

Ceramic industry position on the Clean Energy for All Europeans Package

On November 30th 2016, the European Commission presented the legislative proposals for the **Clean Energy for all Europeans** package to ensure that the EU leads the clean energy transition through modernizing the EU's economy and delivering on jobs and growth for all European citizens. One of the priority goals pursued by the package is to “provide a fair deal for energy consumers”.

The European ceramic industry, which directly employs **200,000 people** and is mainly composed by SMEs, belongs to the **main industrial energy consumers** with up to **35% of the total production costs related to energy**¹.

The European ceramic industry welcomes the Energy Union as a potential enabler of the **European industry's competitiveness**, an opportunity to **ensure sustainable, secure and affordable energy** to retail consumers as well as an occasion to deliver on Europe's ambitious **transition to a low-carbon economy**. The package includes four revised regulations and four revised directives as well as the EC Communication together with a Report on the Energy prices and costs in Europe (COM (2016) 769). The European ceramic industry underlines the crucial importance of **affordable energy prices** as the energy costs constitute a **decisive factor for the industrial competitiveness of the sector**, and calls for **framework conditions that are stable and predictable** in order to encourage new investments in energy-intensive industries in the EU.

Already today various ceramic products contribute significantly to energy savings achievements during their use-phase (for example: thermal insulating clay blocks and ceramic ventilated facades in buildings) and along their value chain in different other energy-intensive sectors (such as: refractories in steel or cement industries).

Against this background we would like to put forward the following policy recommendations:

Key policy recommendations:

1. **Focus on reduction of the administrative burden.**
2. **Take into account the industrial competitiveness dimension.**
3. **Do not cap the EU energy consumption with a binding target.**
4. **Recognize the benefits of high efficient cogeneration.**
5. **Avoid overlapping burdens for the EU ETS sectors.**
6. **Reconsider the energy audit obligations.**
7. **Foster energy efficiency in buildings through a holistic approach.**
8. **Report regularly on the energy prices and costs.**
9. **Ensure competitive & secure energy markets.**
10. **Promote the use of energy from renewable sources in a technology neutral way.**

¹ CEPS, [Energy prices and costs study 2016](#), Case study on ceramic bricks and roof tiles, p. 253.

Achieving global leadership on clean energy transition

We welcome the proposal of the European Commission for a **Regulation on Governance of the Energy Union** (2016/0375 (COD)). It is necessary to ensure a good coordination to achieve the EU's ambition on climate policy and the clean energy transition goals. Thanks to the European Commission's commitment to the *Better Regulation Agenda*, we hope that the proposal should result in a reduction of administrative burden for the institutional stakeholders and for businesses, while guaranteeing coherence and overall consistency of EU actions in the climate and energy field.

➤ Focus on the reduction of administrative burden

Therefore, the key **focus on the reduction of administrative burden shall not be lost**. The Regulation on the Governance of the Energy Union should simplify the obligations on reporting and planning by bringing together the existing obligations, which concern the EU legislation among the Energy Union policies. However, this simplification of the obligations should not create more bureaucracy nor a route to substitution of the existing lawmaking on the specific relevant topics, to prevent double-regulation or uncertainty of the legislative framework.

➤ Take into account the industrial competitiveness dimension

We welcome the proposal to include the national objectives with regards to **the industrial competitiveness into the integrated national energy and climate plans**, which will be required from the Member States. The subsidiarity principle is fundamental in this respect. The **global competitiveness dimension** should also be recognized, in particular to reflect the international economic and trade impacts on competitiveness of the European industry and to strengthen the European leadership on clean energy transition.

Putting energy efficiency first

The **Energy Efficiency Directive** (EED) is a key instrument to ensure the achievement of energy efficiency target at the EU level. Securing continuity and stability of the legislative framework is necessary to guarantee the results by 2030 and beyond.

➤ Do not cap EU energy consumption with a binding target

The Directive's goal is a linear and absolute energy consumption reduction. However, the review of the 2030 energy efficiency target shall take into account the national conditions and the energy efficiency potential of the Member States and build upon the best practices developed. The reviewed target shall allow **flexibility for the Member States** to take into account their domestic contexts and the heterogeneous landscape of sectors across the EU economy. The main legislative effort should focus on the implementation of the existing instruments and approaches already developed.

A binding cap on energy consumption would directly impact the EU production growth, and consequently the investments and jobs. Thus, **the energy efficiency target should remain indicative and not be binding**, as proposed by the European Commission. Furthermore, the Directive does not fully consider the efforts already made as well as the effective potential in terms of technological and economic resources. The ceramic industry has constantly invested in new technology to improve its efficiency. This early investments must be taken into account (e.g.: relation between life time of kilns and regulatory objectives).

➤ **Recognize the benefits of high efficient cogeneration**

The complete energy chain shall be taken into account (from generation to consumption, including transport and distribution). In this aspect, for example the development of **high efficient cogeneration should be promoted and supported** (e.g. exemption from RES levy). It shall be possible for the Member States to take into account the high efficiency cogeneration when defining the national circumstances affecting the primary energy consumption. High efficient cogeneration is 30% more efficient than the conventional generation, due to its higher power generation and the advantages of distributed generation as well as it contributes to the reduction of the GHG emissions.

➤ **Avoid overlapping burdens for the EU ETS sectors**

Ceramic sectors, that are included in the scope of the EU ETS Directive, are subjected to the obligation to reduce GHG emissions directly during the production process. The EU ETS is there also to incentivize the ceramic industry to invest in more energy efficient and innovative processes and products. The Member States must have a possibility to exclude the EU ETS sectors from the Energy Efficiency Directive obligations as to avoid the overlapping burdens. This exclusion shall be possible without the arbitrary 25% limitation.

➤ **Reconsider the energy audit obligations**

The European Commission shall also consider adjusting the requirements concerning the energy audits obligations in the EED. The case of energy audits in SMEs should be better assessed in order not to create an undue burden on companies. Incentives should be given to implement the energy audits in a cost-effective manner. Furthermore, simplifications must be ensured for companies that have implemented an energy management system according to ISO 50001.

Fostering energy efficiency in buildings through a holistic approach

The revision of the **Energy Performance of Buildings Directive (EPBD)** is an opportunity to improve the legal framework for the promotion of energy efficient buildings, taking into account the learnings from the past years. Energy efficient construction and renovation contribute to people's well-being and productivity and are at the heart of the European ceramic industry.

We recommend to use a **holistic approach when calculating the energy performance of buildings** and to better value the contribution of thermal mass to buildings' energy performance.

Cerame-Unie **supports the use of primary energy demand as indicator, as it is the most appropriate for calculating energy performance of buildings**. It enables to take into account the building as a whole, including the building envelope and all technical building systems (equipment for heating, cooling, ventilation, hot water, lighting etc.), as well as the renewable energy produced on-site or nearby. This ensures that the most cost- and energy-efficient choices are made for each building. In the case of old buildings, the optimization of the thermal insulation of the envelope has the highest potential for improving the energy performance of such buildings. However, for new buildings the combination of good insulation, optimal HVAC technology and supply of the building with renewable energy normally leads to the best results. Moreover, we would like to underline that housing should remain affordable and both renovation and new construction shall receive the same fiscal and financial incentives.

Cerame-Unie has developed a more detail position paper on the revision of the Energy Performance of Building Directive, which can be found [here](#).

Providing a fair deal for consumers

➤ Report regularly on energy prices and costs

The Clean Energy Package contains among others a **Report on the Energy prices and costs** in Europe (COM (2016) 769). Ceramic sectors, together with other energy intensive industries, were part of the case studies performed by the European Commission and published in an Annex to the report – Accompanying Staff Working Document (SWD (2016) 420).²

The **prices of energy** are of crucial importance to the ceramic industry, as the costs of energy constitute a decisive factor for the industrial competitiveness of the sector. In fact, the European Commission marks that even though the wholesale energy prices were declining in the last years, due to the rising network costs, taxes and levies, the EU retail prices became slightly higher over the period 2008 - 2015. This trend can be confirmed for the ceramic sectors and in particular when it comes to the electricity prices, for which the share of non-energy components (i.a. network costs, RES support levy and taxes) increased significantly over the period investigated.

Similarly, the results of the **international price comparison** confirm that the EU ceramic producers are continuously at a disadvantage towards the US or Russia in terms prices of electricity and natural gas.

Therefore, it is of key importance to ceramic sectors that the European Commission continues regular reporting on the energy prices and costs developments in the EU and abroad, and to foresee appropriate protection and compensation for sectors exposed to international competition.

➤ Ensure competitive & secure energy markets

The focus of the EU energy policy should be on ensuring a **competitive energy market** and **decreasing the overall energy system costs**. The cost-competitive energy prices are a key to competitive markets.

For the energy-intensive sectors, largely sensitive to energy costs and supplies, another key priority is the **security of energy supply**. It must be guaranteed at the lowest cost possible, in order to ensure that the price convergence is achieved across the EU, so that all retail consumers are benefiting from an operating single internal market. The electricity markets also need to adapt to a new reality: a decentralized production from renewable energy sources. Thus, all market players shall be fully integrated and it must be ensured that **this transition is delivered at a minimum cost**.

➤ Support the emergence of "active consumers"

The Electricity Market Design Directive should foresee the role of "active customer" (as single subject or group or by an aggregator) having the possibility to operate in energy and in services markets (active customers can sell their energy but also services such as flexibility, charge reduction, balancing, etc.).

➤ Promote the use of energy from the renewable sources in a technology neutral way

To grant more support towards a development of innovative technologies, the reviewed Renewable Energy Directive could take into consideration broadening of the definition of 'the energy from the renewable sources (RES)'. For example a possibility to include **renewable synthetic gas (e.g. from power-to-gas processes)** should be investigated. Furthermore, the RES competitiveness and cost-and resource-efficiency analysis is lacking at the review. The promotion of the use of energy from the renewable sources shall be achieved in a technology neutral way and cost-efficient manner.

² Two ceramic sectors directly took part in the data collection at a plant level. The results of the 2014 and 2016 ceramic case studies can be also found at CEPS website, here for: [Energy prices and costs study 2016](#).