

High-Level Opening & Launch Event

Keynote opening address

Miguel Arias Cañete

Marrakesh, 14 November 2016, 09.00-10.50h

Minister El Alamy,

Distinguished guest speakers,

Ladies and gentlemen,

It is a pleasure to be here with you today on this very special occasion.

After an intense and demanding year, we have many reasons to celebrate: 2016 has been a milestone for international climate action.

- The Paris Agreement has entered into force earlier than expected;
- We have reached a historic agreement just a few weeks ago in Kigali to phase out F-gases;
- And we have made great strides to reduce emissions in the aviation and maritime sectors.

Thanks to the intensive work and the political will displayed during this last year, we have sent a clear message: the transition towards a low-carbon and sustainable world is here to stay.

This shows that, when we act together, change is possible. And that together, we can leave a better world to the generations to come.

But this cannot just be a short-lived success. Now more than ever, we need to keep the spirit of Paris alive and maintain the international momentum.

After all, with the current levels of ambition, we will still miss the 2°C target. We will need to do more and go much further if we want keep global warming well below 2°C and avoid the most dangerous effects of climate change.

The EU is at the forefront for this.

(The clean energy transition)

The EU's vision for a clean energy transition is one where the decarbonisation challenge is turned into an

opportunity for the modernization and the competitiveness of our economy.

Our ambition is clear: we want to be in the driving seat of the clean energy transition. Yet for this to happen, it is not enough to have the most ambitious energy and climate commitments in the world.

Leadership also means that commitments must be followed by concrete actions.

That is why we will launch our Smart and Clean Energy Package by the end of this month, which will tap into our green growth potential with three clear priorities in mind:

- 1) To put energy efficiency first;
- 2) To make the EU number 1 in renewables;
- 3) And to do so in a cost-effective way that delivers a fair deal to consumers.

(Efficiency First)

Of course, the cleanest and cheapest way to decarbonise our energy system is by reducing our

energy consumption: for every 1% improvement in energy efficiency, EU gas imports fall by 2.6%.

But energy efficiency is not only good to reduce our Greenhouse Gas Emissions. It also makes sense from an economic point of view.

The case is pretty clear when you consider that in 2015 the EU saved 27bn dollars in energy imports thanks to energy efficiencies alone. Or when you realise that achieving the 30% target in energy efficiency, instead of 27, can create an additional 70 billion EUR and 400,000 jobs.

This is why our legislation will abide by the "Efficiency First" principle to unlock the energy savings that can kickstart our economy.

We will focus on the sectors that have the biggest potential, such as the building sector, which accounts for a staggering 40% of our energy consumption.

Just consider this: two thirds of Europe's buildings were built before energy performance standards even existed. When you put that next to renovation rates of around 1% you see how big the challenge is.

We want to double renovation rates to at least 2% annually, with changes to buildings' energy performance rules and with the support of financing instruments such as the Smart Financing for Buildings.

We will tackle that head on because we know this is a significant opportunity. The building sector accounts for 9% of European GDP and employs some 18 million people.

Therefore, putting energy efficiency first means bringing down costs for consumers, reducing our import dependency and redirecting investments towards the kind of infrastructures we really need.

(Investing in clean energies)

And talking about investments, we will require huge investments to integrate and promote renewables in our energy systems.

The good news is that the appetite for investment in renewables is big and growing.

In 2015 renewables surpassed coal as the main source of power capacity. And according to the IEA, investment in renewables is expected to grow even more in the next decade.

We are already seeing this transformation in the EU:

- The renewables sector already employs 1.2 million people across Europe and accounts for 138bn EUR every year.
- In 2014 alone, 78% of new generating capacity installed in the EU was renewables;
- And we are the world's number 1 in clean energy when you look at power capacity per capita, with 0.79 GW of renewable generation for every 1 million citizens in the EU.

We want to capitalise on this success and accelerate the integration of renewables into our energy system to make them thrive.

This will be particularly important if you consider that, in 2030, half of our electricity will have to come from renewables. Or if you think that by 2050, it will have to be completely carbon-free.

Now, preparing for such a transition will require more than building cables and installing windmills. It will require large amounts of investment and a stable policy and regulatory framework.

And most importantly, we must make sure that the further uptake of renewables takes place in a way that generates the right incentives for investment and minimises disruptions in the energy market.

(A new electricity market design with consumers at the centre)

But all this will only be possible if we put consumers at the very centre of the energy transition.

Thanks to new technology and cost reductions, some consumers are already generating onsite renewable energy and either self-consume, store, or sell it to the grid.

Yet consumers still face huge barriers to fully engage in today's energy system, and in many ways we are not

letting them get a fair deal from our energy improvements.

The deep transformation of the energy system that we are witnessing calls for a wider re-thinking of the way we engage with our energy system.

Consumers need to trust the system in which they operate, and this can only work if they are allowed to fully participate in the electricity market and are adequately remunerated. Otherwise, our transition will go nowhere.

This means, first of all, allowing consumers to more easily switch providers, getting clearer billing and comparison tools, and reducing switching restrictions and fees.

At the same time, in the new electricity market design we will propose in the coming weeks, we will make the grid flexible at both the generation and the consumer ends to foster self-generation and demand-response so that consumers can benefit from price fluctuations resulting from wind and sun.

But we won't stop here. We will also foster more competition in the retail market and promote a flexible and connected electricity market that:

- Generates the right signals for renewables to thrive;
- Encourages regional cooperation notably for capacity mechanisms;
- And empowers consumers to generate, self-consume and store renewable electricity in a cost effective way.

(Conclusion)

Ladies and gentlemen,

This is just a brief overview of how the upcoming Smart and Clean Energy legislative Package will help the EU to deliver on our Paris commitments.

High ambition requires bold measures, and we will closely work with our Member States in order to meet our targets. We will set up robust governance mechanisms for monitoring progress and for ensuring everybody is on board in a balanced way.

But the EU's efforts alone won't be enough to avoid global warming. And if we are to succeed in the fight against climate change, we will all need to work together.

It is now important that we move ahead with resolution and in a constructive spirit to develop the detailed rulebook of Paris and make good on our promises.

I look forward to working with you to make the clean energy transition come true.

Thank you.