The EU Climate and Energy Policy Framework

SEERmap Final Conference
September 14, 2017

Ivana Mijatovic Cernos
DG CLIMA
European Commission
Outline

1. Overview
2. Economy-wide climate initiatives: Emissions trading, effort sharing, and land use
3. Sectoral legislation: Energy (renewables, energy efficiency, electricity market), transport, waste, fluorinated gases
4. Enabling environment
5. Implications for Western Balkans as the Accession countries
State of Play: Decoupling EU economic growth from EU GHG emissions, 1990 - 2015

- GDP +50%
- GHG emissions −22%
At least 40% emission reductions compared to 1990... Achieved by a coherent set of climate and energy targets

2020
-20% Greenhouse Gas Emissions
20% Renewable Energy
20% Energy Efficiency
10% Interconnection

2030
≤-40% Greenhouse Gas Emissions (domestic)
≥27% Renewable Energy
≥30% Energy Efficiency*
15% Interconnection

* Proposed to increase to 30%
…getting the EU on track to well below 2 degrees Celsius

80% domestic reduction in 2050 is feasible:
- With currently available technologies,
- If all economic sectors contribute to a varying degree & pace.

Efficient pathway and milestones:
- -25% in 2020
- -40% in 2030
- -60% in 2040
Road from Paris actions

- 2030 energy and climate regulatory framework
- Energy Union transition
- Innovation and competitiveness
- Investment and capital markets
- Carbon pricing and fossil fuel subsidies
- Civil society and smart cities
- Climate diplomacy and global action
Regulatory steps

- Emissions Trading System  
- Successor to Effort Sharing Decision  
- Land use, land-use change and forestry  
- European Strategy for low-emission mobility  
- Energy efficiency  
- Electricity market design  
- Renewables (including biomass, biofuels)  
- Integrated climate and energy governance  
- Further proposals on transport
Proposed overarching EU climate policy architecture

ETS
-43%
Including: Power/Energy Sector and Industry, Aviation

Non-ETS
-30%
ESR
-30%
Including: road transport, buildings, waste, agriculture non CO2
Max 280 MtCO2eq

Full flexibility
"No-Debit"
Max 100 MtCO2eq

LULUCF
Proposed emissions trading system (ETS): Auctioning, free allocation, innovation

- Auctioning
  -1.74%/yr

- Free allocation
  -2.2%/yr
ESR targets and maximum one-off ETS/non-ETS and land use flexibilities

Bar chart showing relative changes in percentages across different countries (LU, SE, FI, DK, DE, FR, UK, NL, AT, BE, IT, IE, ES, CY, MT, PT, EL, SI, CZ, EE, SK, LT, HR, HU, PL, LV, RO, BG) for maximum flexibility from land use sector and maximum one-off flexibility ETS/non-ETS.
Proposed land use: "No debits" rule

Land Use, Land Use Change and Forestry (LULUCF): mainly $CO_2$

AGRICULTURE non-$CO_2$
($CH_4$, $N_2O$) – in the ESR

Partly human induced
(strongly linked to global natural carbon cycle)

Uncertainties?
Additionality?
Permanence?
Leakage?

Mainly human-induced

=> More readily quantifiable
Energy (1) Making energy more secure, affordable and sustainable

Annual State of the Energy Union

Clean Energy for All Europeans Package: a number of legislative proposals

- **New Electricity Market Design**
  (Regulation internal market electricity)

- **Renewables**
  (Revised Renewable Energy Directive)

- **Energy Efficiency**

- **Energy Union Governance**
  (Governance Regulation)
Achievements
• drove down costs key technologies (PV, wind)
• accelerated deployment – strong impact on investments patterns
• important effects in terms of emission reductions

Challenges ahead
• EU as technology provider ("renewable no. 1")
• Network development as enabler for RES penetration
• Market integration
Energy (3): State of play on energy efficiency

**Achievements**

- Comprehensive policy framework (EED, EPBD, Eco-design,...)
- Significant progress towards 2020 target
- CO2&cars (130g/km in 2015, 95g/km in 2021)
- Energy efficiency standards (light bulbs, appliances, electric motors...) & energy labelling (domestic appliances)

**Challenges ahead**

- Large untapped potential, e.g. existing buildings
- Finance
- Electrification (long term)
Energy (4): Accelerating energy efficiency

ACHIEVING THE BINDING 30% ENERGY EFFICIENCY TARGET BY 2030

Proposal Energy Efficiency Directive
- Binding 30% energy efficiency target for 2030;
- Create 400,000 new jobs;
- Reduce gas imports by 12% and save € 70 billion in fossil fuel imports.

Proposal Energy Performance of Buildings
- Clear vision for a decarbonised building stock by 2050;
- Smart & Efficient buildings (use of Information and Communication Technologies);
- Smart Finance for Smart Buildings initiative:

Ecodesign Working Plan 2016-2019
- List of new product groups;
- Outline on how ecodesign will contribute to circular economy objectives;
Energy (5): Governance

**National Integrated Energy and Climate Plans (2021 to 2030)** (preparation well before 2020)

**National progress reports** (from 2021, every two years)

**European Commission monitoring** (State of the Energy Union)

**TODAY**

- MS planning
- MS reporting
- EC monitoring / reporting

**NEW GOVERNANCE**

- Integrated national energy and climate plan
- Periodic progress reports
- Periodic State of the Energy Union

Synchronised with the Paris Agreement's review cycle
INTERLINKAGES

STREAMLINING OF PLANNING OBLIGATIONS

- National Renewable Energy Action Plan Template
- Climate Action Planning & Reporting Obligations
- National Energy Efficiency Action Plan Template
- Energy Security
- Internal energy market
- Research & Innovation

Existing obligations

New elements and reflection of existing obligations

Streamlining of Obligations

Integrated National Energy and Climate Plans

European Commission
Transport: Efficient cars are spreading

Passenger car CO$_2$ emissions and fuel consumption, normalized to NEDC
Initiatives on low emission mobility

Low Emission Mobility Strategy (July 2016)

Europe on the move (May 2017), including
Proposal on Monitoring and Reporting of CO2 emissions from Heavy Duty Vehicles

Upcoming initiatives:
- Post-2020 CO2 emission standards for cars and vans (end 2017)
- New CO2 emission standards for heavy duty vehicles (1st half 2018)
Fluorinated greenhouse gases

**Context**
- *F*-gases (HFCs, PFCs and SF$_6$) are powerful greenhouse-gases with global warming effect of up to 23,000 times greater than the CO$_2$.
- Account to 2% of the EU's overall GHG emissions and have risen by 60% since 1990

**In the EU**
- Stabilized emissions at 2010 through first F-gas regulation (2006)
- **New regulation to cut EU's F-gas emissions by 2/3 by 2030 compared to 2014**

**Global Action:** 2016 Kigali Amendment to the Montreal Protocol introduced a mandatory phase-down of HFCs for developed and developing countries
- Developed countries to reduce to 15% of 2011-13 HFC levels by 2036
- Most developing countries (including China) to reduce to 20% of 2020-22 HFC levels by 2045; the rest (including India) to 15% of 2024-26 by 2047
Enabling environment (1): Integrating climate and energy objectives

Energy Union and Climate Action

- Investment Plan
  - Attracting additional investments

- Capital Markets Union
  - Triggering sustainable finance for the clean economy

- Innovation
  - Bringing new technologies from research to market

- Circular Economy
  - Achieving a resource efficient, low-carbon economy

Skills Agenda
- Adapting the workforce
- Digital Single Market
  - Empowering citizens and consumers
Enabling environment (2): Financing the transition at EU level

- New Climate Action sub-programme under LIFE Programme
- NER300 Programme – one of world’s biggest demonstration programmes for low-carbon technologies
- EU largest contributor of climate finance to developing countries (€17.6 bn in 2015)
Priority 1: Promoting action by Member States
Action 1. Encourage MS to adopt Adaptation Strategies and action plans
Action 2. LIFE funding, including adaptation priority areas
Action 3. Promoting adaptation action by cities via the Covenant of Mayors initiative

Priority 2: Better informed decision-making
Action 4. Address knowledge gaps through research
Action 5. Develop 'one-stop shop' platform for adaptation information in Europe: Climate-ADAPT

Priority 3: Adaptation in key vulnerable sectors
Action 6. Climate proofing the Common Agricultural Policy, Cohesion Policy, and the Common Fisheries Policy
Action 7. Making infrastructure more resilient
Action 8. Promote products & services by insurance and finance markets
Outlook: Making the EU the most efficient and productive economy worldwide

Significant reduction of GHG intensity of EU economy

EU is one of the most GHG efficient major economies

EU is set to become the most GHG efficient economy in the G20 through the implementation of the 2030 climate and energy targets

Implications for Accession Countries

- Preparing, communicating and maintaining successive NDCs
- Pursuing domestic measures to achieve reductions
- Providing the information for clarity, transparency and understanding of their NDC
- Candidates are urged to design their climate (and energy) action plans in line with EU 2030 framework for climate and energy policies
Support for Accession Countries

- CLIMA has secured 500,000 EUR from IPA 2016 programming for a bridging action to assist with implementation of the Paris Climate Agreement, which started in August 2017.

- Follow up to ECRAN will be financed from IPA 2017 as a multi-annual regional climate project, currently in programming – 2 million EUR.
Key activities

- Continue supporting development of climate policies and legislation towards implementation of the Paris Climate Agreement
- Continue supporting mainstreaming of climate change into other policy areas
- Continue supporting work on greenhouse gas (GHG) inventories
- Provide support for preparation of inventory reports
- Continue support to monitoring, reporting and verification process and support to development of regional/national carbon markets
- Continue support to adaptation action
Supporting initiatives - Incorporating climate legislation in the Energy Community

- **2016 recommendation on implementation of MMR** to enable Contracting Parties to track progress of their climate and energy policies and eventually to meet the international reporting obligations stemming from the UNFCCC context.

  - Technical support (ECRAN) paved the way already, SEERmap also provides important findings to underpin the policy planning.

- **2017 recommendation on climate and energy governance** (to be adopted on 14 December Ministerial meeting)

- **Establishment of Climate Action Group** – sept 2017
Thank you!

Find us online:

ec.europa.eu/clima/
facebook.com/EUClim ateAction
twitter.com/EUCli mateAction
pinterest.com/ EUClim ateAction
youtube.com/E UClim ateAction