CLIMATE STRATEGIES

Is there a case for the EU
to move beyond 20% in 2020?

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Introduction

• Overall debate on EU climate policies embedded into the 20 to 30% emissions reduction in 2020 debate
  – Advantage: 2020 emissions reduction target key to shape climate policies
  – Drawback: initial framing of the discussion on 20 to 30% misleading
Introduction

• 20 - 30% range result of a double compromise
  – Domestic: sectors / countries opposed to unilateral move to 30%
  – International: way to have international leverage
Introduction

• Conditions for moving from 20 to 30%
  – Legally binding treaty
  – Comparability of actions by others

• Initial framing misleading
  – Too much emphasis on the 2020 target (compared to 2050 target, policies to reach target)
  – Too much emphasis on international rationale for moving beyond 20% (compared to domestic reasons)
Reasons to question the status quo

• Time consistency of the EU emissions reduction pathway
• Consistency in between goals, targets and policies
• Changed elements of context
  – Economic crisis
  – International negotiations
Time consistency of the EU emissions reduction pathway
Time consistency of the EU emissions reduction pathway

Note: WEM: with existing (current) measures; WAM: with additional (planned) measures
Consistency in between goals, targets and policies

• Energy efficiency
  – Objective on its own
  – But also meant to support other targets (esp. renewables target)
  – Not on its way to be met
  – Issues:
    • Non binding
    • Approach
      – EU and MS targets
      – Mainly MS policies
Consistency in between goals, targets and policies

A gap of 208 Mtoe: policy impact needs to triple

Needed Policy Effect by 2020
Consistency in between goals, targets and policies

• Renewables
  – Meant to support the ETS target
  – But set too high to reach at least cost
  – Objective on its own
  – Building an EU renewables industry
  – Policy (esp. feed in tariffs) do not match objective
  – Others are supporting aggressively renewables
  – Risks of competitive edge being less
Changed elements of context

• Economic crisis
  – Hit the EU badly economically
  – From a climate perspective
    • Level of sectoral transformation induced by targets less than expected
    • Balance in between targets and policies has changed (public costs of supporting renewables have raised)
Changed elements of context
Changed elements of context

• International negotiation
  – Bottom up approach
  – What you bring to the negotiating table is your domestic effort
  – Domestic rationale for offsets might remain
  – But the international one has changed
Ways to reach 30%

• Offsets and LULUCF
• Least cost
• Renewables and energy efficiency first
Offsets and LULUCF

Maximum use of offsets and likely outcome on LULUCF accounting rules: domestic effort: 5% below BAU
Least cost

Only 38% of emissions reductions in the ETS sector directly
Renewables and energy efficiency

Renewables and energy efficiency targets alone induce a 30% emissions reduction
Time consistency check

Long term comparison - total domestic emissions (excl. LULUCF)
Time consistency check

Long term comparison – emissions of the sectors not covered by the ETS
Time consistency

Moving to 30% in 2020 induces slightly higher costs in the short term but significantly lower costs in the longer term.
Co benefits of climate policies

• Examples:
  – Energy security
  – Technology innovation
  – Job creation

• Not automatic

• Dependent on the policy mix

• Need to be seen in the context of the transition towards a low carbon economy

• Examples: energy efficiency in
  – Buildings
  – Transport
How to engage more constructively CEE MS?

• In the past
  – National circumstances of CEE MS not enough taken into account
  – Addressed by creating loopholes in the system
  – Bad
    • For these countries
    • For the system

• How to better take into account these national circumstances?

• And further incentivize actions in these countries (esp. Use of EU budget)
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