warming implies that wind energy alone will provide more than 50% of the European electricity by 2050⁷. This would mean five-times today's capacity installed.

Decarbonising the wider economy means **significantly increasing the share of renewable electricity** over the next decades. Today electricity covers only 23% of the final energy uses and most of it is fossil fuel-generated, as only approximately 32% of this electricity is provided by renewables in the EU-27⁸. Our assessment⁹ shows that it is technically feasible and economically viable to increase the share of electricity in the final energy consumption to 62%, with the bulk of it generating from wind and other renewable energy sources.

For sectors such as power generation, light-duty transport, rail, pulp and paper, aluminium, buildings and agriculture, policymakers should pursue **direct electrification using renewable electricity wherever is available and whenever is possible**. This will deliver the bulk of decarbonisation of the economy¹⁰. In order to reach net-zero emissions, indirect electrification with renewables will play a crucial role in those hard-to-abate economic sectors such as cement, steel, chemicals heavy-duty road transport, aviation and shipping - where direct renewable-based electrification is not technically feasible or the solutions will be developed too far in the future in order to curb global warming on time. Renewable hydrogen can play an important role here.

The pivotal role played by renewables in the energy transition should be reflected in the Impact Assessment for the new 2030 GHG emission reduction target. The focus of the analysis should be on wind and solar PV deployment and not on other unproven technologies such as CCS – nor should the modelling try to reduce the cumulative emissions by introducing strong assumptions for LULUCF or other carbon sinks. Similarly to the Long Term Strategy, the Impact Assessment should elaborate different scenarios, each of them envisaging a specific 2030 renewable energy target and **with clear pathways for the deployment of different renewable energy technologies** (including offshore and onshore wind energy). Crucially, **all scenarios should follow a trajectory towards climate neutrality by 2050. At least one of the scenarios should follow a trajectory towards 100% renewable energy and one scenario should focus on the electrification of the EU economy.**

⁶ The average costs for installing and operating wind farms (LCoE) are around EUR 55/MWh for onshore installations and EUR 65/MWh for offshore ones in several EU countries, according to BNEF estimates. This is cheaper than other sources of renewable and fossil generation and cheaper than nuclear power.

⁷ European Commission, In-depth analysis in support of the Commission Communication COM(2018) 773, *A Clean Planet for all - A European long-term strategic vision for a prosperous, modern, competitive and climate neutral economy*, November 2018.

⁸ 2020 Energy Statistics Country Datasheet, Eurostat. Data refer to EU-28, year 2018. The Excel file is accessible at: https://ec.europa.eu/energy/data-analysis/energy-statistical-pocketbook_en [April 2020]

⁹ *Breaking New Ground*, WindEurope (2018)

¹⁰ Please refer to *Wind-to-X* (position paper), WindEurope, 2019 – accessible at: <https://windeurope.org/wp-content/uploads/files/policy/position-papers/WindEurope-Wind-to-X-position-paper.pdf?v=2> [April 2020]

Renewable energy sources are ready-to-use technologies that will play the most crucial role in the energy transition. To ensure their optimal deployment and grasp all the benefits these technologies bring along, it is fundamental that the EU and its Member States provide regulatory stability, incentives and long-term visibility to investors.

This means for instance providing clear information on timeline, volumes and budget of the pipeline of renewable energy installations, following the requirements in the Renewable Energy Directive and through the National Energy and Climate Plans. It means simplifying and shortening the permitting of renewable installations, facilitating also the repowering of wind farms. Crucially, accommodating big volumes of wind and other renewable energy sources means having a solid grid development plan to accelerate grid build out at national and cross-border levels, as well as an efficient use of the existing grids.

Boosting investors' confidence also goes through providing revenue stabilization mechanisms, such as two-way Contracts for Difference, and facilitating the uptake of corporate renewable Power Purchase Agreements. A smooth energy and climate transition also translates into having the right trade and competitiveness policies, recognizing renewable energy as an EU strategic value chain and investing domestically in Research & Innovation.

A higher climate ambition means greater social and macro-economic benefits: by 2030, and with the right policies sustaining the European industry's competitiveness, the wind power sector could employ up to 569,000 people. This goes together with benefits for related sectors: every €1,000 invested in wind creates €250 value for the wider supply chain e.g. chemicals, steel, construction¹¹. All of this while contributing to combating climate change and global warming.

¹¹ *Local Impact, Global Leadership*, WindEurope and Deloitte (2017).