Centre for European Policy Studies

Study on composition and drivers of energy prices and costs in energy intensive industries

Dr. Ulrika Wising
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Revenue 2012 by business unit
~2,500 € mill.
Sustainable Energy Use

- Support industry to reduce their energy costs and remain competitive
- Design, help implement and evaluate policy
- Develop, operate and measure the effectiveness of Utility obligation schemes
- Capacity building and market assessments for the new energy economy (Smart Cities, Demand Side Management, Measurement & Verification, etc.)
- Research & Innovation
A level playing field in Europe

- The difference in energy prices between member state is creating an uneven playing field for industry
  - Benchmarking study of electricity prices between Belgium, the Netherlands, France and Germany 2013: Belgium pays 12-45% more (market price, transmission costs, taxes and surcharges)
  - Germany granting businesses fiscal breaks on electricity costs and giving exemptions on green levies to shield heavy industry
  - How can we change this uneven playing field within Europe?
A level playing field globally

- Heavy competition from USA: cheap natural shale gas
  - Do we sacrifice Europe’s industry for climate change goals, not enforced worldwide?
  - Is heavy industry a motor for the EU economic recovery?
  - Will the economy rebalance by increasing competitiveness in higher value-added production?
Energy Efficiency in Industry

- Don’t confuse the closing of plants with industry becoming more energy efficient
- Improving energy efficiency in European industry could help retain their competitiveness
  - Need long term policy and regulation to take the risk of investing in energy efficiency
  - Barriers identified:
    - Strict economic requirements for energy efficiency investments
    - Global companies that invest where they believe the future lays
    - Low awareness/Lack of knowledge
    - Resource constraints (time, money)
    - Preference for supply side solutions
    - Inadequate energy data
    - Resistance to change
    - Perceived risk of production/operation disruption
Harmonized European energy market

BIG CHALLENGE: Create a harmonized European energy market with ambitions regarding climate change mitigation without penalizing local energy intensive industry

• Support energy intensive industries to reduce their energy consumption
  • For energy intensive industry, the lifetime of their equipment is long so there is some hesitance to “trust” incentives as they change too frequently
• Long-term EU regulatory stability & transparency to avoid internal competition
• Clear potential for demand-response but require change in policy and regulations