

European Parliament Policy Event

'Effort Sharing Regulation in numbers - low-carbon opportunities in non-ETS sectors'

-Meeting report-



25 January 2017

Carbon Market Watch organized a debate in the European Parliament on Wednesday 25th January 2017, kindly co-hosted by Members of the European Parliament Dr. Miriam Dalli (S&D), Mr. Benedek Jávor (Greens) and Ms. Merja Kyllönen (GUE).

The event explored how to set Europe on a path to reach the goals of the Paris Agreement, but it also looked at the ample opportunities that already exist for emission cuts in sectors such as agriculture and transport.

These sectors are among those covered by the EU Effort Sharing Regulation (ESR), the EU's largest climate tool after 2020 that will cover 60% of its total greenhouse gas emissions.

This event contributed to the debate around the ongoing legislative work on the ESR for the period 2021-2030, shifting the focus from cost of climate action towards low-carbon potential in the sectors, and the benefits for citizens of a strong ESR in the form of cleaner cities, more comfortable houses, and healthier food options.

Below is a short summary of the presentations and discussion:

The debate was moderated by **Member of the European Parliament Ms. Merja Kyllönen (GUE)**, who emphasized the need to align the ESR with the Paris agreement and limit the flexibilities to make sure that they don't undermine the law.

Member of the European Parliament Dr. Miriam Dalli (S&D) in her opening remarks highlighted the following:

- Our job is to make sure the ESR is effective enough to deliver on our climate goals.
- The ESR should perfectly match the Paris climate agreement, it is time we move away from fancy speeches and make sure that our climate tools deliver.
- While some flexibility is needed, and poorer member states need help, we cannot allow loopholes to undermine the targets.

Ms. Verena Graichen, Senior Researcher, Energy & Climate, Oeko-institut [presented](#) the findings of a recent report *Effort Sharing pathways compatible with the Paris Agreement commitments*. Key highlights of the presentation:

- The EU's 2020 and 2030 targets are too low to be in line with the Paris agreement.
- To avoid substantial negative emissions, the EU would have to reach net zero emissions before 2035 (1.5°C pathway) or by 2050 (2°C pathway).
- The current ambition of the EU ETS is not in line with the EU's long-term targets, as it would mean that the non-ETS sectors would need to do more.

Ms. Femke de Jong, EU Policy Director at Carbon Market Watch [presented](#) the [Effort Sharing Emissions Calculator](#), an online tool developed by Carbon Market Watch and Transport & Environment which allows one to compare different scenarios under the ESR and how they impact the overall emissions as well as the emissions of individual member states. Key highlights of her presentation:

- Without the ESR (which sets a carbon budget), the EU would not reach its own climate targets.
- When it comes to loopholes, the starting point is the most important issue, but 'flexibilities' further weaken the proposal.
- The Commission proposal does not live up to the low-carbon potential of the ESR because it sets a starting point that does not reflect actual emissions and introduces loopholes in the law.
- The draft reports put forward by the European Parliament's committees increase the efficiency of the ESR significantly and unlock 600-750 Mt CO₂ cuts in the 2021-2030 period.
- Fully unlocking the low-carbon opportunities in the non-ETS sectors can be done by aligning the ESR with the EU's long-term objectives and closing all the loopholes in the law.



In his reaction, **Mr. Hans Bergman, Head of Unit from the European Commission (DG CLIMA)** reminded that the current ESR proposal is based on the European Council conclusions from 2014. Other key points:

- The Commission feels that the proposal is fair, cost-efficient and environmentally robust. It must be realistic and feasible.
- The current starting year rewards early action; any emission reduction effort made by a country so far will make it easier to reach the 2030 targets.
- Long term perspective important, but we don't want to tie ourselves to something that may need to be changed quickly. We don't want to rush into something that is unrealistic or unfeasible.

Ms. Anaïs Maillet, Policy Officer from the French environment ministry [presented](#) measures taken up by the French government to address climate change. Highlights of the presentation can be summarised as follows:

- The country's low carbon strategy defines the path for the transition to a low-carbon economy, using 4 or 5-yearly carbon budgets.
- Several French domestic policies help the country achieve its climate targets. These policies include a carbon price component in the taxation of fossil fuels which will increase to €100 in 2030 and generated €4 billion in 2015.
- The starting point and the LULUCF and ETS flexibilities need to be considered together to ensure the carbon budget of the ESR is adequately set, so that hot air is avoided and a low-carbon transition is triggered.
- France wants an ambitious ESR, reflecting the ambition of the Paris Agreement.

Mr. David Dent, Chief Technical Officer, Azotic Technologies, [focused](#) on the possibilities for emissions cuts in the agricultural sector and presented his company's innovation to reduce NO_x emissions by ca. 50% on average.

The main points of his presentation can be summarised as follows:

- Agriculture is a major producer of greenhouse gas emissions arising from the use of fertilizers and pesticides, and methane emissions from cattle and sheep.
- There exist many low-carbon opportunities in agriculture: better animal feeds, micro-nutrition for plants and use of microbes to replace chemical pesticides and fertilizers.
- As an example, Azotic N-Fix technology can reduce nitrogen fertilizer use by 25%-85% of recommended rates.
- The agriculture sector appears to be dominated by large companies such as Monsanto that have substantial lobby power.
- This belies the many SMEs that are offering innovative sustainable solutions for agriculture. Innovation is key, and SME's innovate better than large companies - simply because they have to.



Mr. Carlos Calvo Ambel, Transport and Energy Analyst from Transport & Environment [talked](#) about the role of transport decarbonization in the ESR. The key points of his presentation can be summarised as follows:

- Transport has immense potential to reduce emissions, just like the buildings sector.
- The ESR is about cleaner vehicles, cleaner air to breathe, more efficient homes, less energy dependence from countries like Russia.
- EU policies are necessary to drive the decarbonisation of the transport sector, but more action is needed as transport emissions are not projected to go down in the coming decade.
- The Commission needs to come forward with a 2025 standard for cars and vans.
- We also need standards for trucks. Unlike for example the United States, the EU doesn't have these efficiency standards yet. The Commission has promised to issue such standards during its mandate, and this is extremely important.

Q&A Session

Questions and comments from government officials, MEPs and stakeholders ranged from retrofitting trucks to make them more efficient, the role of LNG in making trucks emit less; the impact of the LULUCF flexibility on the EU's climate target and on making the ESR Paris-compatible.

Member of the European Parliament Mr. Benedek Jávor (Greens) closed the event with the following remarks:

- ESR is one of the EU's main instruments to combat climate change, and the ongoing legislative work provides a unique opportunity to ensure that it is fit for purpose.
- The loopholes in the proposal must be closed, and Europe's de-carbonisation until 2050 guaranteed.
- **The Effort Sharing Emissions Calculator** is an extremely useful tool for the decision makers to better understand that it is not just about numbers, but how the numbers impact reality.
- According to the tool, even the ITRE report, which is considered ambitious, only reaches 80% of the potential of this legislation.
- All sectors must play their role in mitigation, and different legislations must back up each other to help achieve the EU's goals.
- On the ETS flexibility: Since we do not have a functioning ETS, it is very risky to let the ETS intervene with other sectors. This could just lead to a lot of hot air in the ESR instead of real emission cuts.
- On the question of ambition: When you say that an ambitious target is unrealistic, you should ask for whom? **The same targets that are unrealistic for the car industry, might be the only opportunity for future generations to exist.** As we have heard today, it is clear that the same targets that can be unrealistic for some, while create huge opportunities for others. Finally, we try to make sure that the long-term ambition is kept - in the interest of European societies and future generations.

