

The EU's Climate and energy package

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Objectives for 2020

- **20% GHG reduction compared to 1990**
 - Independent commitment
- **30% GHG reduction compared to 1990**
 - In context of international agreement
- **20% renewables share of final energy consumption**
- **10% biofuels in transport, with**
 - production being sustainable
 - second generation biofuels commercially available
- **20% increase in energy efficiency**

Where do we stand today?

EU in 2005:

- **-6.5% GHG emissions compared to 1990**
 - including outbound aviation
- **8.5% renewable energy**
 - mainly large scale hydro and conventional biomass

Targets are ambitious but feasible

- -14% GHG compared to 2005
- +11.5% renewable energy share

Climate&Energy package

- Overall Communication
- **Revision of EU Emissions Trading System** (the ETS)
- **Decision on Effort sharing** of greenhouse gas reductions in non ETS sectors
- **Directive on promotion of renewable energy**, report on renewable energy support schemes
- **Directive on carbon capture and storage**, and Communication on demonstration plants
- Revised environmental state aid guidelines
- Accompanying integrated impact assessment

Cost-effectiveness and Fair Distribution

Fairness: differentiate efforts for Member States according to GDP/capita

- national targets in sectors outside EU ETS
- national renewables targets
- redistribution of auctioning rights

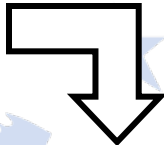
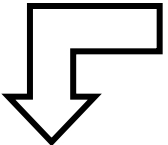
Retain cost-effectiveness: introduce flexibility and use market based-instruments:

- EU ETS
- Guarantee of Origin for renewable energy

GHG Target:
-20% compared to 1990



-14% compared to 2005

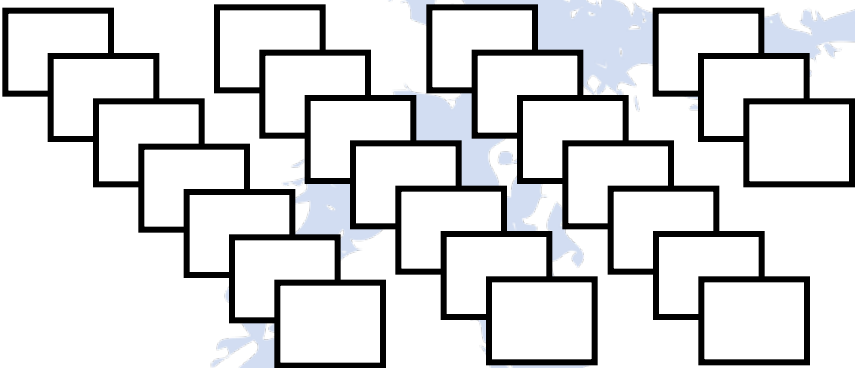


EU ETS
-21% compared to 2005

Non ETS sectors
-10% compared to 2005



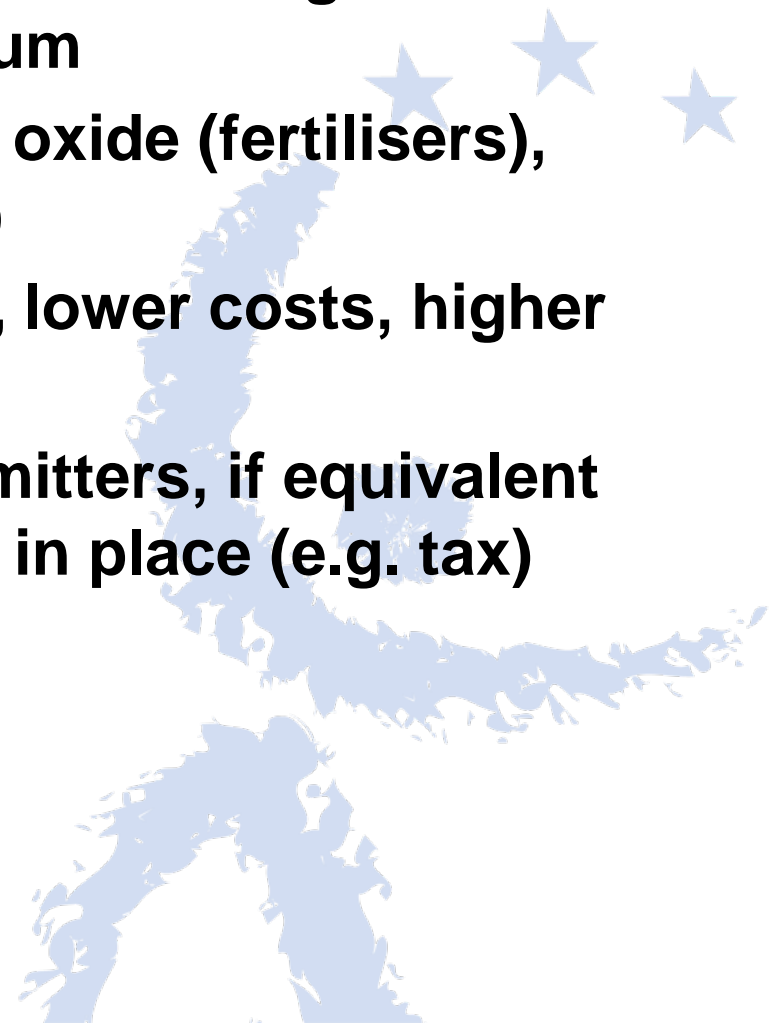
27 Member State targets, stretching from -20% to +20%



EU ETS review

- **Cost-effective contribution to -20% GHG target for 2020, or to stricter target under international climate agreement**
- **Improvement of the EU ETS based on experience**
- **A clear long-term carbon price**
- **Strengthen ETS as pillar of the global carbon market**

Scope

- **All big industrial emitters + extension e.g. to chemical sectors and aluminium**
 - **Extension other GHG: nitrous oxide (fertilisers), perfluorocarbons (aluminium)**
 - **New abatement opportunities, lower costs, higher efficiency**
 - **Potential “opt-out” of small emitters, if equivalent emission reduction measures in place (e.g. tax)**
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Cap setting

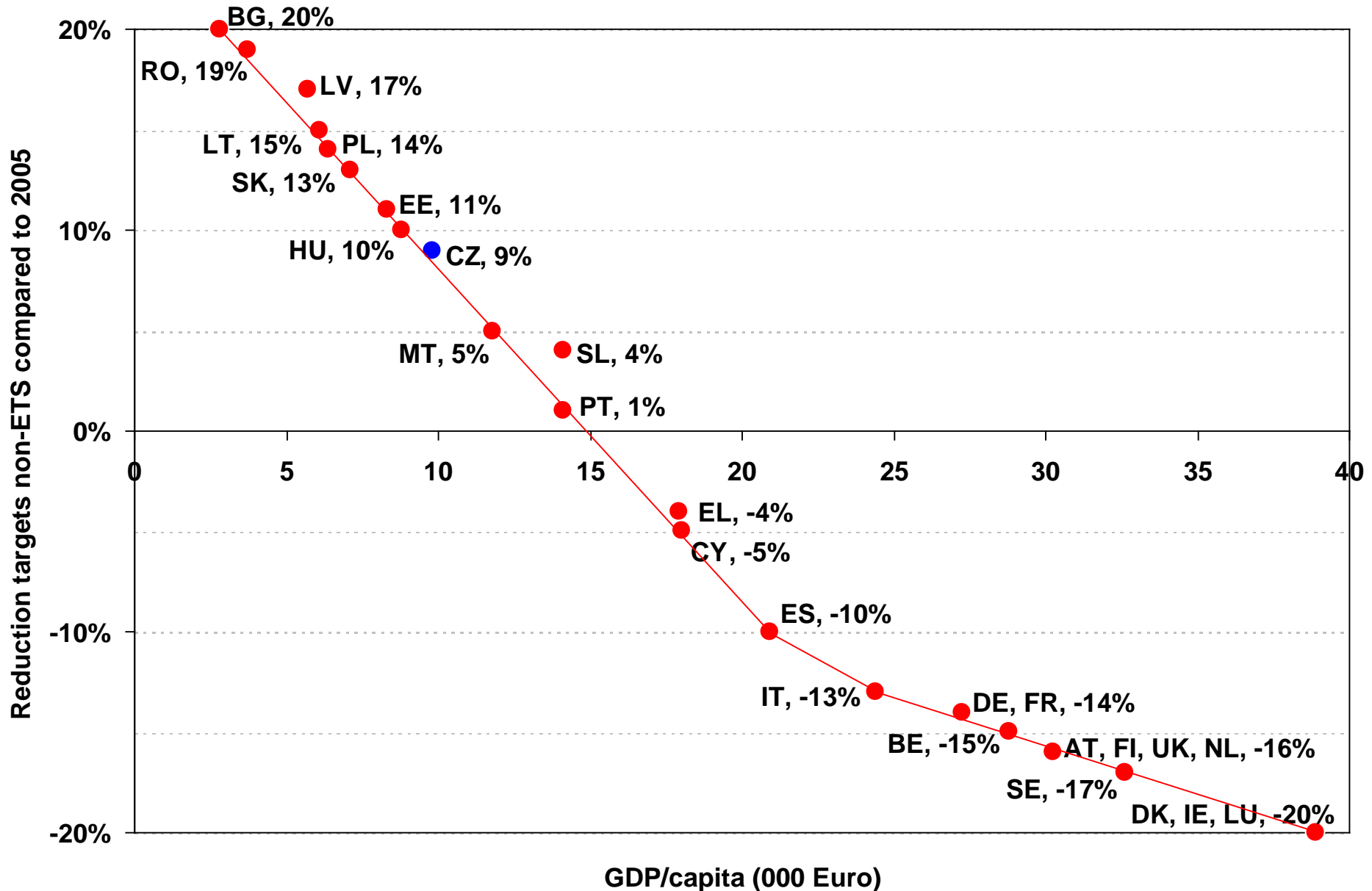
- **New: single EU-wide cap instead of 27 caps set by Member States (2013-2020)**
- **CO₂ allowances available in 2020: 1720 Mt**
 - - 21% compared to 2005 emissions
 - Phase II sum NAP ~ 2082 MtCO₂
- **Linear decrease from Phase II (2013: 1974 Mt => 1720 Mt CO₂ in 2020)**
 - predictable trend-line to 2020 *and beyond*
 - can be adjusted to stricter target
- **Aviation to be included in line with political agreement**

- **Full auctioning power sector, phase out free allocation other sectors except those subject to carbon leakage**
- **Auctions: non-discriminatory, open to everybody, carried out by Member States using harmonised rules**
- **By December 2010, the Commission shall adopt a **Regulation on timing, administration and other aspects** of auctioning**
- **Greece: auction rights 2020: (1720 Mt X ETSemissionGre2005/EU-ETS2005emission)-10%+17% ~60.3 MtCO₂**

Effort sharing outside ETS

- **Account for divergence of wealth: GDP/capita as criterion**
- **Reduction between -20 and +20% (adding up to -10%) cf to 2005**
- **CDM/year allowed to 3% of 2005 emissions**
- **Consequences :**
 - poorer Member States can grow in sectors such as transport
 - overall cost increases marginally
 - significant equalisation of overall effort
- **Greece: -4% or 64,052,250 tCO₂ in 2020**

Non ETS targets compared to 2005



State of play in co-decision

- Presented 23 January 2008
- EP ENVI committee voted 7 October for the package, but reducing flexibilities
- Delegations Council support package ask more flexibility
- Aim finalize negotiations this year and Trilogues just started
- Many issues up for discussion, overall targets not been questioned, neither the aim to bring it to a first reading agreement
- Fundamental architecture, including linear reduction path, standing firm

- **C&E package objectives: 20% GHG reduction by 2020 and 20% Renewables**
- **Cost-effectiveness and fairness**
- **EU-wide cap for the ETS sector of 1720 Mt CO₂ in 2020 (-21% cf to 2005): auctioning power sector**
- **Non-ETS sector: country specific reductions**
- **State-of-play: main architecture untouched but number of items still open**

**YOU CONTROL
CLIMATE CHANGE.**



TURN DOWN. SWITCH OFF. RECYCLE. WALK. CHANGE