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Welcome to the Energy Visions December newsletter - special COP21 edition. We'll be reviewing the biggest developments of the past two weeks, and the implications of what was agreed on Saturday. Join the debate at [www.politico.eu/Energy-Visions](http://www.politico.eu/Energy-Visions).

To listen to the Energy Visions monthly podcast, click [here](#).

What do you think? Will the global deal reached on Saturday keep global warming below two degrees by 2050? Send your short responses [here](#), and you could be featured on the POLITICO Energy Visions website.

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## **The deal**

196 countries signed the agreement to stop global temperatures from rising any more than two degrees Celsius. In fact, the text calls for the temperature rise to be "well below" two degrees. It is the most comprehensive international agreement since the UN climate talks began two decades ago. [www.politico.eu/article/breaking-paris-summit-seals-ambitious-climate-agreement/](http://www.politico.eu/article/breaking-paris-summit-seals-ambitious-climate-agreement/)

National ministers have heralded the deal as a massive victory for the battle against climate change. The goal is to reach a peak in global emissions "as soon as possible" and to have net zero emissions by the end of the century. Unlike the deal that was on the table five years ago in Copenhagen, the Paris deal is more flexible and less legally binding.

Each country will go at their own pace and take their actions domestically. The UN will take stock of progress in 2023, and then every five years after that. This is later than the EU wanted, but there will be a "facilitative dialogue" in 2018 that will take an early look, without taking action.

Scientists say the actual measures committed to in the agreement fall far short of what is needed to keep global warming below two degrees. This was known well before Saturday's agreement, but the UN says the deal is a starting point, and ambition will be steadily ramped up over the coming years.

## **The Reaction**

Generally the reaction has been positive from politicians, civil society and the business community alike. Greenpeace exclaimed, "Today the human race has joined in a common cause." [www.greenpeace.org/international/en/press/releases/kumi-naidoo-cop21-final-text-paris-climate/](http://www.greenpeace.org/international/en/press/releases/kumi-naidoo-cop21-final-text-paris-climate/)

The group of Green MEPs in the European Parliament said "This Paris Agreement will begin a new international regime of cooperation on climate change and point the direction for the transformation of economies around the world." [www.greens-efa.eu/un-climate-talks-14980.html](http://www.greens-efa.eu/un-climate-talks-14980.html)

European industry associations also welcomed the deal. Eurelectric said it represents "a major landmark in addressing this global challenge." [www.eurelectric.org/news/2015/eurelectric-hails-successful-outcome-from-paris-climate-change-conference/](http://www.eurelectric.org/news/2015/eurelectric-hails-successful-outcome-from-paris-climate-change-conference/).

However all were emphasising that this is a first step, and what matters now is how countries implement the deal. BusinessEurope called the deal an "important step forward". But it noted that it is essential that all countries deliver on their pledges so that trust is improved. The group said in a statement: "While many other major economies have accelerated their efforts to reduce greenhouse gas emissions, the EU remains by far the most ambitious even amongst the developed countries. Unless other regions increase their level of ambition now in line with what the EU is already doing, it will not be enough to solve the climate challenge. As long as the EU is doing a solo run, our competitiveness remains at risk." [www.businesseurope.eu/publications/climate-summit-cop21-deal-important-step-forward-not-yet-full-answer](http://www.businesseurope.eu/publications/climate-summit-cop21-deal-important-step-forward-not-yet-full-answer)

Some NGOs were more aggressive in their reactions. Friends of the Earth said that although they welcome the agreement as a first step, it is a "sham" because the commitments made thus far would put the world on the path to a three degree temperature rise. [www.foei.org/press/archive-by-subject/climate-justice-energy-press/paris-climate-deal-sham](http://www.foei.org/press/archive-by-subject/climate-justice-energy-press/paris-climate-deal-sham)

## **Carbon markets**

The NGO Carbon Market Watch, which focuses on carbon trading, said it was a "miracle" that so many countries had been convinced to sign up to the deal, and that the agreement has "enshrined the core principles for using carbon markets." <http://us3.campaign-archive1.com/?u=2da01ffed1cef841636213017&id=477e6832a9&e=274a7adea2>

The Paris agreement contains several provisions related to carbon pricing and markets. Countries can use and transfer "mitigation outcomes" to other countries, which opens the door to the linking of Emissions Trading Systems. The accounting rules for such transfers will be developed in the coming years and will include guidance on how to avoid the "hot air" trading of bogus pollution permits, including the avoidance of doubled-counted emission reductions.

## **Finance**

Under the deal, rich countries will provide \$100 billion per year to developing countries by 2020, to help them mitigate and adapt to climate change. That amount is supposed to be raised after 2025. But the amount of financing is not legally-binding. Richer developing countries that are willing to contribute to the fund can do so, but are not required to.

[http://switchboard.nrdc.org/blogs/hchen/climate\\_finance\\_newly\\_adopted\\_paris\\_agreement\\_cop21.html](http://switchboard.nrdc.org/blogs/hchen/climate_finance_newly_adopted_paris_agreement_cop21.html)

## **Aviation and shipping**

One of the biggest open questions of the past two weeks was whether aviation and shipping would be included in the deal. In the end, they were not. Not only are they not included in the scope of the reduction targets, they are not mentioned at all in the text. The International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) had lobbied against their inclusion, saying that they are the appropriate bodies to deal with these transport emissions. But they have not been able to agree on a way to mitigate emissions so far.

Aviation accounts for about 5% of global warming today, and CO2 from shipping is about 3%. But these emissions are growing twice as fast as in other sectors, and they could make up 39% of world CO2 emissions in 2050 if left unregulated, according to a study published last month by the European Parliament. [www.transportenvironment.org/press/paris-silence-aviation-and-shipping-casts-doubt-who-should-lead](http://www.transportenvironment.org/press/paris-silence-aviation-and-shipping-casts-doubt-who-should-lead)

## **Structure**

The 31-page deal is divided into two sections, a legally binding "agreement" and a non-binding "decision". The decision spells out how the binding elements should be achieved.

The binding element contains provisions requiring countries to report on their progress to meeting their targets. This is essential because the targets themselves are not legally-binding. In essence, it is meant to shame the countries into action. [www.washingtonpost.com/news/energy-environment/wp/2015/12/12/proposed-historic-climate-pact-nears-final-vote/](http://www.washingtonpost.com/news/energy-environment/wp/2015/12/12/proposed-historic-climate-pact-nears-final-vote/)

## **What's next**

The first informal review of the agreement will come in 2018, but there will be continued discussion until then. The UN Framework Convention on Climate Change will continue to meet each year. The next meeting will be in November 2016, in Morocco.

Notably, not a single country at these negotiations challenged the existence of climate change. This in itself represents a big step forward, because it puts all the countries on the same page. But though there is now consensus that there is a problem, there is still disagreement about how to address it. <http://www.politico.eu/article/climate-change-cop21-paris-skeptics-deniers-lomborg-morano-inhofe/>

That's it for this month's edition of the Energy Visions Newsletter. Check back on [www.politico.eu/EnergyVisions](http://www.politico.eu/EnergyVisions) to participate in the energy conversation.

And don't forget to tell us what you think of the Paris outcome. Send your emails to [EnergyVisions@Politico.eu](mailto:EnergyVisions@Politico.eu), or tweet us [@EnergyVisionsEU](https://twitter.com/EnergyVisionsEU).

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