

## EU Energy Policy 2030: Friend Or Foe To Energy Investment?

### BACKGROUND

Since completion of its inquiry into EU Energy Policy, No Country Is An Energy Island: Securing Investment for the EU's Future, the Sub-Committee has expressed an interest in following up its work in a number of ways, including the convening of a seminar to discuss the policy framework required for 2030 in order to release private sector investment. This seminar is being co-hosted by Z/Yen Group, the City of London's leading commercial think-tank and venture firm, as part of its Long Finance initiative, asking "when would we know our financial systems is working?". The seminar will be held from 08:30 to 10:00 on Tuesday, 19 November 2013 at 90 Basinghall Street, London EC2V 5AY. On the same day, Financing Tomorrow's Cities will be held from 15:15 to 16:30 at Mansion House, and Tomorrow's Cities, a major launch by the new Lord Mayor, will be held from 17:00 to 19:00 also at Mansion House.

### Context Of Seminar

The core conclusion of the Sub-Committee's Report was that, while financing to support energy generation and infrastructure is in theory available, its investment in projects is being hampered by a lack of policy clarity, particularly as regards the EU's plans for its future energy and climate policy.

Since the Committee reported, discussion has continued on the EU's future Energy and Climate Change policy, based partly on the Commission's consultation paper. More detailed policy suggestions by the Commission are expected at the turn of the year with a view to securing political commitment from Heads of State and Government at the March 2014 European Council.

As part of this ongoing debate on future policy development, the UK hosted a meeting on 10 November of Energy Ministers from other Northern European countries. The Chair's Conclusions of that meeting, known as the Northern European Energy Dialogue, were circulated for the meeting of 23 October. On 14 October, the European Commission published its list of the first Projects of Common Interest, projects which can be supported financially as part of strategic energy corridors.

The European Commission is expected to publish legislative or non-legislative documents relating to the future broad policy direction at either the end of December 2013 or beginning of January 2014. Subsequently, the European Council will adopt Conclusions at its meeting in March 2014 to send a political signal about the direction of travel. In the meantime, the European Parliament is expected to adopt its position on the future policy direction in February 2014. Underlying all efforts to make progress are the expected policy hiatus in mid-2014 resulting from the European Parliament elections and new European Commission, in addition to the urgency derived from hopes to achieve an international climate deal in Paris in December 2015.

### Timeline

The likely timeline of significant dates from here is:

## Timeline

European Commission Green Paper on Energy and Climate Change Policy for 2030	27 March 2013
House of Lords Report, “No Country is an Energy Island: Securing Investment for the EU’s Future”	2 May 2013
Northern European Energy Dialogue	10 October 2013
Announcement of the energy infrastructure EU “Projects of Common Interest”	14 October 2013
Publication of Commission proposals (legislative or non-legislative) relating to 2030 policy and reform of the Emissions Trading System	December 2013/January 2014
Adoption of European Parliament position on Commission Green Paper	4 February 2014
European Council to adopt political Conclusions on the future policy direction	20-21 March 2014
UK Parliament – Adoption of Energy Bill	Early 2014 (probably)
European Parliament Election	22-25 May 2014
Nomination of new European Commission	Autumn 2014
UK General Election	May 2015
International Climate Negotiations: 21 <sup>st</sup> COP of the UNFCCC, Paris	2-13 December 2015

**Objective Of Seminar**

Using the Conclusions of the Committee and those of the Northern European Energy Dialogue as a basis, the objective would be to identify key policy messages (from City stakeholders) to feed into the emerging policy debate. This would provide input to the Committee and Government as part of their policy engagement with the EU institutions and other national parliaments, leading ultimately to the European Council Conclusions in March 2014.

**Specific areas for discussion**

Particular areas for discussion may include:

- ◆ What is meant by policy certainty?
- ◆ How helpful will the Projects of Common Interest be? Are they likely to be supported by private investment?
- ◆ To what extent are the objectives of UK and EU energy policy clear? Is there any sense of conflict between the two, acting as a disincentive to investment?
- ◆ How can the 2030 Climate and Energy Framework extend beyond the ETS and carbon targets in order to reflect the need for market integration and network delivery to facilitate the deployment of new low carbon generation?
- ◆ Are we facing splits between low-carbon and high-carbon scenarios, and central-grid and low-grid scenarios?
- ◆ Where should energy storage sit in the future policy framework and how can investment in storage be encouraged?

## Participants

Participants shall include:

- ◆ City: cross-section
- ◆ Members of the House of Lords EU Energy Sub-Committee
- ◆ DECC officials
- ◆ Representatives from Member State Embassies (such as Greece, which will be holding the EU Presidency in the first half of 2014)