



4th of March 2020

Joint letter to Mr. Frans Timmermans, Executive Vice-President for the European Green Deal

Call for an ambitious EU climate law that recognizes the benefits of an energy system based on renewables

Dear Mr. Timmermans,

We, leading European Energy companies, call on the European Union to adopt an **ambitious EU climate law and implement climate neutrality at the latest by 2050 across all policy areas in the European Union** including increasing the EU's 2030 ambition ahead of COP26 to at least 55%.

We welcome the insights provided by the European Commission's 2050 long term climate strategy and the European Green Deal, underlining that an **energy system based on renewables is the most efficient and cost competitive path to achieve decarbonization across the economy**.

Embedding climate neutrality in law together with principles for future regulation will create **regulatory predictability** that can steer the investments necessary to deliver the transition to an economy based on renewable energy. This predictability would be enhanced by setting an **intermediate target in 2040** aligned with EU's climate action framework.

To make the 2050 ambition reality, we believe **an ambitious European Climate Law should enshrine the following key principles to steer development of all policy areas in the EU:**

- **The cost of energy supplied and used in the EU should reflect the true costs to the climate.** Costs of green-house gas emissions should be priced and internalised to incentivise the change to climate-friendly alternatives across all sectors
- **Tax and tariff regimes at both European and national level need to reflect the climate impact** of the energy delivered to consumers. This includes a fair sharing of the decarbonisation financial effort among all energy carriers (e.g. cost of renewables support schemes).
- **Discontinue subsidies to infrastructure projects that will not be compatible with climate neutrality by 2050.**
- A **just and fair transition** leaving no-one behind should be a guiding principle and include focused strategies aimed at maintaining the EU's competitiveness and minimizing distributional impacts. This requires promoting jobs, requalification, minimizing the negative impacts of changes in local industries and addressing energy poverty.
- All Europeans should have the **right to choose a green energy product**, when supplying their homes with electricity and heating.
- A **well-functioning integrated and digitalized internal energy market** should be promoted to allow for a cost-efficient transition to a climate neutral society.
- To inform policy makers it is essential that **cost assumptions in energy system modelling should be based on latest available market data** – both at European and national level.
- **Circular economy and resource efficiency** should minimize deprivation of resources and enhance the development of renewable energy and renewables-based electrification.

We believe that these principles would be the right starting point for an EU climate law forming the basis for climate neutrality by 2050.