

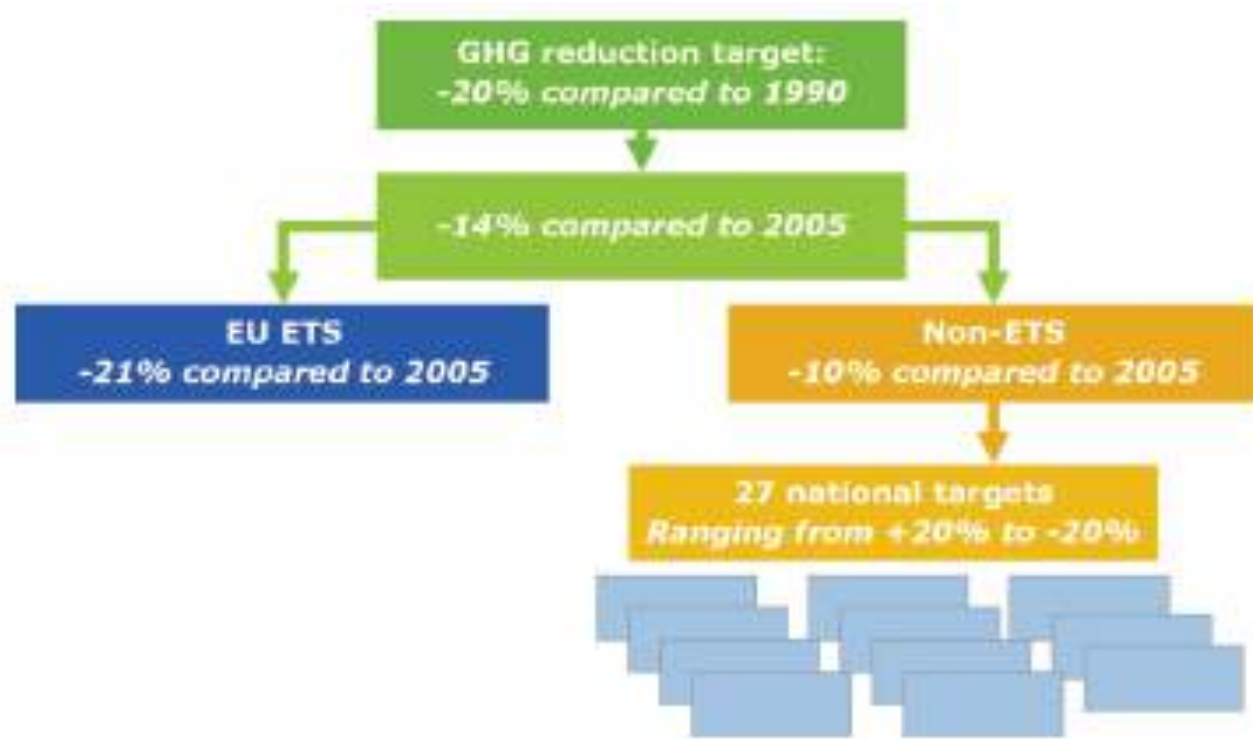
EU CLIMATE POLICY AND EU ETS

LEONARDO MASSAI

30-31 January 2020
Ankara, Turkey

Source: European Commission 2019

2020 CLIMATE AND ENERGY PACKAGE



2020 CLIMATE AND ENERGY PACKAGE

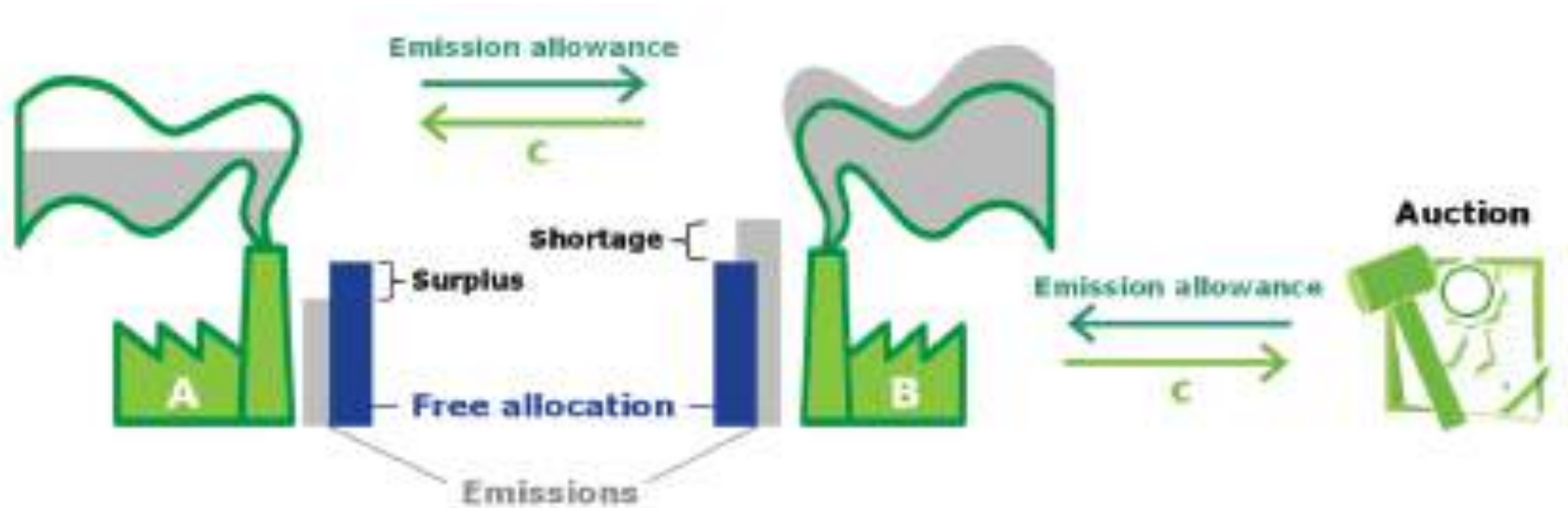
- The 2020 package is a set of binding legislation to ensure the EU meets its climate and energy targets for the year 2020
- The package sets three key targets:
 - 20% cut in greenhouse gas emissions (from 1990 levels)
 - 20% of EU energy from renewables
 - 20% improvement in energy efficiency
- The targets were set by EU leaders in 2007 and enacted in legislation in 2009. They are also headline targets of the Europe 2020 strategy for smart, sustainable and inclusive growth
- The EU is taking action in several areas to meet the targets

EU EMISSIONS TRADING SYSTEM – EU ETS

- The EU emissions trading system is the EU's key tool for cutting greenhouse gas emissions from large-scale facilities in the power and industry sectors, as well as the aviation sector
- The ETS covers around 45% of the EU's greenhouse gas emissions
- In 2020, the target is for the emissions from these sectors to be 21% lower than in 2005



EU ETS: HOW DOES IT WORK?



SOURCE: EU 2015

EU ETS : ALLOCATION EUAs

Share of free allocation calculated based on benchmarks per sector	2013	2014	2015	2016	2017	2018	2019	2020
Electricity production	0%	0%	0%	0%	0%	0%	0%	0%
Industry sectors	80%	72.9%	65.7%	58.6%	51.4%	44.2%	37.1%	30%
Industry sectors deemed exposed to carbon leakage	100%	100%	100%	100%	100%	100%	100%	100%

SOURCE: EU 2015

EU ETS : COMPLIANCE CYCLE



SOURCE: EU 2015

NATIONAL EMISSION REDUCTION TARGETS

- This covers the sectors not in the ETS – accounting for some 55% of total EU emissions – such as:
 - Housing
 - Agriculture
 - Waste
 - transport (excluding aviation).
- EU countries have taken on binding annual targets until 2020 for cutting emissions in these sectors (compared to 2005), under the "Effort-sharing decision"
- The targets differ according to national wealth – from a 20% cut for the richest countries to a maximum 20% increase for the least wealthy (although they were still projected to have to make efforts to limit emissions)
- Progress is monitored by the Commission every year, with each country required to report its emissions.

RENEWABLE ENERGY : NATIONAL TARGETS

- EU member countries have also taken on binding national targets for raising the share of renewables in their energy consumption by 2020, under the Renewable Energy Directive
- These targets also vary, to reflect countries' different starting points for renewables production and ability to further increase it – from 10% in Malta to 49% in Sweden.
- The overall effect will enable the EU as a whole to reach:
 - its 20% target for 2020 (more than double the 2010 level of 9.8%)
 - a 10% share of renewables in the transport sector.

ENERGY EFFICIENCY

- Measures for increasing energy efficiency are set out in the:
- Energy Efficiency Plan
- Energy Efficiency Directive

2030 CLIMATE AND ENERGY FRAMEWORK

- The 2030 climate and energy framework includes EU-wide targets and policy objectives for the period from 2021 to 2030
- Key targets for 2030:
 - At least 40% cuts in greenhouse gas emissions (from 1990 levels)
 - At least 32% share for renewable energy
 - At least 32.5% improvement in energy efficiency
- The framework was adopted by the European Council in October 2014. The targets for renewables and energy efficiency were revised upwards in 2018.

GHG EMISSIONS: A CUT OF AT LEAST 40%

- A binding target to cut emissions in the EU by at least 40% below 1990 levels by 2030
- This will enable the EU to move towards a low-carbon economy and implement its commitments under the Paris Agreement
- To achieve the target:
 - EU emissions trading system (ETS) sectors will have to cut emissions by 43% (compared to 2005) – to this end, the ETS has been revised for the period after 2020
 - non-ETS sectors will need to cut emissions by 30% (compared to 2005) – this has been translated into individual binding targets for Member States.

RENEWABLES: INCREASING TO AT LEAST 32%

- A binding renewable energy target for the EU for 2030 of at least 32% of final energy consumption, including a review clause by 2023 for an upward revision of the EU level target
- The original target of at least 27% was revised upwards in 2018

ENERGY EFFICIENCY: INCREASING BY AT LEAST 32.5%

- A headline target of at least 32.5% for energy efficiency to be achieved collectively by the EU in 2030, with an upward revision clause by 2023
- The original target of at least 27% was revised upwards in 2018

GOVERNANCE SYSTEM

- A transparent and dynamic governance process will help deliver the objectives of the Energy Union, including the 2030 climate and energy targets, in an efficient and coherent manner
- The EU has adopted integrated monitoring and reporting rules to ensure progress towards the 2030 climate and energy targets and its international commitments under the Paris Agreement
- Based on the better regulation principles, the governance process involves consultations with citizens and stakeholders

NATIONAL ENERGY AND CLIMATE PLANS

- Member States are obliged to adopt integrated National Climate and Energy Plans (NECPs) for the period 2021-2030. Member States had to submit their draft plans by the end of 2018. The final plans must be submitted by the end of 2019

NATIONAL LONG TERM STRATEGIES: Under the governance system, Member States countries are also required to develop national long-term strategies by 1 January 2020, and ensure consistency between their long-term-strategies and NECPs

2050 LONG TERM STRATEGY

- The European Commission calls for a climate-neutral Europe by 2050
- On 28 November 2018, the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050
- The strategy shows how Europe can lead the way to climate neutrality by investing into realistic technological solutions, empowering citizens, and aligning action in key areas such as industrial policy, finance, or research – while ensuring social fairness for a just transition
- Commission's vision for a climate-neutral future covers nearly all EU policies and is in line with the Paris Agreement objective to keep the global temperature increase to well below 2°C and pursue efforts to keep it to 1.5°C

THE EUROPEAN GREEN DEAL

Source: EU Commission 2020

THE EU GREEN NEW DEAL ABOUT



Source: EU Commission 2020

WHAT IS THE EU GREEN NEW DEAL ABOUT

The European Green Deal is about **improving the well-being of people**. Making Europe climate-neutral and protecting our natural habitat will be good for people, planet and economy. No one will be left behind.

The EU will:



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



Help ensure a
just and inclusive
transition

Source: EU Commission 2020

EU CITIZENS



93%
of Europeans see
climate change as
a **serious problem**



93%
of Europeans have **taken**
at least one **action**
to tackle climate change



79%
agree that taking action
on climate change will
lead to innovation

Source: EU Commission 2020

WHAT WILL THE EU DO

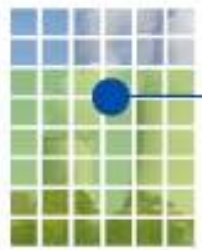
CLIMATE

The EU will be **climate neutral in 2050**.
The Commission will propose a European Climate Law turning the political commitment into a legal obligation and a trigger for investment.
Reaching this target will require action by all sectors of our economy:



ENERGY

Decarbonise the energy sector



The production and use of energy account for more than **75%** of the EU's greenhouse gas emissions

BUILDINGS

Renovate buildings, to help people cut their energy bills and energy use



40% of our energy consumption is by buildings

INDUSTRY

Support industry to innovate and to become global leaders in the green economy



European industry only uses **12%** recycled materials

MOBILITY

Roll out cleaner, cheaper and healthier forms of private and public transport



Transport represents **25%** of our emissions

Source: EU Commission 2020

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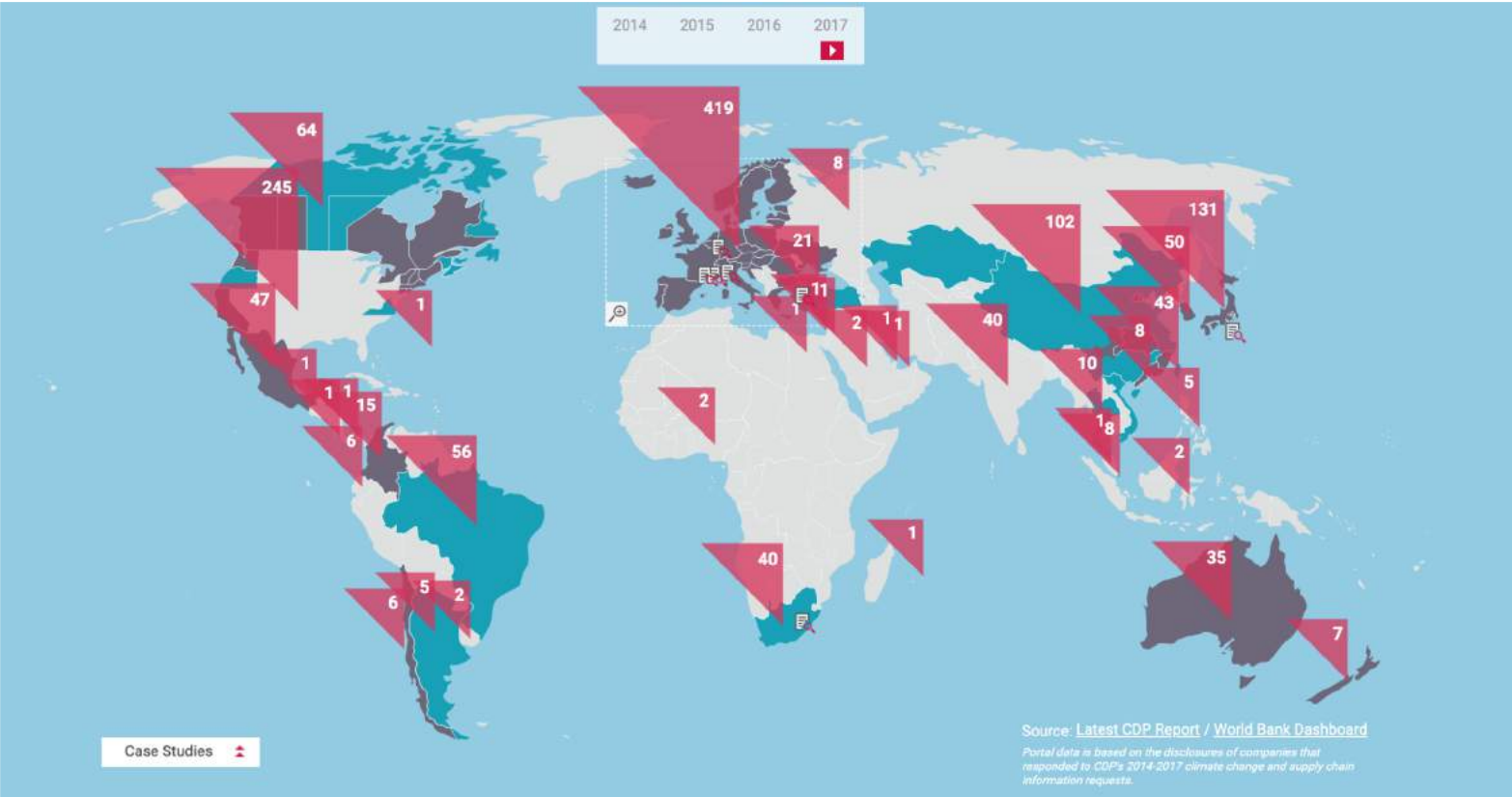
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CARBON MARKET

BACKGROUND

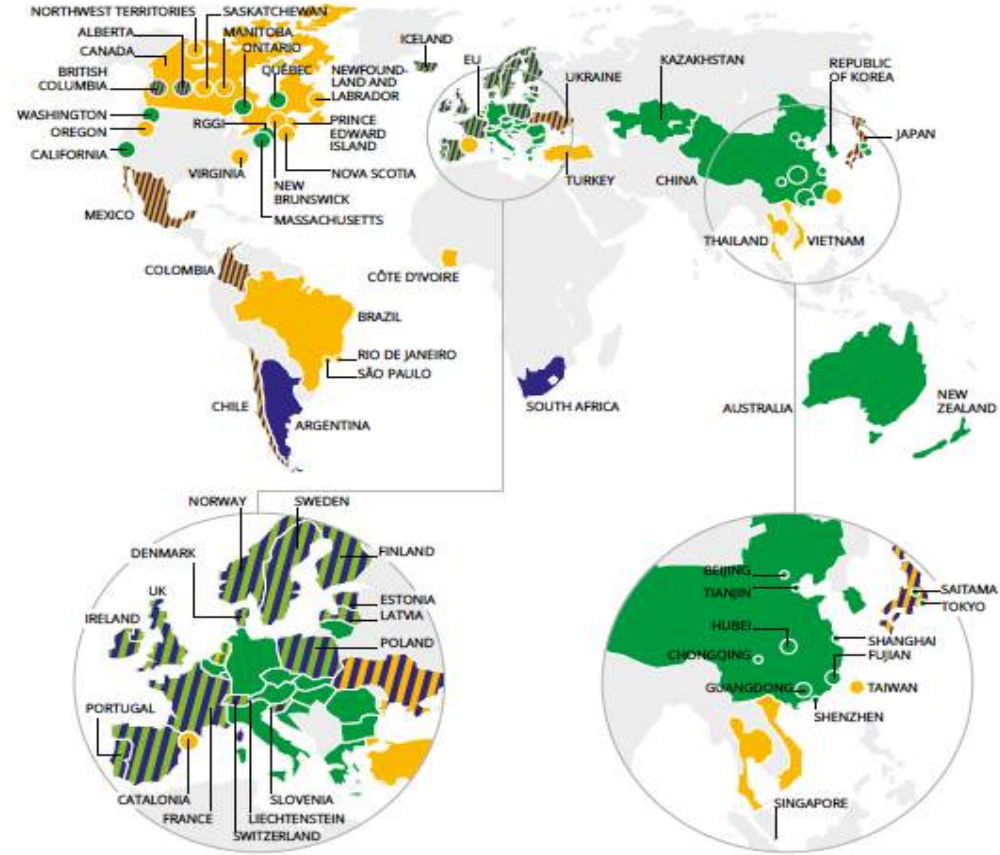
- Kyoto Protocol 1997:
 - Emissions Trading
 - Clean Development Mechanism and Joint Implementation
- EU ETS
- PARIS AGREEMENT: ARTICLE 6

CARBON PRICING OVERVIEW



SOURCE :
WORLD
BANK 2018

CARBON PRICING INITIATIVES



SOURCE :
WORLD
BANK 2018

Tally of carbon pricing initiatives implemented or scheduled for implementation

- ETS implemented or scheduled for implementation
- Carbon tax implemented or scheduled for implementation
- ETS or carbon tax under consideration
- ETS and carbon tax implemented or scheduled
- Carbon tax implemented or scheduled, ETS under consideration
- ETS implemented or scheduled, carbon tax under consideration

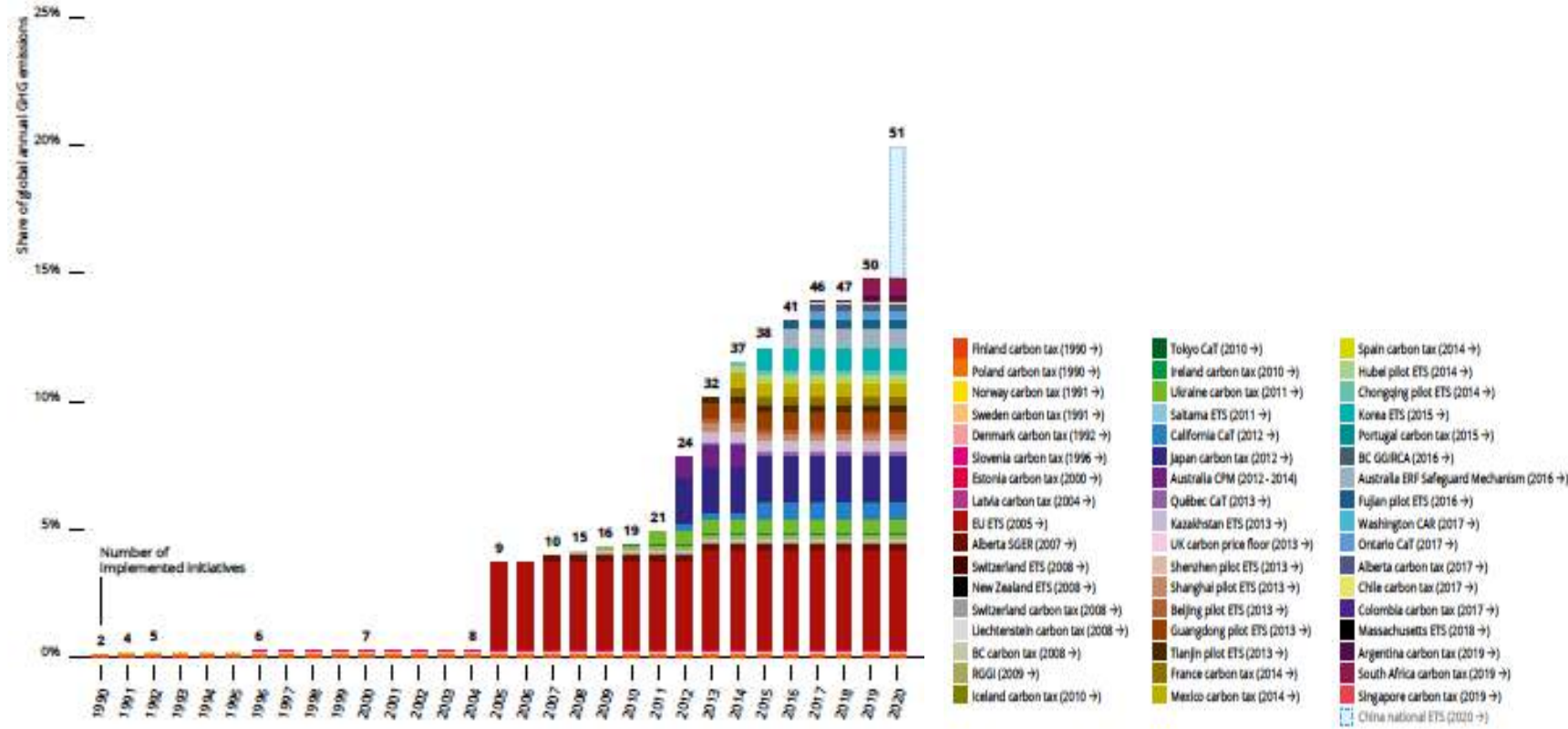
CARBON PRICING IN NUMBERS

SOURCE :
WORLD
BANK 2018



SHARE GLOBAL EMISSIONS COVERED

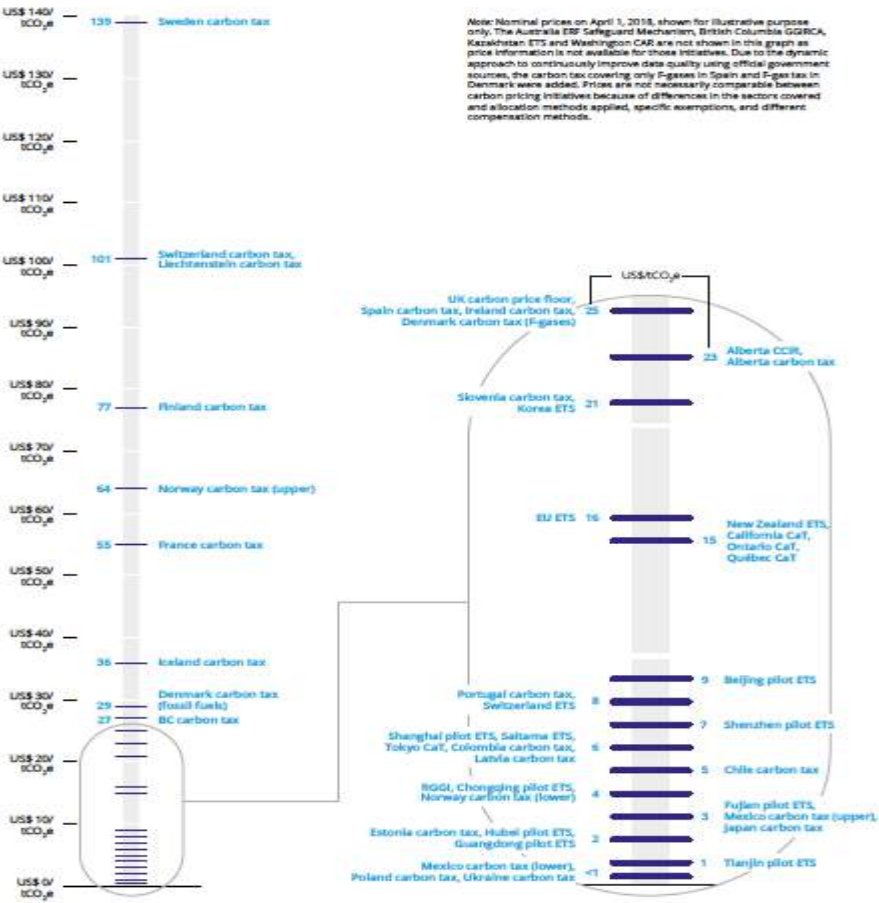
SOURCE :
WORLD
BANK 2018



PRICES

SOURCE :
WORLD
BANK 2018

Figure 3 / Prices in implemented carbon pricing initiatives



THANK YOU !

leonardo.massai@climalia.eu