



Central Europe Energy Partner's feedback on the 'European Climate Law'

Central Europe Energy Partner (CEEP) strongly believes that the transformation towards an innovative and low emitting economy should proceed in sustainable and balanced way. We welcome the proposal for a regulation establishing the framework for achieving climate neutrality by 2050 – the European Climate Law – but we think it needs further improvements and would like to submit the following comments.

Drafting such an ambitious pathway of climate neutrality, the Commission should recognise that Member States significantly differ in terms of the structure of their economies, in particular the energy-intensive branches, transport sector, their energy-mixes, a level of use of fossil fuels and potential development of RES. Also, the financial capabilities, local budgets and cost of capitals, so much needed for low carbon investments, are different across the continent. All these disparities should be carefully study in the detailed impact assessment of the increased 2030 targets (art. 2.3) which should cover pan-Union level as well as the regional and national ones.

The achievement of carbon neutrality is a huge and ambitious goal. It will need billions of euro of new investments in the low carbon technologies and related infrastructure. To be consistent, the European Climate law should address this issue in a more outspoken way, indicating the sourcing of the funding of the transition process.

The raise of the climate ambitions should also be addressed more explicitly in terms of providing sufficient compensation mechanisms for additional carbon cost. The member states and companies relying vastly on fossil fuel assets will bear much of the costs of the transition and thus they need more public support and solidarity measures. The Just Transition Fund, Modernisation Fund and possibly other future mechanisms lack in the provisions of the proposed regulation.

CEEP is also concerned over the 'trajectory' concept for achieving climate neutrality, which seems to be ambiguous. Art. 3 of the proposal list all different elements and qualities, but it is not clear how the trajectory will be calculated. Therefore, it should be only an indicative tool to guide Members States in achieving the climate neutrality target.

Additionally, the way of its revision by the adoption of delegated acts raises concerns of legal matter. Such a delegation is not in line with the TFEU. According to the art. 290(1) "a legislative



act may delegate to the Commission the power to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of the legislative act". The trajectory for achieving climate-neutrality by 2050 is a highly essential element of this proposal. In other words, setting emission reduction targets after 2030 should not be guided merely by the Commission.

Assuming the increase of EU climate ambitions and taking into account the global perspective, there is a need to protect EU industrial competitiveness, including carbon leakage measures, and to introduce relevant procedures, which should be also described in the proposed law. The more, effective fight with climate changes requires concerted global reduction efforts and thus a climate diplomacy and international cooperation in this matter with other important players is crucial to be successful. We state with regret that this issue is not raised in the proposal.

We would like to also emphasise that due to the COVID-19 pandemic and its broad aftermaths for the global and European economy, any further going obligations in the scope of reductions as proposed by the Commission should be carefully assessed. The newly emerged economic challenges are different for every sector and for particular country. Significant weakening of economic conditions within the EU Member States will seriously change the economic landscapes and could challenge the reduction efforts. There is a need to leave enough flexibility to adapt to the changing and unpredictable environment.

Raised targets for emission reductions mean an enormous increase of demand for new investments from the private sector. Given the economic slowdown this might be hard to guarantee. The proposal has to take this specific situation into account. Moreover, the crisis is far from over, so it is not possible to predict its outcome, yet there is no need to rush and impose strict timeline for its adoption, also considering the postponed COP 26 in Glasgow.