



# EU climate policy developments

ENTRACTE, Dublin, 12 September 2013

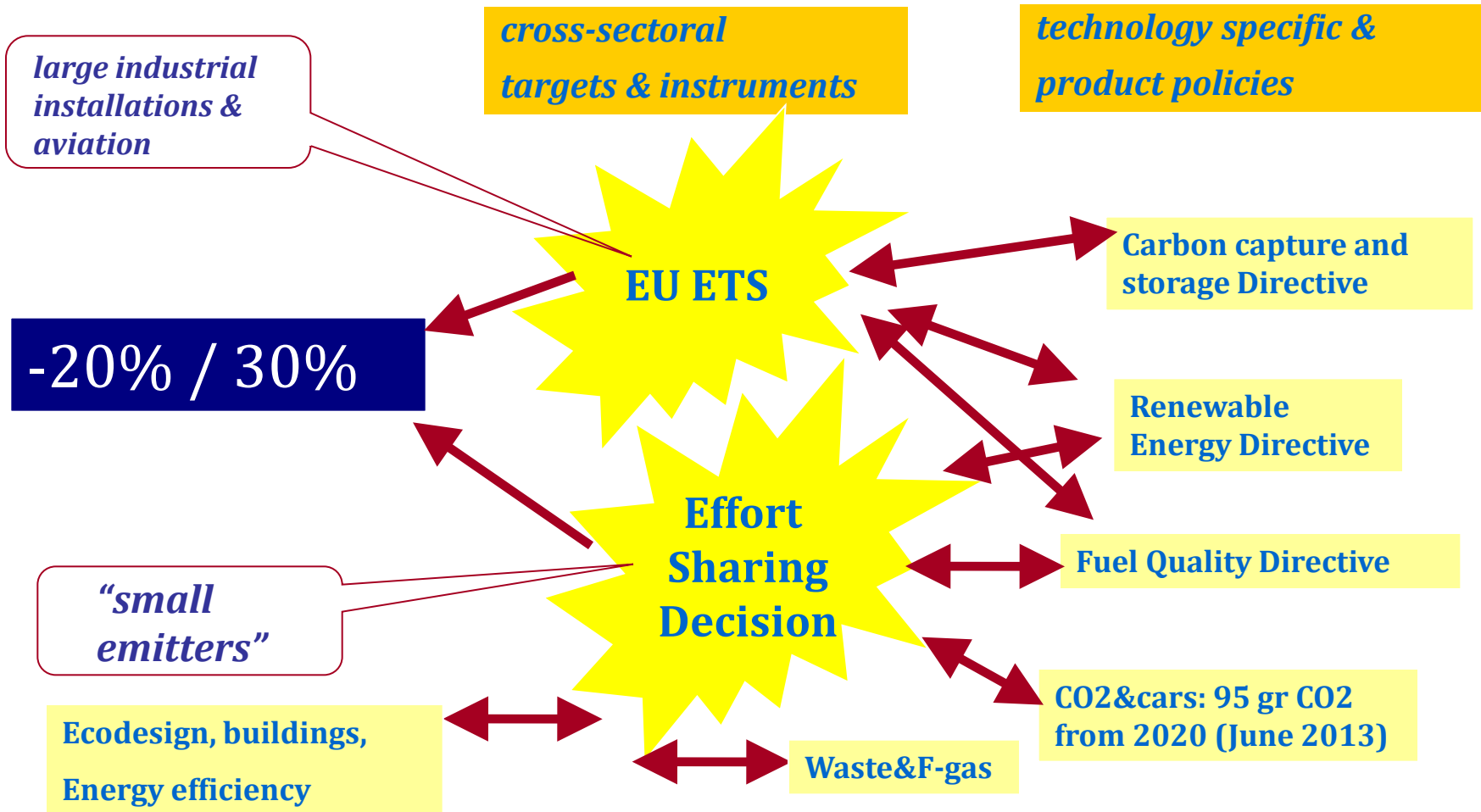
Ger Klaassen  
DGCLIMA, European Commission



# Objective

- Overview current legislation
- Discussion of 2030 framework (Green Paper)

# EU climate policy at a glance





## EU ETS (-21% vs. 2005)

- Major changes in place since the start of phase 3
- Efficient market, one carbon price, level playing field
- Despite decreasing cap, large surplus of allowances limits incentives for low carbon investments

## Effort Sharing Decision (-10% vs. 2005)

- Target per Member State (+20 to -20%)
- EU supporting policies (energy efficiency, CO<sub>2</sub> & cars, waste policy, F-gas legislation)
- EU on track, differences between Member States



## EU ETS

- Commission proposed back loading of certain allowances:
  - EP ok, Council to decide: rebalance supply & demand + reduce price volatility
- Structural measures remain to be explored:
  - Increase EU GHG target to 30% in 2020
  - Retire permanently a number of allowances
  - Early revision linear reduction factor (1.74%/year)
  - Extend scope ETS to cover other energy related emissions
  - Amend access rules to international credits
  - Non-discretionary, objective supply management mechanism



## Renewables target (20%)

- **EU good progress (13% now) – but more efforts needed**
- **Investments in R&D, innovation and large scale deployment ⇒ significant cost reductions**
- **Challenges with rapid large scale integration**
  - Integration into the electricity system including intermittency
  - investments in transmission and distribution, including cross-border infrastructure
  - Need for cost-efficient support schemes



## **Energy Savings (20% cf 2007 baseline)**

- EU energy consumption going down, 2020 target likely to be missed with current policies
- supported through EU policies: eco-design, buildings and CO2&cars make substantial contributions

## **Security of supply, affordability of energy**

- completion of internal energy market
- SET-Plan; TEN-E, alternative fuel infrastructure
- Growing EU energy import dependence, impact RES
- international energy developments



## Targets: general and GHG emissions

- **Current targets designed to be mutually supporting and interact**
- **Which targets can drive energy and climate policies most simply and cost effectively to 2030?**
  - EU, national or sectoral level? legally binding?
  - recognise interactions between multiple targets
- **GHG: key issue deciding on most appropriate level for intermediate target**
  - Roadmap indicates 40% reduction in EU is cost effective





## 1. Targets: renewables and efficiency

- **is a renewables target necessary to ensure increased renewables shares post 2020?**
  - reduced energy import dependence and jobs and growth
  - with or without sub-targets for sectors such as transport, industry and agriculture?
  - impacts on internal market, energy prices, sustainability?
- **possible energy efficiency target: consistency with other targets essential**
  - Member States' targets or sector specific targets?
  - what metric to be used?



## 2. Coherence of policy instruments

- How to ensure consistency and improve cost efficiency of combination of instruments?
- Balance EU measures and Member States' flexibility without fragmenting internal market
- How to best use EU financial support?
- **Assess role of international credits**
  - contributed to surplus, create uncertainty domestic action
  - other market mechanisms might better reflect capacities of others to act



## 3. Fostering competitiveness

- **Climate and energy policies drive demand, growth**
  - create jobs, reduce air pollution, health benefits, resilience to energy price peaks
- **Impact on energy prices, vulnerable households, competitiveness of energy-intensive industries**
- Analyse various drivers of energy prices
- International climate action: concerns regarding degree of reciprocity and impact on competitiveness
- Continue current approach to limit impacts on competitiveness of energy intensive sectors exposed to carbon leakage risk?
- Use ETS auctioning revenue to assist sectors with innovation?  
How?



## 4. Acknowledging differing capacities

- Maintain distribution tools as in 2020?
- Differentiating targets increases costs if not sufficient flexibility
- Member States where investments most needed and beneficial often have less capacity to implement them
- Should existing EU policies to ensure access to finance for investments be enhanced?



## Background

*In March 2013 the Commission published a green paper "A 2030 framework for climate and energy policies" for consultation*

*Green Paper:*

*[http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0169:FIN:EN:PDF)*

*[lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0169:FIN:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2013:0169:FIN:EN:PDF)*