

Making the 2030 Package fit for purpose

*Effort Sharing and an improved
governance framework for the GHG
target*



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Effort Sharing reform can do ALOT for the 2030 package:

- Opportunity to unlock **higher GHG target**
- **Political buy in** from flexible, collaborative approach in the EU
- Increase **cost efficiency** of GHG target through new burden sharing arrangements
- Broader **stakeholder support**
- **Improved coherence** with EE legislation
- Co-benefits (air quality, jobs)

2020 package had economy wide target IN THEORY ONLY



2030 package must place the EU on track for 2050

- EU's agreement of 80 to 95% reductions by 2050: **can only be achieved with economy wide reductions**
- Long term transitions in **all key sectors** needed
- *Which sectors are not pulling their weight?*

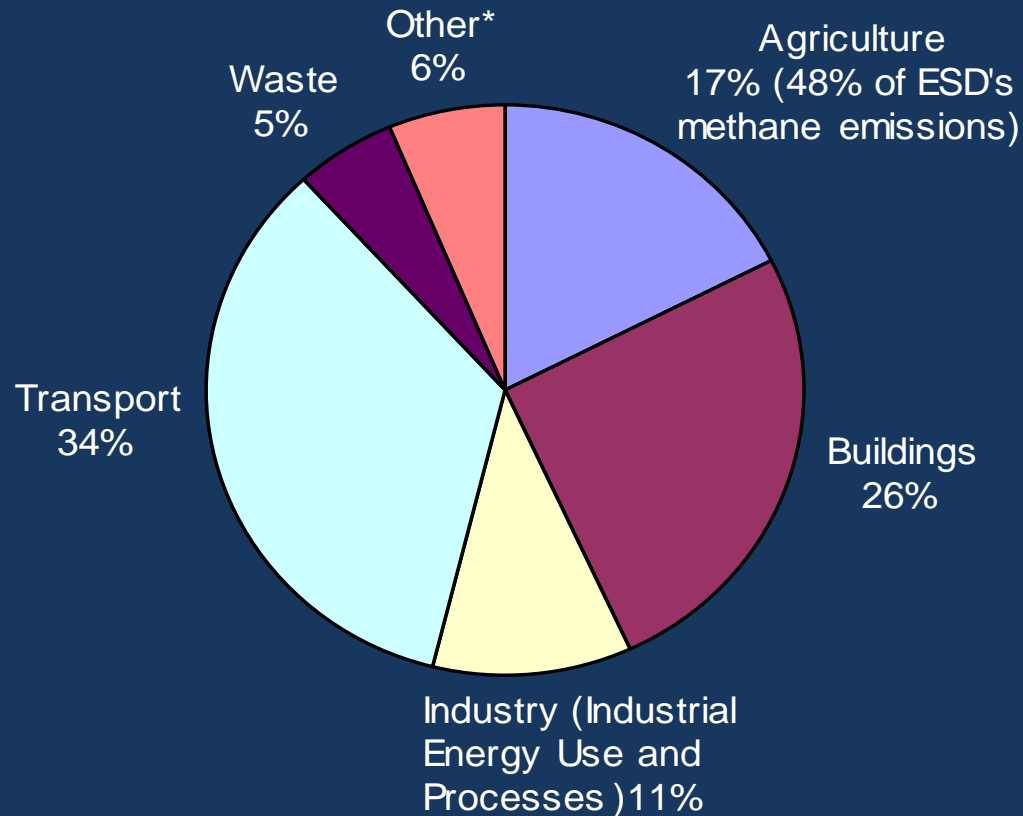




ESD sectors account for 60% of emissions yet only do 1/3 of the heavy lifting for 2020 GHG target.

ESD targets represent low ambition

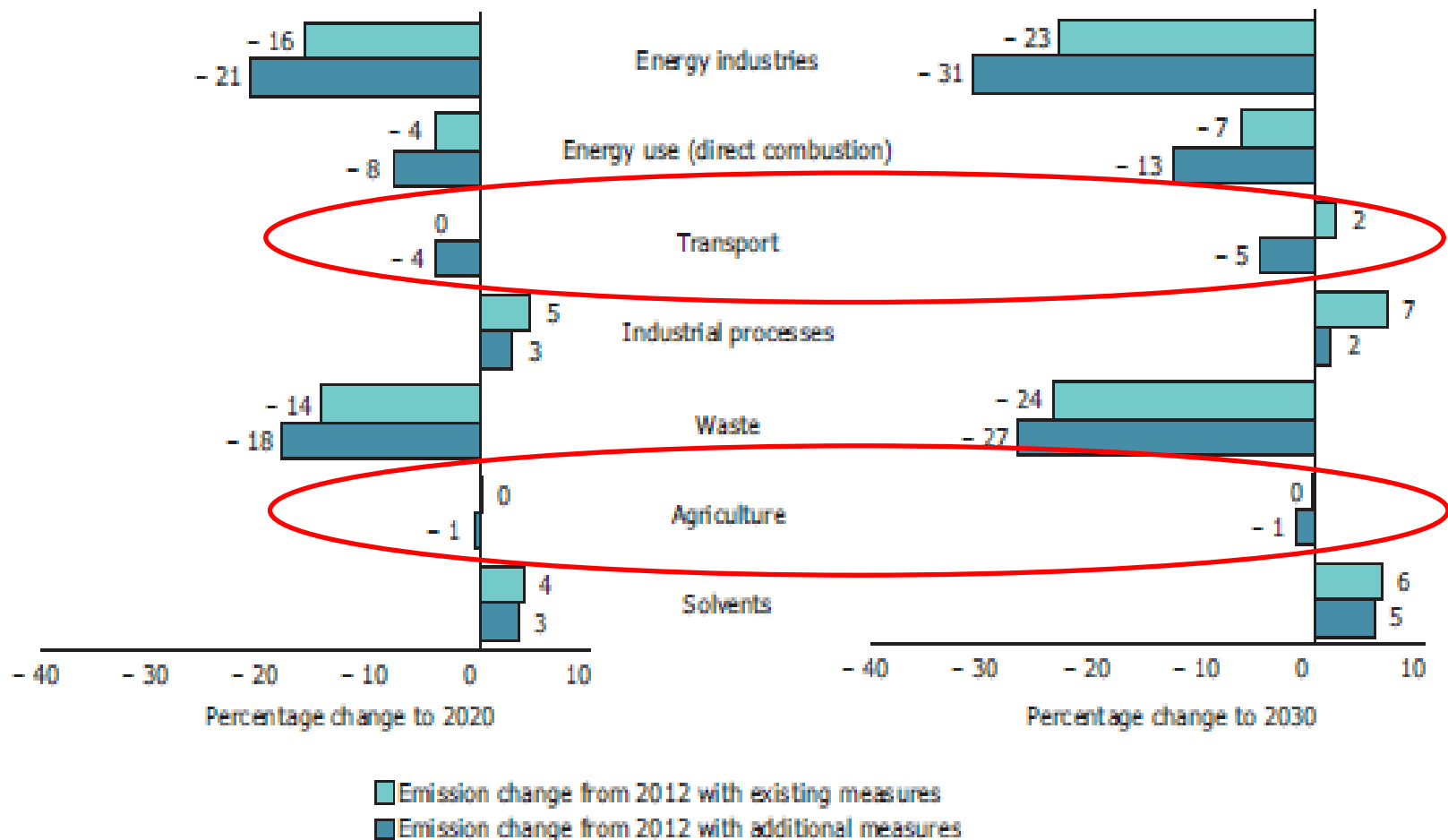
Non-ETS is almost 60% of EU's GHG emissions and includes all 6 Kyoto GHGs



*mining, natural gas distribution and long distance transmission

Emissions in some ESD sectors will increase or stagnate unless regulated for 2030

Figure 7.5 Projected emissions reductions by sector



Significant mitigation potential even by 2020

Snapshot:

- introduction of TPMS for diesel cars (tyre pressure monitoring system)

- improved industrial boilers for steam raising and hot water, energy efficient industrial ovens and dryers, retrofit of industrial buildings (some industries under the ESD have space heating shares of up to 50%), fuel switch (waste-fuels and renewables), efficient waste heat use

MtCO ₂ e	EU 27	Agriculture	Building	Transport	Industry
Cost Band A (<0 €)	156	19	84	11	43
Cost Band B (0-25 €)	56	31	4	7	14
Cost Band C (25-50 €)	56	31	2	23	0
Cost Band D (>50 €)	129	41	29	58	0
EU wide per sector	397	122	118	100	57

- Centralized anaerobic digestion

-improved building shell (retrofit) in small and large buildings = wall and roof insulation, floor and window

-electric cars

- improved aerodynamics

-Fodder: replacement of roughage with concentrates

- combined heat power generation (CHP) in chemicals and refineries

-solar water heating (small buildings)



why not get rid of
ESD and focus on
EU sectoral based
legislation?

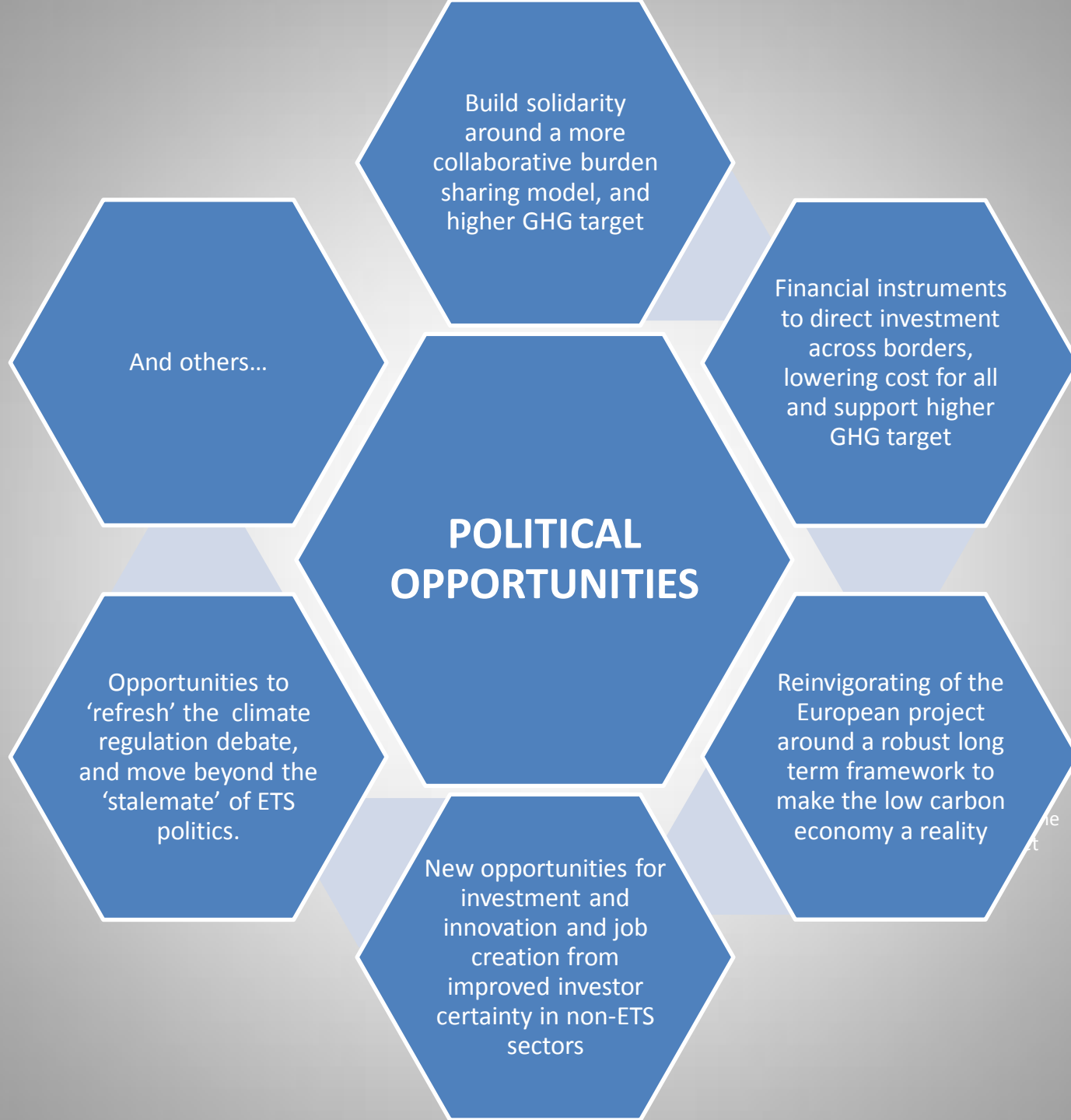
**No GHG target without the Effort Sharing
Decision! Role of national policies will remain key**

Effort Sharing Decision will need to be a key part of the 2030 package

- It will be the space in which political deals around dividing the GHG target pie will be fought or lost.
- New burden sharing model could improve cost efficiency of GHG target.
- Possible scenario of only a GHG target emerging from the upcoming proposal, so critical importance of improving ESD even higher if we only have one target.
- GHG target for 2030 will only be legally binding if translated into 28 national targets.

What if it is not improved?

- Reduced incentives for smart national policies, undermining 2050 goals
- Inadequate investor certainty in agricultural, transport buildings and commercial sectors
- Missed opportunity to support higher GHG target and for financing mechanisms (AEAs = wasted revenue stream)
- Without a collaborative approach to tackling climate change in the EU, slower policy transfer between MSs



ESD Law reform themes and options

Improved Investor Certainty through:

- Strengthened national planning requirements, over multi year cycles
- Creation of new institutional capacity for ESD implementation, at EU and national level
- Commitments to review new EU sectoral measures to help MSs act on key project categories and sectors (case study: methane emissions)

Domestic Action

- ESD targets can and must be significantly higher to drive domestic action
- ESD targets should not be met by purchasing international offsets

Financing mechanisms

- If trading to continue – ensure demand for AEAs, and incentivise green investment schemes
- NER300 style mechanism possible with AEAs.
- EU JI style financing to support burden sharing?

A Stronger Governance Framework for the GHG target

- Upwards adjustment mechanisms to AEA allocations (carbon budgets?)
- Directive instead of Decision, placing statutory duties on national public bodies

IMPORTANT – March 2014 Council Conclusions

- Must leave the door open for higher than 40% GHG target
- Must commit to reviewing higher ambition once Commission comes forward with delivery mechanisms AND burden sharing models (can increase cost efficiency of target)

Key Asks – ESD in 2030 package

- Higher ESD targets
- Domestic action – not met by international offsets
- Improved institutional capacity for the ESD for economy wide transitions.
- Strong legal architecture – learning from the UK Climate Change Act and carbon budget approach.
- Do more with AEAs – if trading remains, must ensure demand and incentivise use of revenues for green economy.
- Risk management – build in possibility to adjust AEAs commitment for upwards review of GHG target ambition every 5 years.

More information on Effort Sharing campaign:

<http://www.clientearth.org/climate-energy/effort-sharing-initiative/>

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