






CECILIA 2050 Workshop

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2030 Climate and Energy Policy Framework: Views and Perspectives from the Czech Republic

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Questions relating to a new EU 2030 C-E Framework

- ✓ How many targets and how (non)binding?
- ✓ How to improve/not undermine the EU competitiveness?
- ✓ How (if possible) to take into consideration the level of efforts of other most significant world economies?
- ✓ How to take into consideration different conditions and capabilities of individual MS in division of efforts (ETS/non-ETS)?
- ✓ How to set the mix of instruments efficiently, so its efficiency is not weakened?
- ✓ Governance - EU vs. national policies and competencies?
- ✓ Timing and coordination with discussions about MSR and EU ETS IV



Framework (40-27-30) vs. Package (20-20-20)

2020

20%
greenhouse
gas reduction

20%
renewable
energy

20%
energy savings

2030

40%
greenhouse
gas reduction

≥27%
renewable
energy

30%
Energy
efficiency

Governance

National plans

Common indicators

Monitoring

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To follow 2050 reduction objectives

GHG reductions compared to 1990	2005	2030	2050
Total	-7%	-40 to -44%	-79 to -82%
Sectors			
Power (CO ₂)	-7%	-54 to -68%	-93 to -99%
Industry (CO ₂)	-20%	-34 to -40%	-83 to -87%
Transport (incl. CO ₂ aviation, excl. maritime)	+30%	+20 to -9%	-54 to -67%
Residential and services (CO ₂)	-12%	-37 to -53%	-88 to -91%
Agriculture (non-CO ₂)	-20%	-36 to -37%	-42 to -49%
Other non-CO ₂ emissions	-30%	-72 to -73%	-70 to -78%

Source: EU 2050 Low Carbon Roadmap (EC)

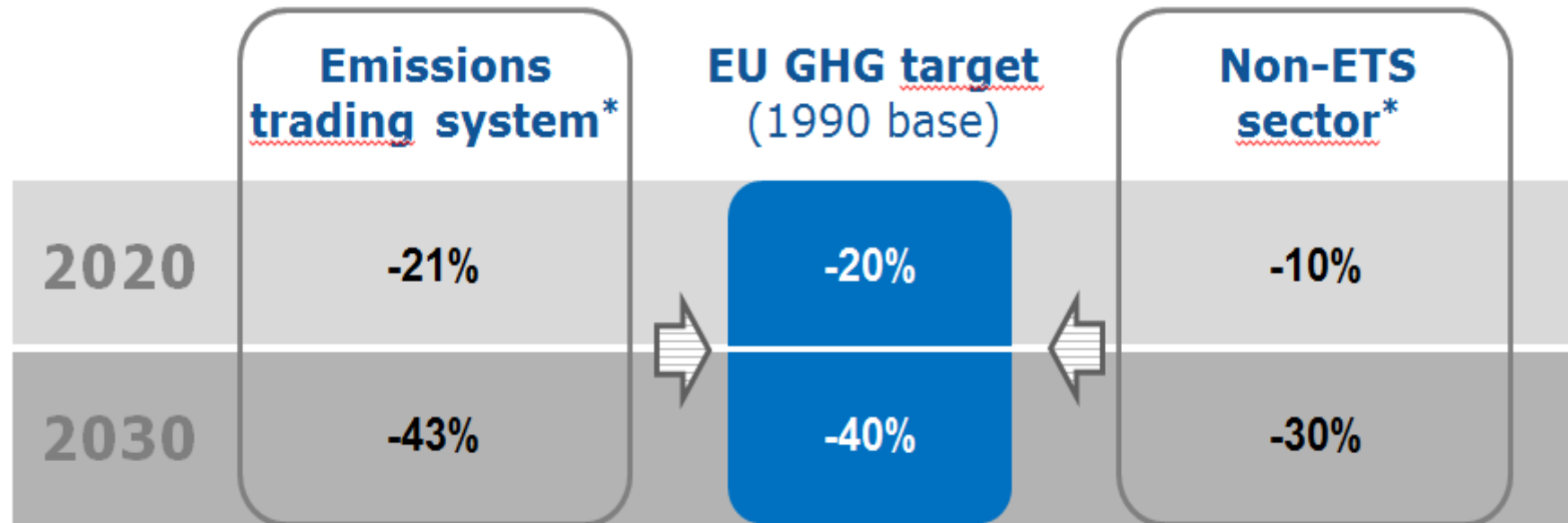
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Effort Sharing ETS/non-ETS



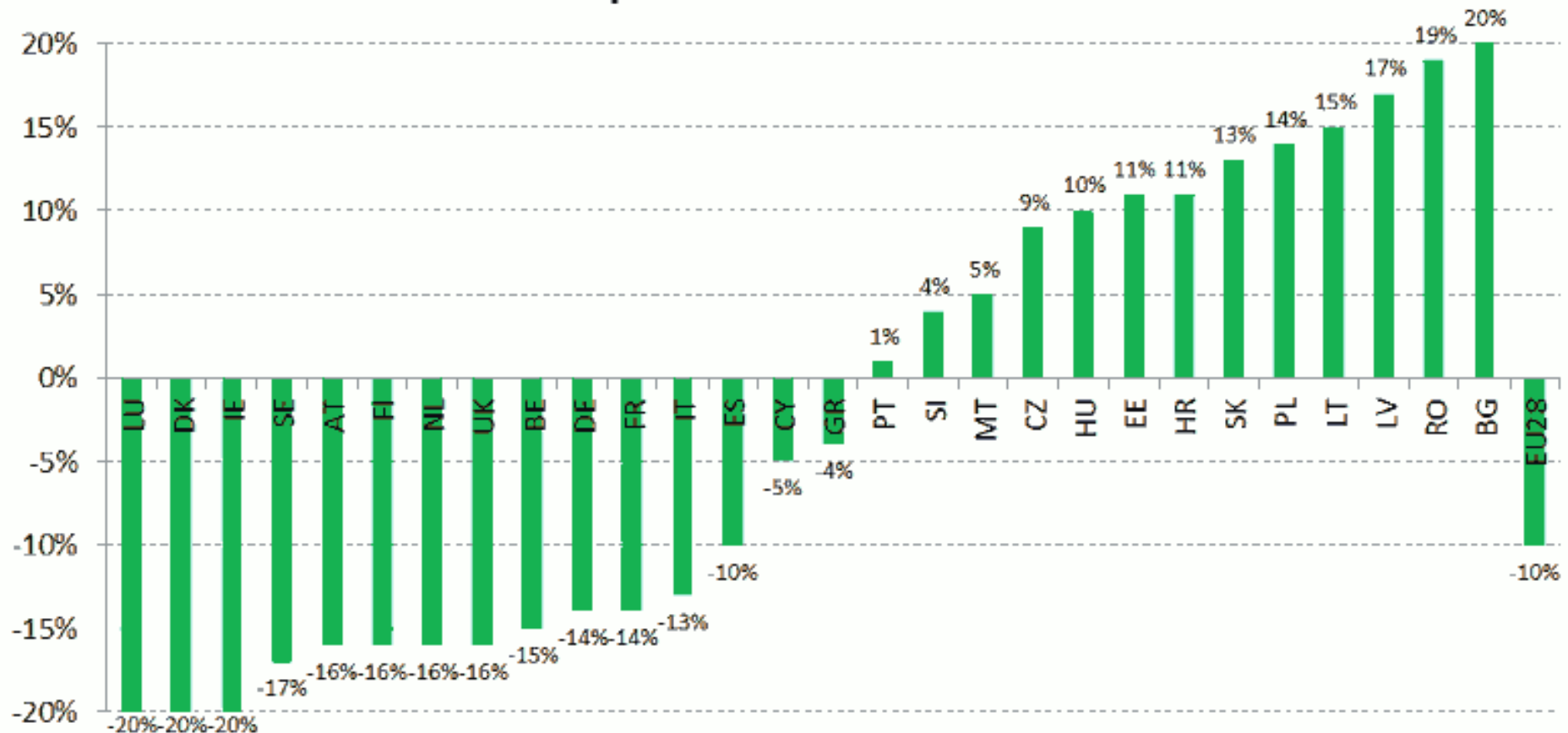
HOW?

- 'Cap and trade'
- Market stability reserve
- Protection against carbon leakage
- Effort-sharing through binding national targets
- Support measures (e.g. standards)

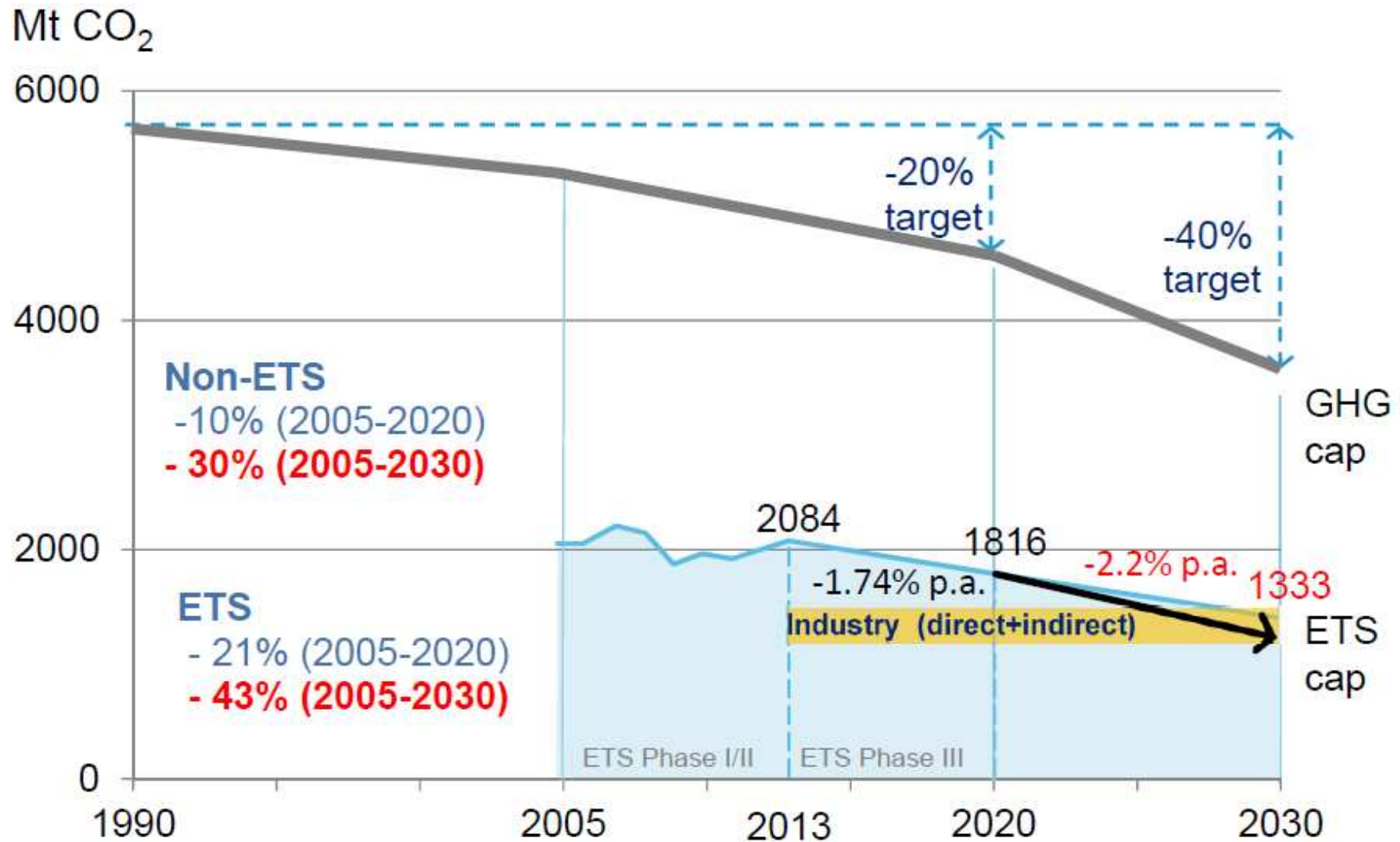


Burden Sharing non-ETS

Member State greenhouse gas emission limits in 2020 compared to 2005 levels



2020 vs. 2030 GHG cap





Benefits are promising, but...

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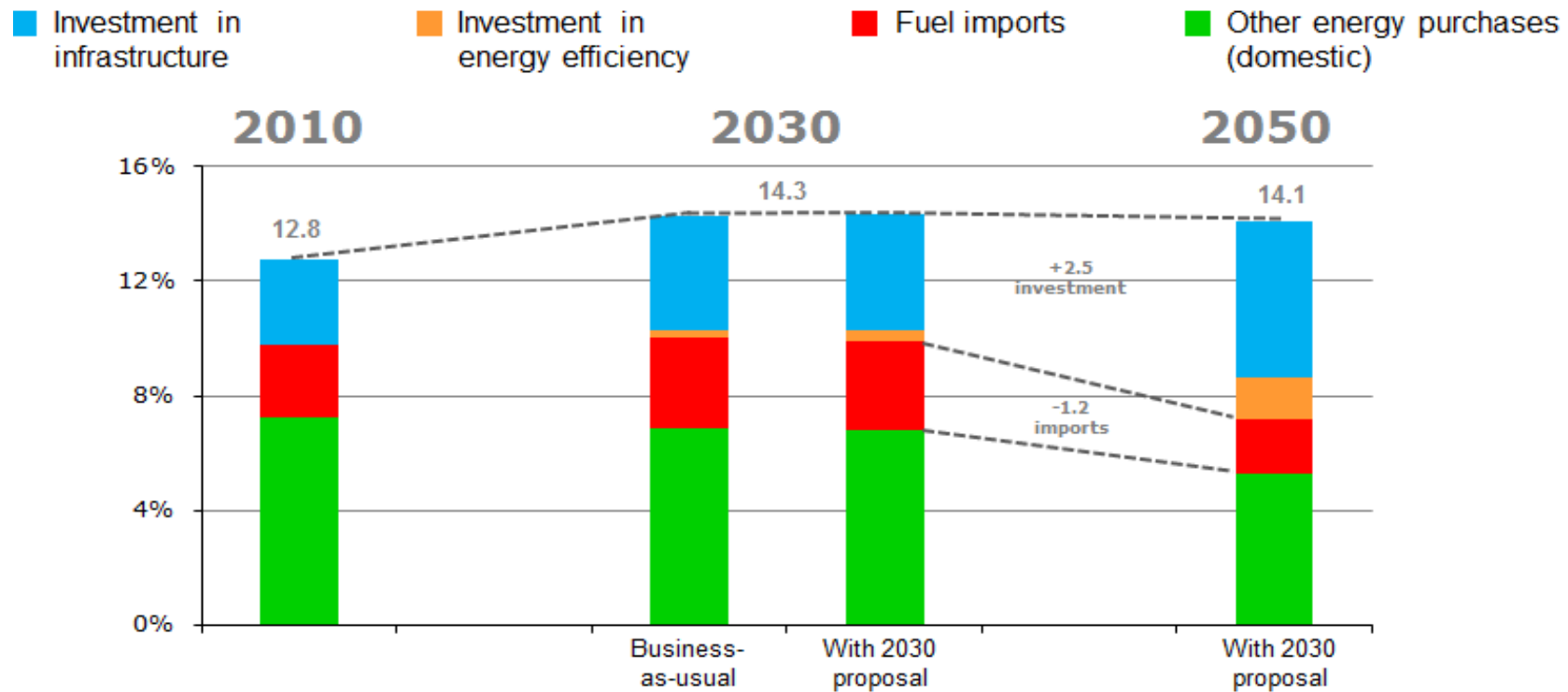
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Energy costs to rise in all scenarios until 2030, but clear benefits from decarbonisation

Energy costs, broken down by components
(annual average in % of GDP)



Source: European Commission

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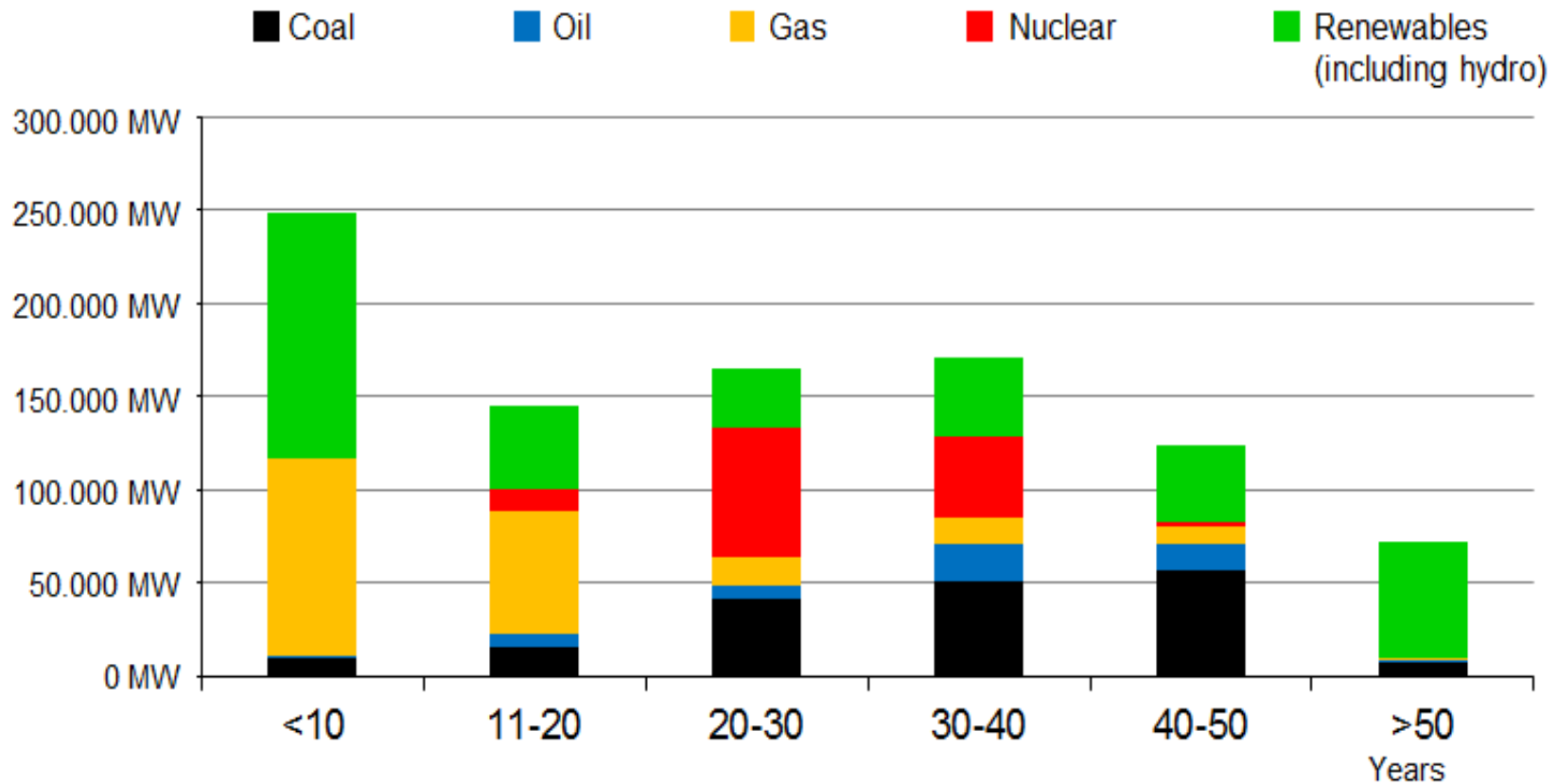
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Investing in our future: 45% of EU power generation capacity is more than 30 years old

Age of power generating capacities in the EU in 2013 (in years)



Source: European Commission

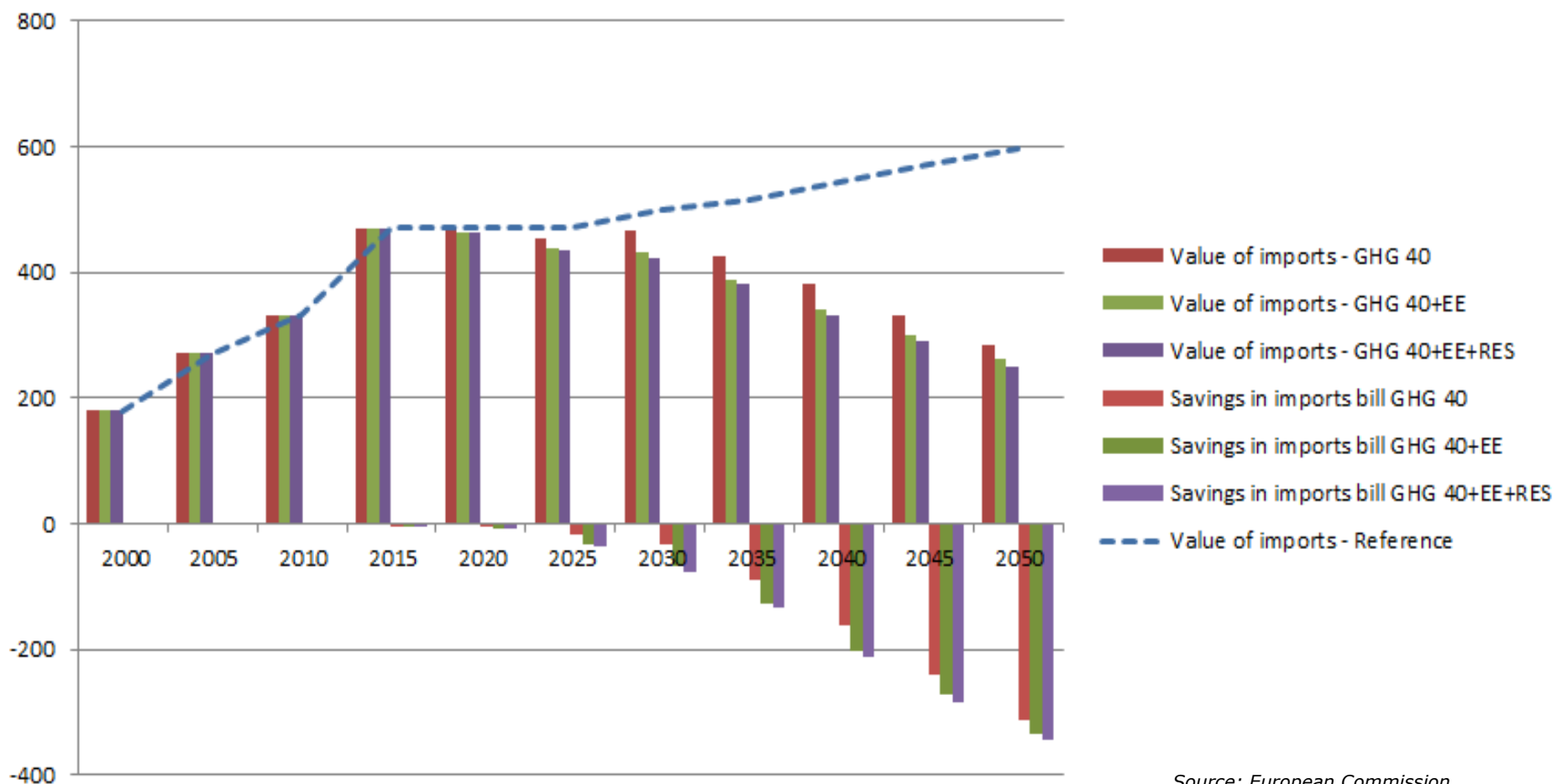
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EU energy security and trade balance: Saving on fossil fuels imports



Source: European Commission

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EU energy security and trade balance: Saving on fossil fuels imports

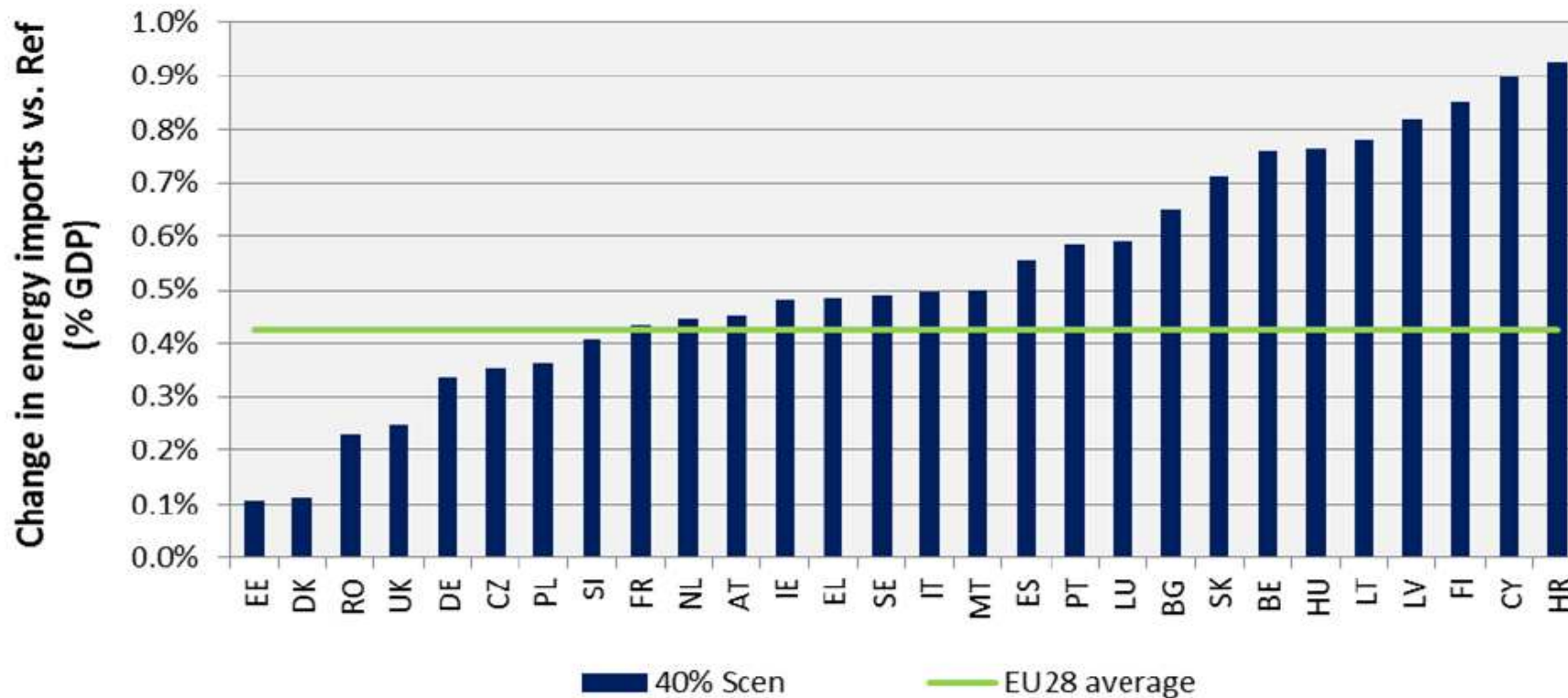


Figure 8: Change in energy import bill (oil, gas, coal and biomass), 2030
(40% Scenario vs. Reference)

Source: European Commission



Co-benefits: air pollution impacts 2030

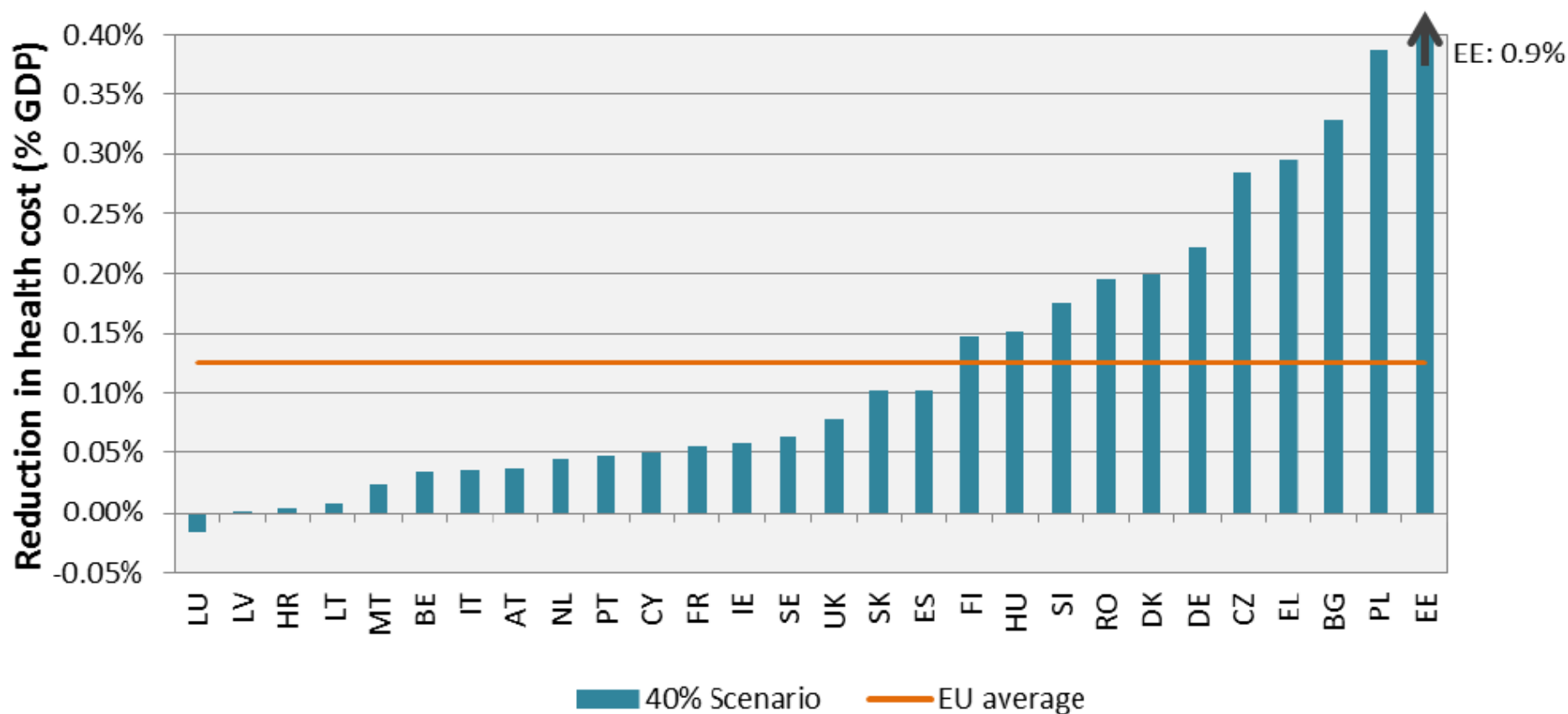


Figure 9: Reduction in air pollutant related health costs (2030)
(Average sensitivity; 40% Scenario vs. Reference)

Source: European Commission





Obstacles and Threats...



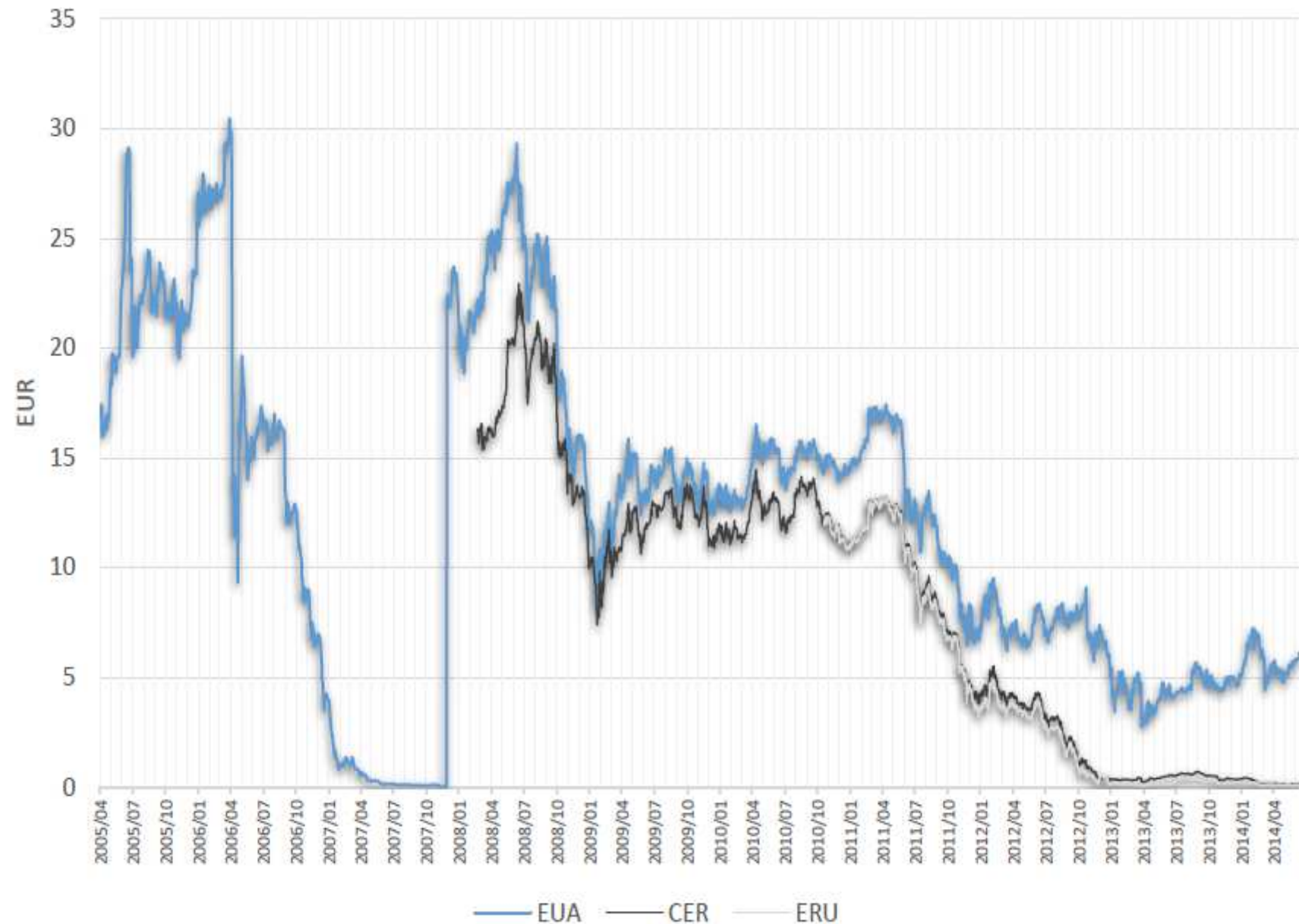
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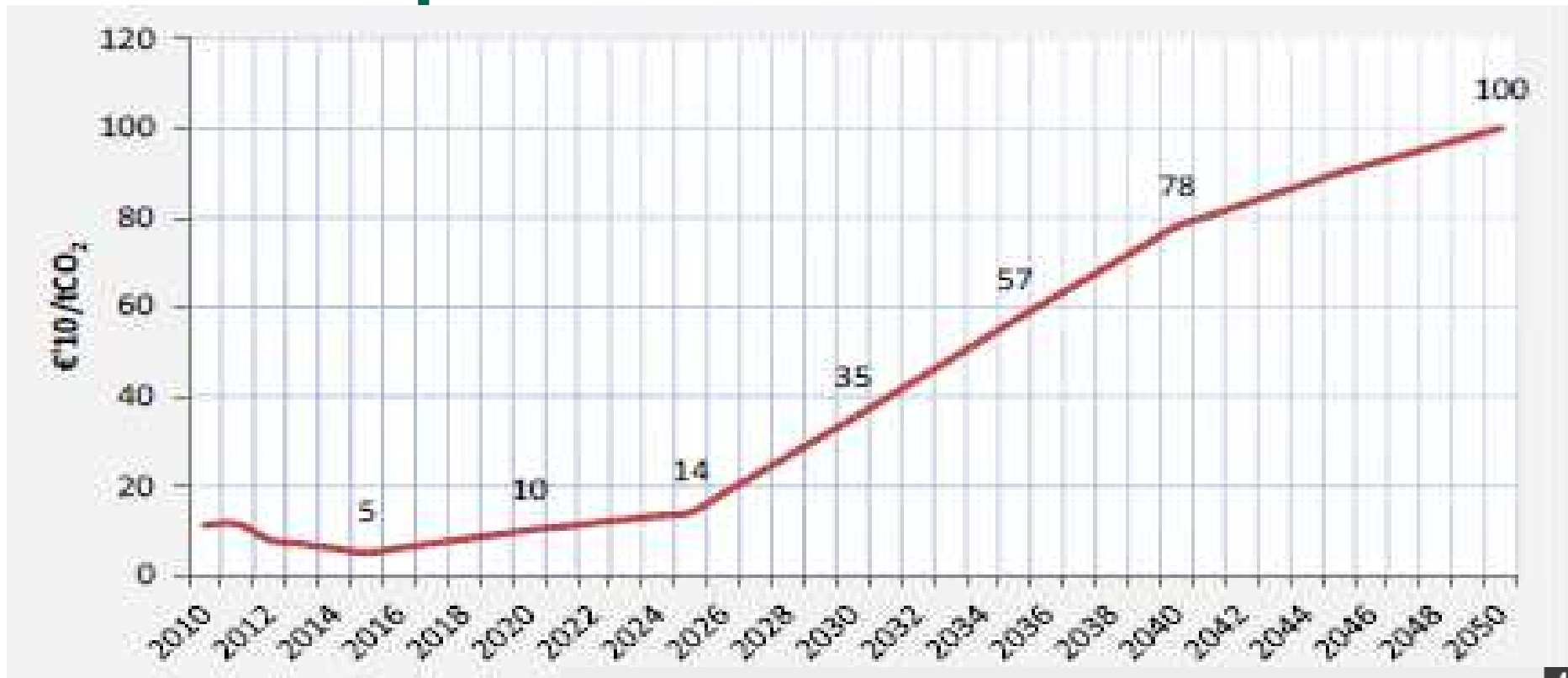


Carbon Market stimulation remains low

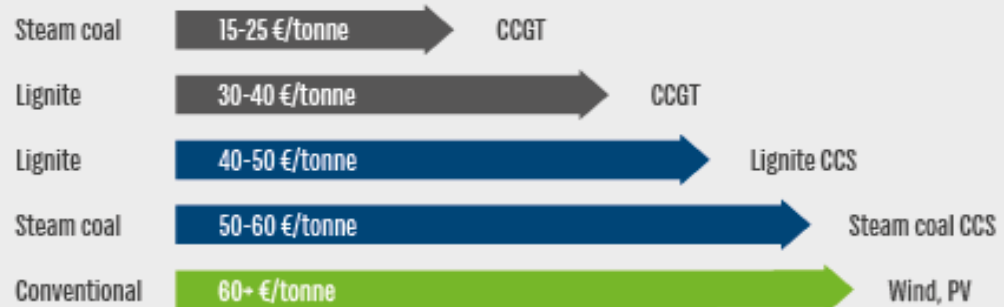


Source: ICE

EUA price – reference scenario



Required CO₂ price per tonne for fuel switching



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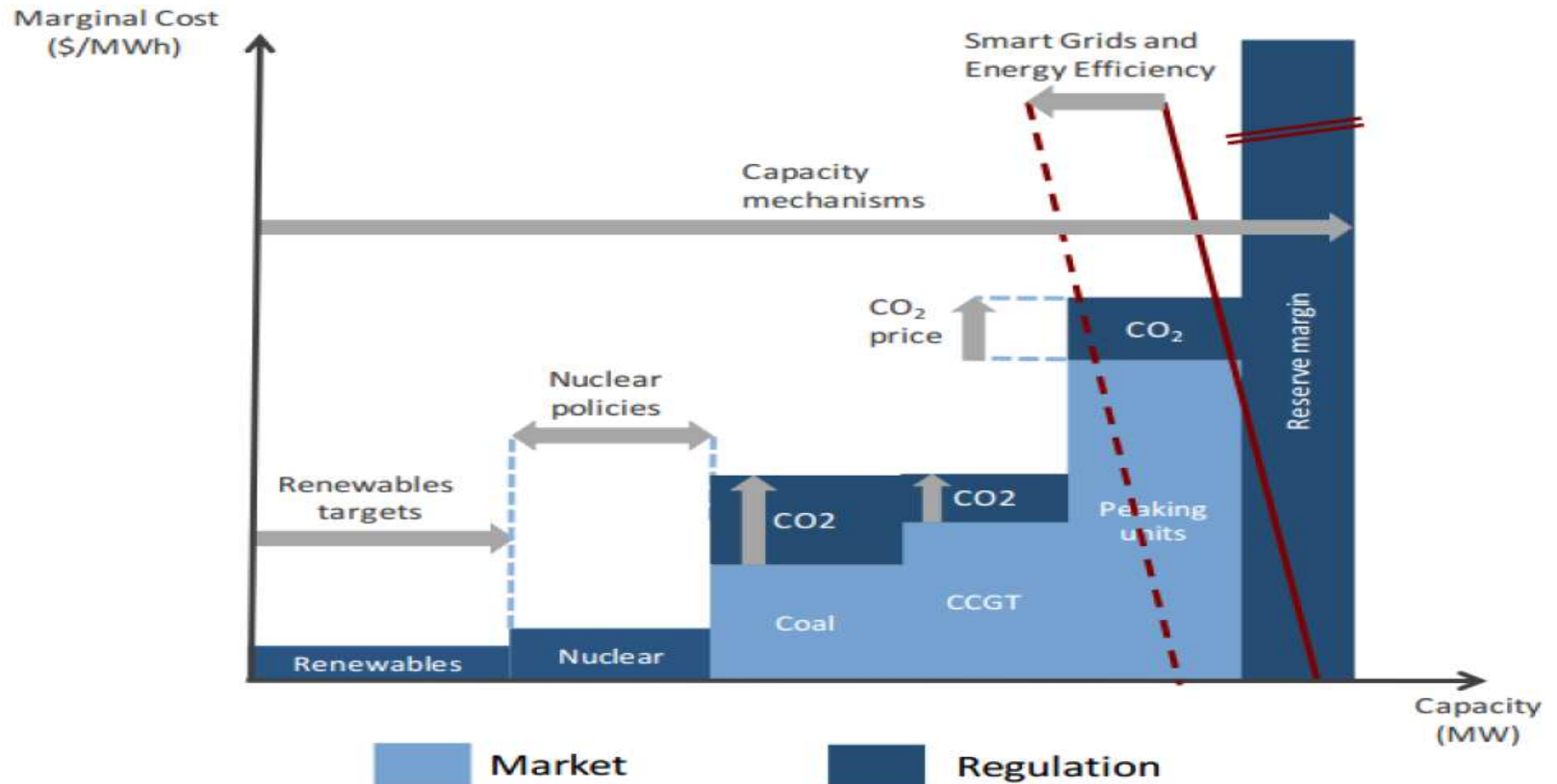
Why to read Commissions IAs?

Energy system impacts (3)



	Ref.	GHG35 /EE [®]	GHG37 [®]	GHG40 [®]	GHG40	GHG40 /EE	GHG40 / EE/ RES30	GHG45 / EE/ RES35
ETS carbon price (€/t of CO₂-eq)	35	27	35	53	40	22	11	14
Average Renewables value (€/ MWh)	34	34	34	34	34	34	56	134
Average energy efficiency value (€/ toe)	181	321	181	209	184	693	693	793
Average Price of Electricity (€/MWh)	176	174	176	181	179	174	178	196
Share of energy costs in energy intensive industries	41.8	43.5	41.9	42.2	42.1	44.5	44.0	45.3

EU ETS vs. FiT impacts on electricity wholesale prices



IEA 2012



Further threats and uncertainties

- ✓ Unilateral EU Policy Approach/Carbon leakage
- ✓ Risk of fragmentation of the EU policies among MS
- ✓ Low Market Signals – prevailing regulation
- ✓ Available Funds, willingness to pay and to share burden among different groups (MS, households/industry)
- ✓ High uncertainty regarding technological development and global energy/fuel prices
- ✓ Insufficient progress in building and development of new energy infrastructure
- ✓ How to treat sensitive sectors with relatively higher abatement costs (Agri, Tran.)
- ✓ How to deal with NIMBY and BANANA ("Build Absolutely Nothing Anywhere Near Anything")
- ✓ Global conflicts and risks
- ✓ Black Swans...



2030 Policy Framework for Climate and Energy

Topic	European Council proposal	Position of the Czech Republic
4 Targets	<ul style="list-style-type: none"> ➤ 40% target to reduce GHG emissions ➤ 27% binding renewable energy target for the EU, non-binding for MS ➤ 30% non-binding energy efficiency target for the EU, non-binding for MS ➤ 15% target for interconnectivity between MS, PCI support 	<ul style="list-style-type: none"> ➤ OK if set up correctly ➤ Non-binding for the EU and MS, guarantees necessary ➤ 25% non-binding target for the EU and MS, guarantees necessary ➤ OK
EU ETS	<ul style="list-style-type: none"> ➤ Linear factor change to -2,2% ➤ ETS allocation adjustment to 90-10-0, ➤ Modernization fund + new NERX00 ➤ Protection from Carbon leakage 	<ul style="list-style-type: none"> ➤ OK ➤ OK ➤ CZ suggests 85-15-0 or 85-12-3, CZ requires 15% ➤ OK, details important



Topic	European Council proposal	Position of the Czech Republic
Non-ETS	<ul style="list-style-type: none"> ➤ 30% target for the EU = -21% average reduction for MS compared to the current state ➤ Based on current set up ➤ Supporting GDP per capita as the only key ➤ Keep the range of MS targets at 40%, no emission increase allowed 	<ul style="list-style-type: none"> ➤ OK ➤ OK ➤ OK ➤ OK
Safety	<ul style="list-style-type: none"> ➤ Higher interconnectivity required, target 15% ➤ PCI support 	<ul style="list-style-type: none"> ➤ OK ➤ OK
Other topics		<ul style="list-style-type: none"> ➤ Impact assessment on MS missing ➤ Governance details ➤ Post 2020 funding- ?





Thank you !
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