

18th November 2021

Delivering the European Green Deal – The Fit for 55 Package

Revision of the Energy Efficiency Directive

ECGA Input to the Public Consultation

ECGA, the representative association of EU carbon and graphite producers, including the EU based graphite electrode producers going into Europe's steel and foundry industry, electrodes and cathodes for the aluminium and ferroalloy industry as well as a wide variety of specialty graphite and carbon products for applications ranging from electric motors to modern battery technology acknowledges the publication of the Fit for 55 Package as the largest and probably the most significant cluster of measures the EU has ever published at the same time, towards the same goal, namely, the EU carbon neutrality by 2050.

With regards to the Energy Efficiency Directive, the European Carbon and Graphite industry is convinced that an energy efficient economy is key to reaching the ambitious EU 2030 and 2050 climate targets, while ensuring growth and prosperity in Europe and this can only be achieved via a comprehensive and systemic approach that allows us to reap unexploited potential for energy savings across the entire economy, while decarbonising the energy consumed.

However, even though great progress has been achieved through the revised proposal, we believe that the main objective of the energy efficiency directive should be to ensure an integrated approach to consistency, stability, and predictability along the whole value chain by taking into consideration the following suggestions:

Introducing an absolute value-cap on energy consumption should be avoided. Future needs considering the potential trade-offs between decarbonisation and energy consumption should be considered instead. Innovative technologies needed by the sector to keep contributing to the decarbonization objectives are, most of them, highly energy intensive. The electro-intensity of our companies is based upon only electricity consumption for the production feedstock and shows that values range from less than 1MWh/t to nearly 12 MWh/t. The weighted average electro-intensity of our companies for 2014 to 2016 was around 4.65 MWh/t, while the unweighted average intensity is 2.85 MWh/t. Therefore, decarbonizing the European carbon and graphite sector will require an overall increase in energy consumption. This means that setting a simple cap on energy consumption risks limiting the potential for industrial decarbonization. At the same time, such a cap would also limit the potential for industrial growth, at a time when massive investments are required to adhere to the goals of the Green Deal.

The scope and application of the “Energy efficiency first” principle should be clarified and always taken into consideration when applied to energy intense sectors, such as the carbon and graphite one.

Ensure that energy savings are both technically and economically feasible when raising the annual energy savings obligation to be applied on Member States between 2024 – 2030, from 0.8% to 1.5%. Several products a decrease in energy consumption is only possible up to a certain point after which their chemical

and physical characteristics would be negatively affected leading to a decrease in the product quality or even safety. For example, process emissions are generated through chemical reactions among raw materials used in the production process. These emissions, strictly correlated to the production level by a multiplication factor are unavoidable.

The Energy Efficiency should avoid overlapping with other EU Fit for 55 Package elements, such as ETS, CBAM or ETD. The level of GHG reduction requested through the ETS directive (-61% between 2005 and 2030) combined with the continuous increase in carbon prices (~60€/t in 2021) are already adding huge costs to the industry.

About the European Carbon and Graphite Association (ECGA)

The European Carbon and Graphite Association (ECGA) represents European carbon and graphite producers, the activities concerned are those under PRODCOM code 23.99.14 which covers most energy intensive but also the most critical activities in the sector.

The European carbon and graphite producing sector is mainly concentrated in eight European Economic Area (EEA) Member States (Spain, Norway, Austria, Poland, France, Germany, the United Kingdom and Slovakia) but trading activities are present all over Europe. It is a multimillion 'added value' generating sector, with a worldwide turnover volume of €3 to 5 billion annually. Roughly 40,000 people are employed either directly or indirectly through this industry.

The main downstream market of the sector is the electrode market, especially the steel industry, for which the recycling of scrap steel reduces the CO₂-emissions of the sector. Electrodes for electric arc furnaces make up the biggest revenue share and create considerable interdependencies between the two sectors. Other important downstream markets are refractories, the aluminium industry, electronics and lithium-ion batteries.

The European carbon and graphite sector is an energy intensive sector, whose products and raw materials are an integral part of any economy and society. Standing at the beginning of most value chains, the sector is a critical supplier of essential materials and products in other key economic sectors including electronics, steel and batteries. The carbon and graphite sector therefore generate added value and growth through employment, economic growth, development, innovation and generating trade.