

European Sustainable Energy Policy Seminar
Organised by: INFORSE- EUFORES-EREF
March 29th 2006, Brussels

Crunch-time for EU climate policy

How to ensure that the ECCP delivers absolute reductions

Matthias Duwe

Climate Action Network Europe

<http://www.climnet.org>

Who we are

- Climate Action Network (CAN) is an international coalition of around 400 NGOs united by the common goal to stop dangerous, human-induced climate change
- CAN-Europe currently represents 100 member organisations in the EU25 and beyond
- CAN-Europe and its members have been involved in the ECCP process from 2000, closely following the formulation and the implementation of its policies



- Origin of the ECCP
- Background for the review
- Necessary next steps

Climate policy in the European Union

- Internally: early recognition of the problem & its cause
 - 1990: Council pledged stabilisation (1990 levels by 2000)
 - 1991: Commission proposed elements of a joint strategy
- Externally: EU countries joint force in negotiations
 - 1996: proposed -15% by 2010 as target (3 gases)
 - 1997: accepted -8% by 2008-12 as target (6 gases)
 - Long-term goal of keeping warming below 2 degrees Celsius
- The question was never IF the target should be met, but rather HOW it would be fulfilled

Climate policy in the EU after Kyoto

- Start of a Kyoto compliance strategy
 - Finalisation of the burden-sharing agreement
 - New effort at domestic policy after tax proposal failure
- The European Climate Change Program (ECCP)
 - 2000: Launch of 12 months of stakeholder process
 - 2001: Final report and communication with priority measures
 - potential for cost-effective domestic reductions by 40+ PAMs
=> twice the Kyoto reduction effort (664-765 Mt CO₂eq)
- At the heart of the ECCP: making reductions at home

Reviewing the ECCP - state of play

1. Many EU countries currently off track on targets (2003 data)
 2. Most ECCP policies slow in adoption or weak in national implementation, impacts do not show yet in current data.
 3. Growth in some sectors threatens overall goal achievement
 4. Projections show targets can still be achieved at home, but many MS start relying on external credits
 5. Climate change demands long-term approach, international partners and business need EU signal for continuity
- » ECCP review needs to assess the status quo on this basis

Next steps for the ECCP

1. Strengthen national implementation of existing policies
2. Adopt additional measures to stop growth sectors
3. Framework to ensure complementarity of ext'l credits
4. Sustainability criteria for technology and finances
5. Target and credible strategy for 2020

1) Strengthen national implementation of policies

- Design of many ECCP policies cast doubts over their emission reduction potential
- National implementation at present insufficient to realise existing reduction potential (too slow or not ambitious enough).
 - Renewable Electricity directive (adopted 09/2001) - lack of progress
 - Energy performance in buildings (adopted 12/2003) - long time-frame
 - Cogeneration of heat and power directive (adopted 02/2004) - no targets
 - Emissions Trading System (adopted 06/2003) - weak caps set by MS
 - **NEW** Energy Services Directive (adopted 12/2005) - no targets

2) Additional measures to stop emissions growth

- Transport
 - Steep growth in transport emissions counteracts other efforts
 - Strong policies needed for road transport, aviation & shipping
 - ECCP 2005/6: reductions in transport emissions priority!
- Energy Efficiency
 - Demand side reductions key to long-term climate policy success
 - Recent Green Paper must become vehicle for additional action
- Renewable Energy
 - Directive on RE heating and cooling needed (in 2001 communication)
 - Biomass Action Plan needs to result in concrete policy



3) Domestic action priority over external credits

- EU Member States are currently planning to buy around 140 million credits per year (2008-12). ETS will bring in more from companies
- Due to limited supply by JI/CDM, high EU demand (plus Japan, Canada) will mean AAUs will be bought as well (“hot air”)
- Kyoto Protocol says: “supplementary to domestic action”. In addition to *quantity*, serious concerns over *quality* of credits
- Many arguments in favour of domestic action: climate benefit; innovation signal, public funding; international credibility
- Need EU framework to ensure domestic action remains priority

4) Sustainability criteria for technology and finances

- Sustainable Development is a guiding principle for all EU policy
- Sustainable technology policy for climate protection should
 - integrate sustainability criteria in R&D spending;
 - focus on energy saving technology and renewable sources of energy;
 - stimulate innovation and remove market barriers;
 - review subsidies and other financial policy (banks, structural funds)
- Investments into wrong infrastructure would be locking Europe into a high-energy / high-emission (coal) / high-risk (nuclear) future for many decades
- Other areas in which policy coherence could be improved

5) Targets and a credible strategy for 2020

- The challenge does not end in 2012
- ECCP experience: reduction policies need long lead-time
- 2005 Spring Council: “explore pathways” -30% by 2020
- Most ECCP policies already designed for the long term
- “ECCP reloaded”: RES targets 2020, 2020 caps for ETS, etc.
- ECCP should include looking at potential for 2020 cuts
- The EU25 should adopt specific target for 2020 soon
- Important signal to international negotiations

Potential impact of the ECCP?

- Uncertainty over process and mandate to propose add'l policies
- How to make Member States improve implementation?
- Growing pressure to prioritise short-term individual economic interest over long-term economic and environmental issues
- ECCP in parallel with other processes (ETS, GPs, HLG, Transp.R)
- Development of the National Allocation Plans under the EU ETS will be crucial, because they represent “Kyoto Implementation Plans”
- CEC review of NAPs needs to be tough, otherwise EU runs risk of ridiculing its leadership claim on climate change, thanks to MS

Thank you very much for your attention

More information also on our website @ <http://www.climnet.org/>

Matthias Duwe, Director, CAN-Europe, Brussels



Next steps for the ECCP - summary

1. Strengthen national implementation of existing policies
2. Adopt additional measures to stop growth sectors
3. Framework to ensure complementarity of ext'l credits
4. Sustainability criteria for technology and finances
5. Target and credible strategy for 2020