

Commission's proposal for a European Climate Law - Delivering an “Industrial Transformation Masterplan” to backup the 2050 goal

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My key messages in the next 5 minutes

Setting targets without a clear plan does not represent a strategy. In order to have a clear climate neutral strategy, especially for energy intensive industries, policymakers need to look at:

1

A detailed plan on how Europe can implement the needed framework conditions to achieve climate neutrality



As industry, our GHG reduction potential is dependent on many factors that are beyond our control (Availability of carbon neutral electricity, CCS, hydrogen, etc)

2

A thorough carbon leakage assessment and reciprocal carbon leakage measures aligned with rising climate ambition



CBAM is a very limited measure. We need to look at alternative carbon leakage measures beyond a CBAM

3

Create a demand for climate neutral and lower-carbon products



At present, no reward for producing lower carbon products comparing to our more CO2 intensive international competitors

How Energy Intensive Industries can achieve Climate Neutrality

1/3

As Eurometaux, over the past 18 months, we have contributed reports on:

1.

How metals can achieve Climate Neutrality



bit.ly/metals2050

2.

How the entire energy intensive sectors can achieve climate neutrality (The "Industry Transformation Masterplan")



ec.europa.eu/docsroom/documents/38403

What is clear from these reports is that so much of our GHG reduction potential is dependent on factors that are beyond our sector's control...

Framework conditions for industry to achieve the 2050 goal

1/3

The key technologies have been identified:

Industrial Value Chain
A Bridge Towards
a Carbon Neutral
Europe

1. Electrification (Climate neutral Electricity 'the key enabler')
2. Hydrogen
3. CCUS
4. Biomass/biofuels
5. Other: recycling, sector integration, energy efficiency, inert anodes

2018 IES-VUB
report

However, investment cycles will not follow a linear path. Breakthrough tech require sufficient time to be developed, upscaled & commercialised.

Until then, Industry will need the following framework conditions:

Masterplan for a Competitive
Transformation of
EU Energy-intensive Industries
Enabling a Climate-neutral,
Circular Economy by 2050

1. Availability of low carbon electricity at competitive prices
2. Improve regulatory certainty
3. Adequate and reciprocal Carbon Leakage protection
4. Innovation & investments support
5. A more globally focused and transition friendly competition policy

2019 HLG
Masterplan

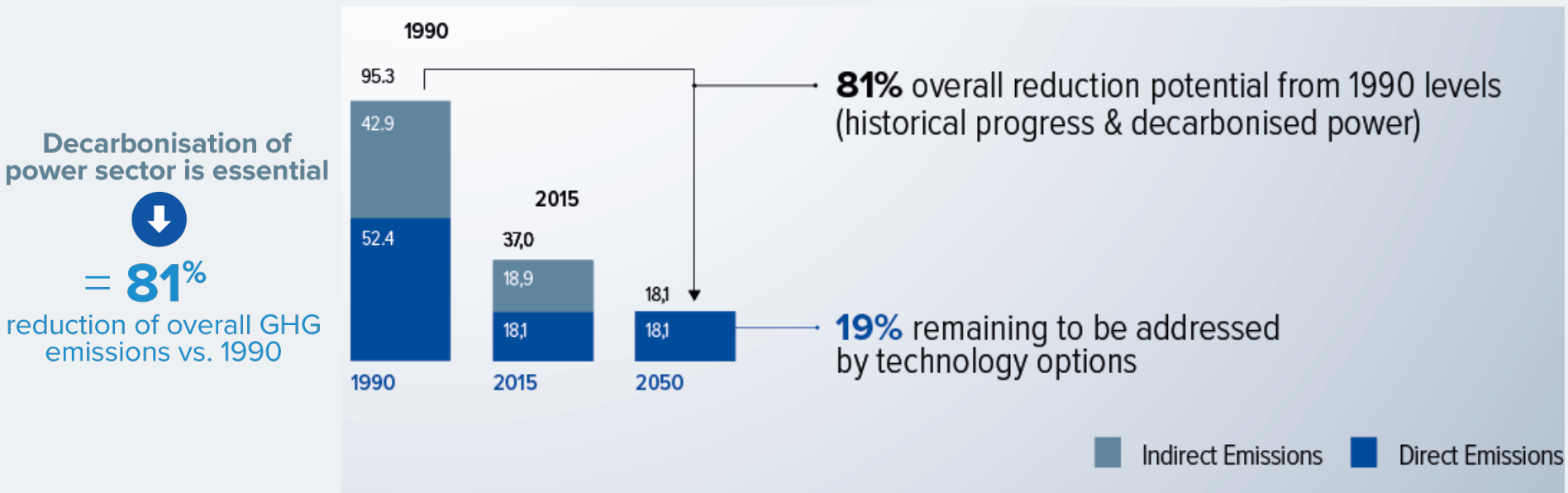
Policy Request:

Both the 2050 Climate Law plan and the 2030 targets Communication need to be accompanied with a detailed plan on how Europe intends to put in place the necessary framework conditions for energy intensive industries to achieve the transition.



Example on 1 framework condition: Importance of decarbonised power

For non-ferrous metals, a decarbonised power system will be the biggest factor in our climate transition



If other industries (i.e. chemicals and steel) follow the non-ferrous metals path and electrify, we estimate a rise in demand to 4,400 TWh electricity.

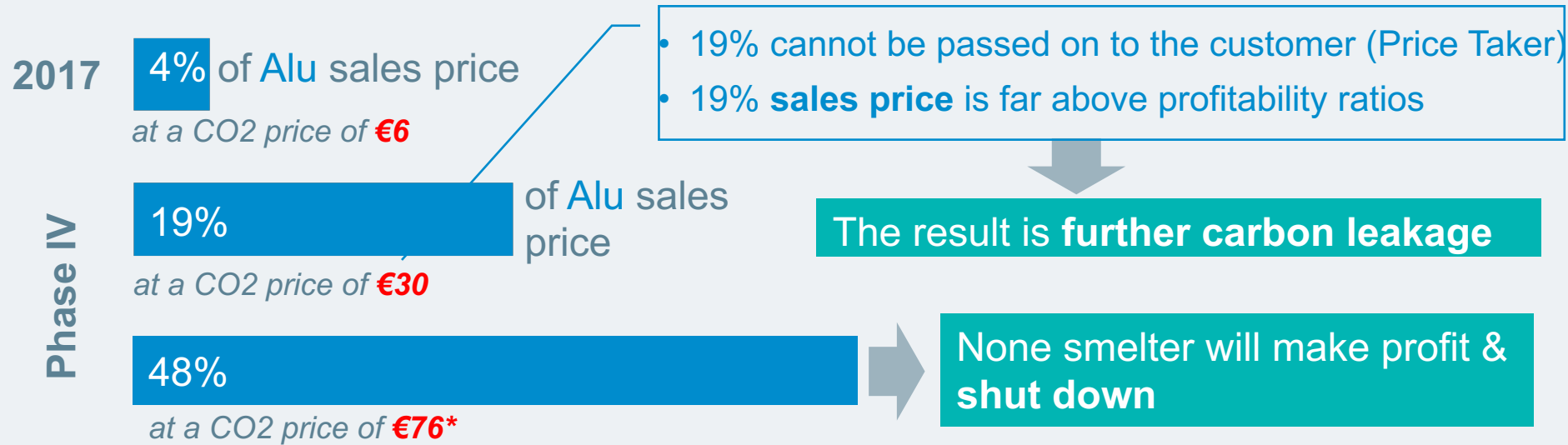
Can EU policymakers ensure that this will be available and at globally competitive prices?

Carbon Leakage Assessment

2/3

A thorough carbon leakage risk assessment should precede any revision of climate targets/policies.

Case study: Aluminium Indirect costs =



Our policy requests:

1. Any CL risk assessment should precede any revision of climate policies
2. CL assessment should look at Indirect costs & price-taker (Ability to pass on costs)
3. The CL assessment must be open for real-life case studies from the sectors

Carbon Leakage Measures beyond CBAM

Carbon Border Adjustments may work for some, but not for non-ferrous metals.

Why?

1

Electro-intensive

As one of the most electrointensive sector in Europe, we are more exposed to Indirect than to direct cots.

Aluminium = x7 higher

2

The Complexity of Indirect Costs

Indirect CO₂ Costs don't correlate with actual emissions

+

Huge difference in the design & functioning of power markets in third countries

3

Complex Value Chains

Our value chains are more complex than other sectors considered for a CBAM.

- ✓ A CBAM won't work for non-ferrous metals.
- ✓ Instead, an improved ETS indirect Guidelines should be prioritised to protect the most exposed electro-intensives.
- ✓ After this, additional carbon leakage measures, beyond CBAM, should be considered and analysed in the impact assessment

Need to create demand for lower carbon products of energy intensive industries

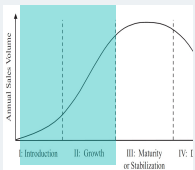
At present, European producers provide lower carbon products than our competitors but the market does not distinguish → This needs to be addressed (Unfortunately, no concrete measures in the Commission's new Industry Strategy).

The **large-scale deployment of breakthrough technologies** will need to be complemented by significant changes to incentives and consumption patterns on the demand side

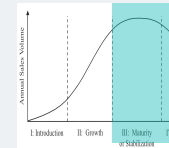


Measures to take into account the environmental footprint including GHG over the full life cycle & ensure a global level playing field

In the transition, until new products & solutions reach maturity, demand side instruments could be needed



Public procurement - 15% of EU GDP -
(ex. transport, energy, construction and telecommunications)



After reaching market penetration, **standards** may support their market uptake & consolidation vs. conventional solutions



This needs to be accompanied by a balanced combination of offensive & defensive trade strategies (A more globally focused competition policy) in order to create reciprocal market access

THANK YOU

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