

4 December 2017

Dear Minister, cc Deputy Permanent Representative,

Energy Council – EU institutional investors' view

At COP23 the international community, individual Governments and non-state actors demonstrated more than ever their commitment to supporting implementation of the Paris Agreement on Climate Change. Over 2018, preparations for the important task of scaling up ambition by countries will begin, in order to meet the goal of an at least 2°C limit on global temperature rises. In this context, it is vital for the EU and its Member States to retain and step up its leadership on global climate action. The decisions made at the upcoming Council of Energy Ministers on 18th December will form a vital part of this action.

As institutional investors overseeing over €21 trillion in assets globally, we recognise that mitigation of climate change is essential for the safeguarding of investments. Low carbon technologies, energy efficiency and renewable energy present significant investment opportunities which can promote economic growth in Europe and boost job creation. Clear, long-term legislative frameworks are critical to our ability to assess and manage climate-related risks and to invest in opportunities that support a low carbon, more energy efficient and climate resilient world.

On its publication in November 2017, the Commission's Clean Energy Package was positively received in the investor community. But there is on-going concern, particularly following the Energy Council's General Approach on the Energy Efficiency Directive, that the proposals on Renewable Energy and Governance of the Energy Union will be watered down. This in turn raises the risk that the final agreements do not deliver the most cost-effective path to achieving the EU's 2030 climate and energy targets, supporting low carbon investment today and for the future. Therefore at the Council and beyond, we strongly encourage you to support the following measures:

- A long-term decarbonisation objective for the EU to be carbon neutral by 2050;
- Legally binding 2050 targets for Member States which are aligned with the Paris Agreement and contain a defined role for private finance;
- A target of an at least 30% share of energy coming from renewable sources by 2030, binding at EU level; and
- A strong framework to achieve both the energy efficiency and renewables targets, in order to provide investor certainty and confidence:
 - Clear provisions for corrective measures in the event of any gaps in ambition based on Member States' cumulative efforts; and
 - Sufficiently ambitious and frequent checkpoints over the period, based as much as possible on a predictable and stable linear trajectory.

Such provisions will contribute to investor confidence in the EU's long-standing commitment to tackling climate change through robust policy-making, and support their decisions in allocating the trillions of long-term investment needed to finance the low-carbon transition in Europe. We therefore call on you to put long-term, sustainable growth at the heart of your decisions at Council.

On behalf of the Institutional Investors Group on Climate Change,



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