

Exploiting the full potential of economic instruments to achieve the EU's key greenhouse gas emissions reduction targets for 2020 and 2050



# General presentation of ENTRACTE

*Objectives, structure*

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# Motivation



Climate policy-making in today's world is complex:

- Significant transaction and enforcement costs.
- Other policy fields (e.g. energy policy) influence performance of climate policy.
- Complicated innovation and diffusion processes (path dependency, lock-in, long-lasting nature of investments).

→ Need for flexible solutions, able to cope with wide range of uncertain future outcomes!

→ Overarching objective of ENTRACTE:

- Assess, understand, and model the EU's current and future climate policy portfolios in light of key interdependencies.
- Identify the optimal mix of policies needed to achieve legislated and aspirational targets of GHG emission reductions.

# ENTRACTE Facts



- Duration: 36 months (01/09/2012 - 31/08/2015)
- Project Funding: 2,935,276 €



# Four main goals



- I. **Coherently assess the most important climate policy instruments** with the full range of economic research methods.
  - II. **Gain a deeper understanding of the interactions** between multiple climate policy instruments.
  - III. **Provide an analysis that takes into account the barriers** to the implementation of climate policy instruments.
  - IV. **Identify mixes of climate policy instruments** that provide an effective, efficient, and feasible overall climate policy.
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# Nine partners from six countries



# Eight work packages



WP 1: Stock Tacking and Scenario Identification

**KEY PRINCIPLES OF ANALYSIS:**

- Assessment of Current Design
- Enhancing Env. Effectiveness
- Enhancing Econ. Efficiency
- Enhancing Feasibility

Empirical Assessment (ex post)

Numerical Simulation (ex ante)

Theoretical Understanding

WP 2: EU ETS - Reform & Expansion

WP 3: Supplementary Instruments - Energy Policies and Carbon Taxes

WP 4: Complementary Instruments - Innovation and Diffusion Policies

WP 5: Complementary Instruments - Trade and Competitiveness Measures

WP 6: Integration and Synthesis

WP 7: Dissemination Activities

WP 8: Coordination & Scientific Management

Policy Advisory Board

