

EUROPEAN ECONOMIC AREA

JOINT PARLIAMENTARY COMMITTEE

Ref. 14-132583
17 December 2014

Follow-up Report on the Climate and Energy Policy Framework 2030

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Introduction

The transition into a low-carbon economy while ensuring competitiveness for the European industry as well as guaranteeing security of supply are challenging and urgent tasks which are high on the political agenda in the European Union (EU) and in the EEA EFTA States. The 2030 climate and energy framework proposed by the European Commission in January 2014 seeks to address these challenges and represents a milestone for Europe between the 2020 and the 2050 climate and energy targets. The policies decided for 2030 will also provide guidelines for the United Nations (UN) Climate Summit in Paris in 2015.

Looking back, the EU 2020 targets were decided in 2008. Since then there has been an economic recession in Europe, a strong development of shale gas in the United States (US), the Fukushima nuclear disaster and the current crisis in Ukraine challenging the supply of energy to Europe. These events have influenced the approach to energy and climate issues in Europe. The framework for 2030 therefore not only needs to address policies on climate change, but also to promote a sustainable and affordable energy system for Europe. While reducing the amount of imported energy, the production of energy in the EU needs to be safe, pollute less but still ensure competitive prices for European industry and consumers in a global market. This is a huge challenge for Europe.

The concrete proposals made by the European Commission in January 2014 for a 2030 framework were to further reduce greenhouse gas (GHG) emissions by 40% compared to 1990 levels, to reform the Emissions Trading Scheme (ETS) as the main driver to reduce emissions and to increase the EU's target for the share of renewable energy in energy consumption to 27%. The Commission's proposal also stressed that if energy was used more efficiently in Europe, this would also contribute significantly to a reduction in emissions and Europe's dependency on external energy suppliers. The communication explained that the contribution of energy efficiency to the 2030 framework would be considered in the context of a review of the Energy Efficiency Directive, due to be concluded later in 2014.

After the framework was presented in January, the conclusions of the European Council in March confirmed the objective of better coherence between a reduction in GHG emissions, energy efficiency and the use of renewable energy, and tasked the Commission with looking into how to improve electricity interconnectors in Europe and proposing a strategy to reduce Europe's energy dependency, before it would draw its final conclusions on the entire framework. In May 2014, the Commission presented an energy security strategy, followed by Council conclusions in June welcoming that strategy. In July, a communication from the Commission on how energy efficiency can contribute to energy security was launched proposing a 30% energy efficiency target for 2030.

The purpose of the initiatives of the European Commission since January 2014 is to complement and underpin the aims and overall goals of the 2030 framework towards its final conclusion at the European Council in October 2014.

This report from the EEA Joint Parliamentary Committee (EEA JPC) is a follow-up to previous initiatives of the JPC in the area of climate and energy policy towards 2030. It will look into the recent Commission proposals, the outcome of the European Council in October 2014 and the positions of the European Parliament (EP) and the EEA EFTA States.

Energy and climate policy is a priority area for the JPC. The JPC has followed discussions in the EU closely and adopted resolutions during the development of the framework. In October 2013, the JPC adopted a working paper outlining the main issues debated in the green paper launched by the Commission and their relevance to the European Economic Area and Switzerland. The EFTA parliamentarians issued a resolution in November 2013 as a follow-up to the working paper highlighting, their opinion on certain areas such as carbon capture and storage (CCS), the ETS, capacity markets for electricity production and the importance of research and innovation.

In March 2014, the JPC adopted a resolution on the framework proposed by the Commission on energy and climate policies towards 2030. The resolution welcomed, among others, the proposal for a reform of the ETS as a key tool for achieving climate and energy targets and a further reduction in allowances after 2021 in order to increase carbon prices. The JPC also welcomed the proposed target of a 40% emissions reduction and the proposal to increase the share of renewable energy in the European energy mix compared to the 2020 targets. The resolution also stated that energy efficiency should play a key role in the 2030 framework, and that technologies to capture and store carbon dioxide (CO₂) safely would be needed in order to help meet climate policy targets.

The resolution also stressed the importance of completing the Internal Energy Market, of which the EEA EFTA States are an integral part. It noted that the JPC supported the measures proposed by the Commission on security of supply, and that Norway was an important stabilising factor when it came to reducing the EU's energy dependency.

The EU, the EEA EFTA States and Switzerland are important trading partners. Norway, next to Russia, is the main supplier of natural gas to the EU and the second biggest supplier of energy products¹ after Russia. From a Norwegian perspective, the EU is an important export market, and from a European perspective, imports from Norway help diversify energy supplies. Switzerland and other countries in the Alps are important peak electricity producers.

Energy security – less dependent on external suppliers

The EU is dependent on importing energy for around half of its energy consumption, representing a bill of more than EUR 1 billion per day. Global energy demand is growing and expected to increase by 27% by 2030. At the same time, the EU's internal energy production decreased by almost one-fifth between 1995 and 2012.

From a geopolitical perspective, this strong dependency on one single supplier makes the energy flow to Europe vulnerable. Diversifying external energy supplies and upgrading energy infrastructure in Europe are among the key actions needed to tackle these challenges. The Commission's energy security strategy, presented on 28 May 2014, seeks to propose key actions to meet the challenges connected to energy dependency in Europe. The strategy is an integral part of the 2030 framework and its key proposals are:

- *Immediate actions to overcome possible disruptions during winter 2014/2015*

¹ Oil and natural gas taken together.

In view of current events in Ukraine and the potential for disruption to energy supplies, the Commission will work together with Member States, regulators and transmission systems operators to improve the EU's immediate preparedness in respect of possible disruptions. Concrete proposals are to hold stress tests to simulate a disruption and check how the energy systems and supplies deal with these.

Intensifying cooperation within the Gas Coordination Group; continuing to monitor natural gas flows and level of gas storage; coordinating national risk assessments and contingency plans; and updating risk assessments, preventive action plans and emergency plans are also part of the actions. The strategy further proposes enhanced cooperation with gas suppliers and transmission system operators to identify possible sources of short-term additional supplies such as liquefied natural gas (LNG).

- *Completing the Internal Energy Market*

The Commission states in this strategy that a European Internal Market for energy is a key factor in energy security. Crises such as the one in Ukraine, with the risks for security of supply that they represent, show what the EU can gain from a well-connected and integrated energy market with diversified supply routes. A competitive and integrated Internal Energy Market is an important component of the 2030 framework as it will provide the necessary incentives for ambitious energy and climate policy objectives in a cost-efficient manner, which will ensure that energy prices are not distorted.

The strategy also says that the EU is moving in the right direction but still has a way to go for the market to function smoothly. National decisions that affect the framework of the market need to be discussed at European level to ensure that decisions made in one Member State do not undermine energy security in another. Tools already exist at EU level to implement projects or actions taken at national level in a coordinated manner, such as Internal Market legislation, state aid control or guidelines for trans-European energy networks (TEN-E). These tools need to be discussed at European level in order to support a strong energy security strategy for Europe.

The Third Energy Package sets out the framework, within which the Internal Energy Market needs to develop. In 2011, the EU Heads of State and Government set a clear deadline for the completion of the Internal Energy Market by 2014, underlining that no EU Member State should remain isolated from the European gas and electricity networks after 2015.

In November 2012, the Commission identified three main challenges for the completion of the Internal Energy Market:

- ✓ the need to implement, apply and act in accordance with existing legislation;
- ✓ the need to make energy systems fit for a low-carbon future;
- ✓ the importance of recognising that the consumer, as the ultimate beneficiary of the liberalisation of the energy markets, is key to enabling the necessary transition.

In October 2014, the Commission again published a stocktake of the progress made towards completing the Internal Energy Market. In this progress report, the Commission highlighted that energy market integration in the EU had delivered many positive results already, among which lower wholesale electricity prices, stable wholesale gas prices, more choice for

consumers when it came to picking an energy supplier, many missing infrastructure links between EU countries being built or under construction, an increase in cross-border trade in gas and electricity between EU countries, and more efficient use of gas pipelines thanks to common rules on the use of gas networks. On the other hand, the Commission also pointed to what still needed to be done to complete the Internal Energy Market, in particular more investments in infrastructure, implementation of a set of simple, harmonised rules across Europe for gas and electricity trading, government intervention only when secure energy flows could not be guaranteed by the market, stronger emphasis on regional cooperation to bring faster results and to better address local needs, consumers becoming more active players in the energy market (e.g. through smart meters), and a better link between retail and wholesale markets so that lower wholesale prices lead to lower consumer prices.

For the EEA EFTA States, participation in the Internal Energy Market through the Agreement on the European Economic Area (EEA Agreement) is of crucial importance, and the current focus is therefore on incorporating the Third Energy Package into the EEA Agreement. Among the main issues is EEA EFTA participation in the new Agency for the Cooperation of Energy Regulators (ACER).

In addition to a strong regulatory framework, there is also the need to develop energy transport infrastructure. The Commission estimates that some EUR 200 billion is needed up to 2020 in this respect, but that the market can deliver roughly only half of this. In October 2013, the European Commission adopted a list of projects in the field of electricity transmission and storage that may have access to financial support from the Connecting Europe Facility (CEF), under which over EUR 5 billion has been allocated to trans-European energy infrastructure for the period 2014 to 2020. There are also two projects in Norway on the Commission's project list. Switzerland's importance as a transit country has been acknowledged by four cross-border projects on the list.

- *Diversifying external supplies and infrastructure*

Imports represent approximately 70% of gas consumed in the EU. In 2013, 39% of EU gas imports by volume came from Russia, 33% from Norway and 22% from North Africa. While the EU will seek to maintain its relations with stable partners, it will also look for new supply routes and countries. The energy security strategy states that identifying more diversified gas resources is a priority for the EU whilst maintaining imports from reliable suppliers.

The strategy singles out LNG as a source that will remain and grow in the years to come, and that new LNG supplies from Northern America, Australia, Qatar and new discoveries in East Africa are likely to increase the size of the global LNG markets. The strategy explains that both Norwegian and North African production have further potential to grow, and that the EU should improve internal interconnections to ensure that gas from these suppliers reaches all regional markets in line with existing interconnection targets. Furthermore, there is a goal for the EU to open the way for new sources, and the establishment of the Southern Corridor among others is an important element in this respect.

Regarding uranium and nuclear fuel, the strategy states that electricity produced from nuclear power plants constitutes a reliable emission-free electricity supply and plays an important role in energy security. At the same time it is essential to ensure the highest standard of nuclear safety. The worldwide uranium supply market is stable and diversified,

although the EU is completely dependent on external supplies.

- *Strengthening emergency and solidarity mechanisms*

Solidarity between states should be a mainstay of the energy policy in event of a crisis. The Commission intends to review the Security of Gas Supply Regulation, adopted after the gas crises in 2006 and 2009, by the end of 2014. The Regulation requires suppliers to provide 30 days' back-up supply capacity. As part of the upcoming review, the Commission will look into developing a regulatory framework for gas storage that recognises their strategic role for energy security and a more EU-wide definition of "protected consumers", often households, whose gas supplies are guaranteed in times of disruption. Further steps towards a strong consumer and social elements in the energy supply is foreseen.

Regarding protection of strategic energy infrastructure, the Commission intends to launch a wider debate on protecting infrastructure that is controlled by non-EU entities, notably state companies, private banks or sovereign funds from key supplier countries.

- *Increasing energy production in Europe*

In the past two decades, indigenous energy production in the EU has declined steadily, in spite of an increase in renewable energy production. It is, however, possible to slow down this trend in the medium term by further increasing the use of renewable and nuclear energy, as well as the sustainable production of competitive fossil fuels.

Energy from renewable sources was estimated in 2012 to have contributed to approximately 14% of EU final energy consumption and should reach the objective of 20% in 2020. Looking beyond 2020, in the 2030 framework the Commission proposed increasing the share of renewable energy to 30% by 2030. The European Council settled on a 27% target in October. There have been concerns about the costs and impact of renewable energy on the functioning of the Internal Market. With technology cost reductions, many renewable energy sources such as onshore wind power are increasingly competitive and ready to join the market. The new guidelines on state aid for environmental protection and energy 2014-2020 could also contribute to a more cost-effective achievement of the 2020 renewable energy targets.

The strategy states further that exploitation of conventional oil and gas resources in Europe should be developed in full compliance with energy and environmental legislation. Shale gas could also compensate partially for declining gas production. Even though coal production and consumption have decreased in the EU, coal still represents a significant share in electricity generation in many EU Member States and a share of approximately 27% at EU level. The strategy explains that coal only has a long-term future in the EU if carbon capture and storage (CCS) is used. CCS will also help improve oil and gas recovery. However, it has a rather limited uptake today and further investments, research and deployment are necessary to benefit from this technology. The strategy proposes to review the CCS Directive.

- *Improving coordination in the external energy approach*

Many of the measures in the strategy point to the same priority, namely the need for EU Member States to coordinate important energy policy decisions. Even though decisions on

energy mix are a national prerogative, the integration of energy infrastructure and markets, the common reliance on external suppliers and the need to ensure solidarity in times of crisis all imply that political decisions on energy should be discussed with neighbouring countries. The strategy says that the same goes for the external dimension of EU energy policy.

The Commission therefore welcomes the calls made by certain Member States in favour of an Energy Union that would enable Member States to consult each other on important decisions related to their energy mix.

The EU has a general interest in stable, transparent and rule-based international energy markets, and should therefore develop consistent and coordinated messages in international forums. To this end, there is a need for a systematic use of foreign policy instruments, and the European External Action Service (EEAS) plays an important role in integrating energy considerations into EU foreign policy.

In addition, Member States' agreements with third countries in the field of energy should be fully compliant with EU legislation and the EU security of supply policy. For this purpose, the EU should make full use of the Decision on the establishment of an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy. A particular area of interest in this regard is gas, where increased political engagement at EU level with prospective supplier countries would pave the way for commercial deals without jeopardising the further development of a competitive EU Internal Market.

Regarding joint purchasing of gas, the Commission will cooperate closely with the Member States to examine whether a procedure could be developed for gas which would contribute to increasing transparency of the market as well as taking into account energy security needs.

- *Increasing energy efficiency*

When the Commission proposed the 2030 framework, the communication stressed the importance of using European energy more efficiently because this would lead to a more moderate energy demand, which in turn would reduce the EU's external energy dependency. This requires a massive investment programme to modernise and upgrade the energy networks.

As energy demand in the buildings sector is responsible for 40% of energy consumption in the EU and a third of gas use (hot water and heating), the communication underlined that the energy target for 2020 could be achieved if the Energy Efficiency Directive and the Energy Performance of Buildings Directive were implemented rigorously and without delay. Also, industry in Europe consumes one quarter of the gas used in the EU, and there is also a potential gain to be made in this sector through a strengthened ETS, as proposed in the 2030 framework.

In the 2030 framework proposal, the Commission stated that it would present a more precise analysis later in 2014. In July, the Commission presented a communication in which it proposed an increased target of 30% of energy efficiency, and announced that it would

review progress in energy efficiency in 2017. It pointed at three priority sectors with the highest potential to save energy, i.e. the buildings sector, transport sector and industry. In addition, the Commission said that it would review the Energy Labelling and Eco-design Directives, as well as conducting an evaluation of the Energy Efficiency and Energy Performance of Building Sector Directives. An efficient ETS, the progressive implementation of the programme put forward in the 2011 White Paper on Transport and use of the Horizon 2020 Programme would be important in becoming more energy efficient.

Background to the 2030 framework: a milestone between the 2020 and 2050 objectives

The EU has, over the last decades, developed a set of policies to mitigate climate change and increase energy security, focusing in particular on energy efficiency, renewable energy and emissions reduction targets. The development of a European ETS has been important in reaching the set targets.

In 2007, European leaders adopted three targets for EU climate and energy policy to be achieved by 2020², also known as the “20-20-20” targets: a 20% reduction in GHG emissions (below 1990 levels), a 20% increase in the share of energy from renewable sources and a 20% improvement in energy efficiency.

In 2009, European leaders pledged to reduce EU GHG emissions even further by 2050, compared to 1990 levels³. As a follow up, in 2011, the Commission published a “roadmap” for moving towards a competitive low-carbon economy by 2050⁴, which looked at possible scenarios for decarbonising the European economy in a long-term perspective. The roadmap suggested that in order to reach the 2050 emissions reduction target, emissions in Europe should be reduced by around 40% below 1990 levels by 2030.

Also in 2011, the Commission published the Energy Roadmap 2050⁵, exploring the challenges of decarbonising the European power system while at the same time ensuring security of energy supply and competitiveness. The roadmap notes that full implementation of the “20-20-20” targets and milestones towards 2050, such as a 2030 climate and energy framework, is needed for the successful transformation of the energy system.

It also singles out so-called “no regret options”, valid across all decarbonisation scenarios, such as using energy more efficiently, increasing the share of energy from renewable sources, investing in research and development, and developing new energy infrastructure and storage capacity. In addition, it points out the need for international cooperation on energy matters and climate action. The roadmap highlights Norway, Switzerland and Russia as important neighbours. Norway and Russia are the two biggest suppliers of energy products, and Norway and Switzerland are further mentioned as crucial partners for interconnecting the national energy networks in Europe.

Reform of the EU Emission Trading Scheme

² European Council Conclusions, March 2007.

³ European Council Conclusions, October 2009.

⁴ European Commission, 2011, *a Roadmap for moving to a competitive low-carbon economy in 2050*, [COM\(2011\) 112](#).

⁵ European Commission, 2011, *Energy Roadmap 2050*, [COM\(2011\) 885](#).

To achieve the proposed emissions reduction in ETS sectors, the 2030 framework proposes reducing the number of allowances from 1.74% to 2.2% annually as of 2021. To address the structural imbalance between emissions permit supply and demand, the Commission proposes establishing a market stability reserve that, as of 2021, would automatically adjust the supply of emissions allowances to be auctioned depending on the size of the existing surplus of emissions allowances on the market.

The legislative proposal on the establishment and operation of a market stability reserve for the ETS is undergoing the co-legislative procedure and has to be agreed upon by the EP and the Council.

Conclusions on the 2030 framework

The framework for an energy and climate policy towards 2030 was concluded by the European Council on 23 and 24 October 2014.

Discussions on the framework after the summer focused, among others, on whether or not the targets for renewables and energy efficiency, as well as those for reducing emissions, should be binding on Member States. The question of whether the targets should be lower or higher than those proposed by the Commission also came under discussion. Before the European Council in October, some Central and Eastern European countries declared their opposition to binding targets for renewable energy and energy efficiency, asking for a framework that reflected different regional needs and circumstances. Their reason was that as the energy mix differed between the Member States, the recommended targets were easier to reach for some than others.

The Heads of State agreed to the following:

- *Reduction of greenhouse gas emissions*

A binding EU target of at least a 40% domestic reduction in GHG emissions by 2030 compared to 1990, to be delivered together with reductions in the ETS and non-ETS sectors of 43% and 30% respectively by 2030, compared to 2005 levels.

- *EU Emissions Trading Scheme*

The overall target of reducing emissions by 40% requires a faster reduction of emissions that we are seeing today. The European Council therefore agreed to increase the annual reduction factor of emissions allowed in ETS sectors from 1.74% to 2.2% from 2021 onwards, and on the methodology for setting new Member State targets for non-ETS sectors, as outlined below.

It also agreed that:

- ✓ Free allocation to prevent the risk of carbon leakage would continue after 2020.
- ✓ EU Member States with a gross domestic product (GDP) per capita below 60% of the EU average may continue to give free allocation to the energy sector up to 2030.

- ✓ The support programme NER300 for renewables and CCS would be increased from 300 to 400 million allowances and extended to low-carbon innovation in industrial sectors.
 - ✓ A new reserve of 2% of the allowances would be set aside to address high investment needs in Member States with a GDP per capita of under 60% of the EU average.
 - ✓ 10% of the allowances would be distributed between Member States whose GDP per capita did not exceed 90% of the EU average in 2013.
- *Non-ETS sectors*

The methodology used to set the national reduction targets for the non-ETS sectors will be continued until 2030, distributed on the basis of relative GDP per capita. All EU Member States will have to contribute to the EU's reduction in 2030, with the targets ranging from 0% to -40% compared to 2005.

The conclusions underline the importance of reducing emissions and fossil fuel dependency in the transport sector. The European Council therefore invites the Commission to further examine instruments that promote emissions reduction and energy efficiency in this sector beyond 2020. In this context, the European Council calls for the rapid adoption of the Directive relating to the quality of petrol and diesel fuels.

With regard to agriculture and land use, the Council underlines the need to ensure coherence between the EU's food security and climate change objectives, and invites the Commission to examine the means to encourage sustainable food production while optimising the sector's contribution to GHG emissions reduction and sequestration. The policy on how to include this sector into the 2030 framework will be established before 2020.

- *Renewables and energy efficiency*

The European Council decided on 27% as a binding target at EU level for renewable energy in 2030. Furthermore, an indicative target at EU level of 27% was set for improving energy efficiency by 2030. This will be reviewed by 2020, bearing in mind the target of 30% at EU level.

- *Internal Energy Market*

The European Council stressed the importance of achieving a well-functioning and connected Internal Energy Market as a matter of urgency. Ensuring interconnections with gas and electricity networks and synchronous operations of Member States within the European Continental Networks as foreseen in the European Energy Security Strategy were also underlined as being important.

The strategy will remain a priority after 2020. In that context the Council decided that urgent measures would be taken to achieve 10% of existing electricity interconnections by no later than 2020, with the objective of arriving at a 15% target by 2030. It therefore tasked the Commission with presenting a communication ahead of the March 2015 European Council on the best courses of action in order to achieve these targets.

- *Energy security*

The European Council endorsed further actions to reduce the EU's energy dependence and increase its energy security for both electricity and gas.

It agreed on the following points:

- ✓ To implement critical projects of common interest in the gas sector, such as the North-South Corridor, the Southern Gas Corridor and the promotion of a new gas hub in Southern Europe, as well as the key infrastructure projects enhancing Finland's and the Baltic States' energy security.
- ✓ To improve arrangements for better use of regasification and storage capacity in the gas system.
- ✓ To task the European Commission with intensifying its coordination of efforts to complete critical projects of common interest and developing actions such as technical advice or task forces on specific interconnectors with the relevant Member States.
- ✓ To further strengthen the Energy Community, which aims to expand the EU's energy legislation to enlargement and neighbourhood countries.
- ✓ To streamline national procedures in accordance with the Commission's guidelines, and to develop a policy to address the protection of critical energy infrastructure.
- ✓ To make full use of the Decision establishing an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy, in order to increase the EU's bargaining power in the energy negotiations.
- ✓ To encourage Member States and companies involved to provide relevant information to the Commission.
- ✓ To use EU and Member State foreign policy instruments to communicate consistently in matters related to energy security, in particular to strategic partners and major energy suppliers.

The Council will revert to the issue of energy security in 2015 to assess progress.

- *Governance*

The European Council recalled its goal to build an Energy Union aimed at affordable, secure and sustainable energy, and concluded to keep the work towards achieving this goal under regular review.

The Heads of State also agreed that a reliable and transparent governance system should be developed to help ensure that the EU meets its energy policy goals while fully respecting the Member States' freedom to determine their own energy mix.

Position of the European Parliament

Emphasis should be put on legislation and action – such as adaptation and mitigation – in relation to the fight against climate change on each level.

The European Parliament adopted a resolution in February 2014 that set binding targets for reduction of GHG emissions, renewables and energy efficiency. MEPs called for 40% cut in CO₂ emissions, a 30% target for renewable energy and a 40% target for energy efficiency by 2030 – which was more ambitious than the European Council concluded on in October 2014.

Moreover, the Parliament passed a resolution in April 2014, which amended the legislation on the EU Emissions Trading System, so that only emissions from flights within the EEA fall under EU ETS between 2013 and 2016. According to the adopted text, EU legislation on aviation emission allowances covers only intra-EEA flights until the beginning of 2017, but will also apply to all the flights between the EEA area and the outside world thereafter. Exemptions for operators with low emissions have also been introduced by the resolution in question. The legislation also requires EU Member States to report on how they spend revenues from auctioning emission allowances. Furthermore, the European Parliament recognises the need for limiting global warming to an increase of below 2 degrees Celsius, but is extremely concerned that the world is severely off track with regard to this objective. In this context, the resolution adopted in November 2014 outlines the priorities of the European Parliament ahead of the UN Climate Change Conference in Lima in December 2014. The European Parliament calls on governments to take concrete measures against climate change and towards a global agreement in Paris 2015 to deliver. In addition, the Parliament takes the view that a global climate deal for the post-2020 period should stimulate widespread adoption of energy efficiency measures and renewable energy policies. The resolution also calls for closer coordination between the EU institutions, so as to enable the Union to speak with a coordinated voice on the international stage, thus play a more active and influential role in pushing for policies fostering sustainable energy and energy safety. The European Parliament expects the new Commission to assume a proactive role in addressing the climate change crisis, and calls on the Commission to prioritise this issue at all levels.

Position of the EEA EFTA States

The Norwegian Government conveyed their positions⁶ on the framework to the EU in October 2014 underlining that the EU plays an important role as a global leader in climate policy and has a fundamental interest in strengthening European energy security. Norway agrees with the need for a strong and ambitious emissions reduction target as well as increased efforts in renewable energy and energy efficiency.

The position paper underlines that the EU ETS should continue to be the main climate policy tool in the EU, and the cap must be sufficiently tight and predictable to bring about an efficient transition to a low-emission future. It also says that carbon capture storage (CCS)

⁶ <http://www.regjeringen.no/upload/UD/Vedlegg/Protokoll/141006-posisjonspapir-EU-klima-energi.pdf>

should be explicitly encouraged in the 2030 framework.

Norway points out that natural gas as the fossil fuel with the lowest emissions could contribute substantially towards a low-emission society, both as a replacement for coal and by supporting intermittent renewable energy supply.

Furthermore, the position paper points out that a well-functioning, integrated and commercially based energy market is the most important factor for energy security in Europe. A prerequisite for well-functioning gas markets is diversity among suppliers and buyers. If the concept of an energy union implies a joint purchasing body, this would have the opposite effect and should be avoided.

The Icelandic Government fully supports EU's strong advocacy on climate issues and actively engages in efforts to enhance Europe's energy security.

Iceland is a member of the EU ETS scheme and has negotiated its full participation in the EU's Bubble for the second period of the Kyoto Protocol for the years 2013-2020 and thereby committing to continued ambitious emission reduction targets for the country.

Iceland is a leading expert in geothermal technology, having harnessed its own geothermal resources successfully for over thirty years to the benefit of its people. Promoting geothermal utilization in Europe is of fundamental importance for future energy security in the region. Iceland has successfully transferred its geothermal technology to Hungary, Romania, Portugal and other EU Member States over the years. Earlier this year the Government of Iceland concluded an agreement with the Government of Ukraine, which stipulates Iceland's support for exploring Ukraine's feasibility for using geothermal for house heating in the future with the aim of lessening its dependence on imported gas and increasing that country's energy security.

Concluding remarks

The European Council's recent conclusions on a 2030 climate and energy policy framework are of direct relevance to the EEA EFTA States due to their strong integration in the Internal Energy Market and the alignment of their national climate and energy policy goals with those of the EU.

The 2030 framework and the follow up to the conclusions of the European Summit are therefore on the agenda for discussion at the JPC meeting in Strasbourg in December 2014, as was the case at the JPC in March 2014. The co-rapporteurs propose to monitor further developments in the follow up on the 2030 framework as implementation of the framework could affect EEA cooperation.