



# Position of the EU on achieving 2030 reductions

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*Climate  
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## EU climate legislation currently in force

- ❖ *The EU Emissions Trading System (EU ETS) exists since 2005, applying across 31 countries, and half of the EU's CO<sub>2</sub> emissions: power, steel, cement, chemicals, pulp and paper, aviation etc*
- ❖ *The 'Effort Sharing Decision' sets legally binding targets across the remaining emissions up to 2020 (road, housing, agriculture)*
- ❖ *Legally binding annual reduction trajectories, for -21% <2005 levels by 2020 under EU ETS, and -10% <2005 levels under ESD*
- ❖ *As of 30 April 2015, the EU ETS has provided the demand for 1,445 million credits from CDM and JI*
- ❖ *EU ETS Market Stability Reserve in force since October 2015*

# Development of EU legislation for 2030 reductions

- ❖ *European Council endorsed a binding EU target of an least 40% domestic reduction in greenhouse gas emissions by 2030*
- ❖ *EU INDC submitted in March 2015, confirming -40% will be achieved with no contribution from international credits*
- ❖ *Legislative proposal to revise the EU ETS adopted in July 2015, and in decision-making process with European Parliament and Member States*
- ❖ *EU 'State of the Energy Union' package adopted on 18<sup>th</sup> November, confirming that legislation for non-ETS reductions up to 2030 should be proposed in the first half 2016*

## 'A well-functioning reformed EU ETS' as the main European instrument'

**Annual 2.2% cap reduction** from 2021 for a 43% cut by 2030

**Free allocation** to prevent carbon leakage **continued**

**Redistribution of auction revenue:** 90% among all 28 Member States / 10% among lower income Member States

Scaled up **Innovation funding** (450 million allowances)

**Modernisation fund** + national action to modernise power sector