

Brussels, 30 June 2021

To Ms von der Leyen, President of the European Commission
To Mr Timmermans, Executive-Vice President of the European Commission

In December 2019, our group welcomed your **European Green Deal** calling for the European Union to achieve climate neutrality by 2050 at the latest and to deliver climate action **to meet our commitments under the Paris Agreement**. Our political group also supported several strategies you presented to deliver this ambitious roadmap to transition to a prosperous, resource-efficient and climate-neutral society.

Since then, we have however noticed that **several developments at EU level fall short of what science tells us we need to put Europe on a 1.5°C pathway**. The first **European Climate Law** ensures a -55% net target for reducing greenhouse gases emissions (which equates to only 52,8% of direct emissions reduction when excluding carbon sinks). The **Common Agriculture Policy** outcome will not lead to better agricultural and food system (based on shorter supply chains, healthy locally produced food and secured jobs for farmers). Pressure, as never seen before, is there to include fossil fuels and nuclear in the EU list of environmentally sustainable economic activities (**EU taxonomy**), weakening its whole purpose of sending a strong signal to investors, companies and financial institutions where to invest their money in the future.

This is why **the launch of the “Fit for 2030 Package” will be a make or break moment** for the implementation of the European Green Deal. It is now time to turn objectives and strategies into binding legislation, to honour our climate and energy commitments, to live up to the European Green Deal's oath to 'do no harm' and to ensure a socially fair ecological transition. It is of crucial importance to ensure that this package helps decreasing social inequalities, reducing energy poverty and removing social hardships. The poorest households should be at the centre of our climate and energy policies to ensure an inclusive transformation.

Between 1990 and 2015, annual consumption emissions of the poorest half of EU citizens fell by 24% while those of the richest 10% grew by 3%¹. We must put an end to that carbon inequality where poorest people are polluting less but would bear the costs of the transition. We are therefore **highly concerned by your proposal to create a separate Emission Trading System (ETS) for road transport and buildings**, which will be perceived as widening the carbon inequality rather than reducing it. Instead, we call on the Commission to focus on ambitious targets for energy efficiency and renewable energies, as well as clear binding standards, like the end of combustion engines.

As Greens/EFA, we call on the Commission to ensure that the “Fit for 2030 package” is science-based and delivers:

1. Bold ambitions to make Europe the first climate neutral continent: we need clear incentives to reward the industry players that already committed to climate neutrality and ensure that those responsible for polluting are responsible to pay for the damage done to the environment. The package should:

¹ Oxfam (2020). Confronting carbon inequality in the European Union. Why the European Green Deal must tackle inequality while cutting emissions.

- *Put an end to free allowances under the Emission Trading System (ETS):* around 6.5 billion allowances, valued at over €300 billion, are otherwise expected to be allocated for free to companies between 2021 and 2030. We need to end free pollution.
- *Apply the ETS to the entire shipping and aviation sectors,* where the demand is driving emissions upward and which are among the fastest-growing sources of greenhouse gas emissions.
- *Prohibit investment in fossil-fuel technologies:* the current Energy Efficiency Directive promotes energy savings measures no matter the nature of the fuel used. Subsidies for fossil-fuel based technologies should not be eligible and should not count as part of the energy savings obligation by Member States.

2. A highly energy-efficient and fully renewable-based Europe: Europe's biggest domestic energy source is energy efficiency: the energy we actually do not use. That is why the package should promote a binding energy-efficiency-first principle in energy policies but in all other relevant policy sectors (transport, industry, ICT and agriculture). The package should also:

- *Propose ambitious and binding EU targets for energy efficiency and for the share of renewable energies:* what the Commission is considering for now is simply too low. The EU 2030 mandatory targets in EED and RED should be increased to a level compatible with a highly energy efficient and 100% sustainable renewable-based economy by 2040. Studies modelling this vision claim that we need at least a 45% energy efficiency target and a 50% renewables target by 2030.
- *Adopt EED and RED binding targets at Member State level:* the time for voluntary approaches is long gone. Getting everyone on track for the transition is vital which is why on top of EU binding targets, the package should ensure binding national targets for each Member State.
- *Align EU rules on the use of biomass for energy with the objectives of the Biodiversity Strategy and the European Climate Law:* forestry is the main source of biomass for energy but wood-burning pump more CO₂ into the atmosphere than coal and demand for forest biomass is hindering forests' ability to act as carbon sinks. EU incentives for the burning of whole trees for energy should simply no longer exist. Priority should be given to energy efficiency and truly sustainable renewable energies like wind, solar and geothermal.
- *Remove all subsidies to fossil fuels and introduce a jet fuel tax in the Energy Taxation Directive:* tax exemptions for entire sectors such as aviation and maritime, or for specific fuels such as gas and LNG are in contradiction with the Paris Agreement. We need an EU-wide minimum price on jet fuel for all flights, without delay and at a rate that ensures fair competition across transport modes. Taxes and levies on electricity are higher than for coal, gas or heating oil, hence hampering the transition towards a highly energy-efficient and fully renewable-based economy.

3. Predictable and clear standards for the private sector: the Green Deal will not be successful if it relies only on consumers to adapt their habits. Change needs to be driven from the supply side and the private sector needs predictability to invest into a new economic model. The package should:

- *Include a minimum carbon floor price in the ETS:* we need the right price and market certainty to provide the incentive to decarbonize the heavy industry. To provide serious change in these sectors, the price of carbon will need to increase annually to €150 in 2030.
- *Set-up zero CO₂ emission performance standards for cars and vans by 2030:* the earlier the end date for internal combustion engines, the sooner manufacturers will have to deploy more affordable zero-emission cars. Several car manufacturers already anticipated the end of petrol and diesel cars in the coming decade. In fact, electric cars are already the cheapest option today for many consumers across Europe. The Commission should accompany that transition rather than delay climate action.
- *Set binding targets for user friendly infrastructure that serves zero emissions mobility:* a revision to the Alternative Fuels Infrastructure Directive needs to include binding targets for electric charging points that enable smart charging, a removal of existing incentives for fossil based fuels including CNG and LNG and for shipping only allow 100% additional and renewable-

based hydrogen. Furthermore, clearer standards on pricing, transparency and functionality are needed to give confidence to businesses investing in zero emissions mobility.

4. An inclusive ecological transition that fosters solidarity and leaves no one behind: there is no opposition between EU's social and environmental objectives, it is neither one or the other. On the contrary, the Green Deal should deliver a socially fair transition and to this end, the package should:

- *Tackle energy poverty by focusing on renovating the worst performing buildings:* the energy efficiency and performance of buildings directives need to make the renovation of all public buildings mandatory and require a yearly rate for deep renovations of at least 3% for the EU building sector. In addition to prioritising social housing, schools and hospitals, mandatory renovation targets with strong social safeguards have to be set for the residential sector. Renovations should be required for the worst performing buildings to lift citizens out of energy poverty.
- *Step up the support to EU citizens so that they can fully grasp the ecological transition:* as said, we are concerned that a separate ETS for road transport and buildings is not the right policy option to address an inclusive transition. The carbon inequality would be worsened if the EU industry or the aviation sector would keep enjoying - even if partially - free pollution permits. While we strongly support that any carbon pricing should come with a fair redistribution mechanism, we also fear that the revenues generated and recycled through your proposed Climate Social Fund are unlikely to be enough to fully compensate for the negative social impact of such instrument. For those reasons, we urge you to keep this proposal of ETS extended to road transport and buildings on hold and reflect further on fairer and more efficient alternatives to step up direct support to EU citizens so that they can fully engage in the ecological transition.

The "Fit for 2030 Package" can create a **new momentum for the European Union** to innovate, to invest in a green future, to deliver new quality jobs at home and to reduce climate inequalities. The path to climate neutrality is comparable to a new green industrial revolution. You have a unique chance to make it happen if you ensure the key calls above are included in your legislative proposals.

Yours sincerely,

Handwritten signatures of Ska Keller and Philippe Lamberts in black ink.

Ska Keller and Philippe Lamberts, co-Presidents of the Greens/EFA Group

Handwritten signatures of Tilly Metz and Bas Eickhout in blue ink.

Tilly Metz and Bas Eickhout, co-Chairs of the Greens/EFA Ecological Transition Cluster