EU Climate Action – Implementing 2030 targets

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Overview

- The Paris Agreement
- EU climate targets and measures
  - Emissions trading, Effort Sharing, LULUCF, F-gas regulation
  - Car, truck CO2
- Way ahead
Paris Agreement

- **Adopted by 197 countries** on 12 December 2015, in force 5 October 2016
- **First ever universal legally binding agreement** on climate change
- With **binding commitment** to make and pursue “nationally determined contributions”
- **A success** for climate diplomacy & multilateralism
- **EU played a key role** in shaping the successful outcome
- **Rulebook** to be adopted in Katowice December 2018 along with first ambition review
Ambition

Global goals

★ Mitigation (reducing emissions)
  ▸ To well below 2°C + Efforts to limit temperature increase to 1.5°C

★ Adaptation
  ▸ Enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change

★ Financial flows
  ▸ Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
EU climate targets and measures delivering

GDP +53%

GHG emissions –22%

2030 EU Climate policy overarching policy architecture

**ETS**
-43%*
Including: Power/Energy Sector and Industry, Aviation
Max 100 MtCO2eq

**Non-ETS**
-30%*
ESR
-30%
Including: road transport, buildings, waste, agriculture non CO2
Full flexibility
Max 280 MtCO2eq

LULUCF
"No-Debit"

* Compared to 2005
EU Emissions Trading System (EU ETS)

- ‘Cap-and-trade’ system: Puts a price on greenhouse gas emissions, to harness economic forces.
- More than 11,000 installations in more than 30 countries, +/- 45% of total EU GHG emissions + flights within the EU.
- In 2020, emissions 21% lower than in 2005.
- **EU ETS to deliver -43% by 2030 compared to 2005**
  - Faster emissions cuts after 2020.
  - More targeted carbon leakage rules.
  - Support for low-carbon transition.
ETS Revision (2015):

From 2021 the linear reduction of emission allowances is being increased from 1.74% to 2.2% per year
Effort Sharing Regulation

- Covers almost 60% of EU greenhouse gas emissions
- Includes buildings, transport, agriculture (non-CO₂), waste, F-gases, other smaller sectors outside ETS
- Breaks down the EU target for non-ETS sector of -30% by 2030 into Member States targets
Effort Sharing Regulation: objectives

Achieve a 30% reduction in GHG emissions below 2005 that is

- **fair**: taking into account different economic capacities of Member States (GDP based targets, adjusted to mitigation potential),
- **cost-efficient**: increasing **flexibilities**, taking into account differences in cost-effective mitigation potentials between Member States
- ensures **environmental integrity** so that the EU 2030 GHG target is met
Effort Sharing Regulation: MS trajectory

Starting point

• Basis: average 2016-2018 emissions
• Emissions expected to decrease after 2016, creating some limited surplus at the start in 2021, which can facilitate trade

Additional allocation for some MS

• Allocation in the year 2021 which recognises that 13 MS have a positive 2020 target, with specific circumstances in LV, MT
• Total volume of 41 million tons less than 0.2% of total allocations 2021-30
Annual emissions and required emission reductions in effort sharing sectors in the EU
Banking, borrowing, transfers under Effort Sharing

- **Banking**: unused Annual Emission Allocations (AEAs) may be banked to later years within the period, up to 30% of cumulative surpluses from 2022 to 2029

- **Borrowing**: AEAs may be borrowed from the following year with a 10% limit from 2021 to 2025 and 5% 2026 - 2029

- **Transfers**: unused AEAs can be transferred to other Member States (ex-ante limit 5% 21-25/ 10% 26-30)(up to Member States to decide form of transfers in bilateral agreements including project based transfers)

- **International project credits** excluded as EU 2030 target is to be met domestically
New ETS and LULUCF flexibilities for Effort Sharing

- **ETS flexibility:** 8 higher income Member States with cost-efficiency concerns and Malta can use limited amount of ETS allowances (100 million tonnes in total) to offset emissions in the effort sharing sectors (for EU-28 and period 2021 - 2030)

- **LULUCF flexibility:** Access for all Member States but differentiated taking into account the relative size of agriculture emissions in the effort sharing sectors. Limited to total 280 million tonnes in total (for EU-28 and period 2021 - 2030) and subject to overachievement under LULUCF regulation.
New: ESR safety reserve

- **Eligibility**: Member States with
  - GDP/capita 2013 below EU average, overachievement ESD targets 2013-2020

- **Environmental integrity maintained**
  - EU 2030 target needs to be achieved
  - Access only ex post in case of need, as last resort for 2026-30 compliance after using other flexibilities

- **Volume**: up to **105 million tonnes** CO2eq

- **Distribution**: 1st round maximum 20% of 2013-20 surplus, 2nd round based on remaining MS need
Effort Sharing – Compliance

• Continued need to comply for each year, but full compliance check every 5 years instead of annually
• Reduces administrative burden
• Allows to introduce flexibility from the land use sector that has a 5 year cycle
• Penalty in case of non-compliance
ESR targets and maximum one-off ETS/non-ETS and land use flexibilities

* Compared to 2005
Land use: "No debits" rule

Land Use, Land Use Change and Forestry (LULUCF): mainly $CO_2$

Partly human induced (strongly linked to global natural carbon cycle)

Uncertainties?  
Additionality?  
Permanence?  
Leakage?

AGRICULTURE non-$CO_2$ ($CH_4$, $N_2O$) – in the ESR

Mainly human-induced

=> More readily quantifiable
Projected EU F-gas emissions

Mt CO₂eq

- No legislation
- 2006 EU legislation
- 2014 EU legislation

2010 2030 2050
Global phase-down of HFCs

- The Montreal Protocol (protecting the ozone layer) was extended to include HFCs through the Kigali Amendment set to enter into force on 1 January 2019.
- Potential savings at global scale have been estimated to be up to 0.5 degrees less warming in the future.
- EU as first mover: The EU F-gas legislation adopted in 2014 facilitated the global agreement.
- EU fluorinated gas emissions will be reduced by two thirds by 2030, representing cumulative savings of 1.5 Gt CO2eq by 2030 and 5 Gt CO2eq by 2050!
Transport emission tends

- Road transport GHG emissions not decreasing
- Global zero- and low-emission vehicle (ZEV/LEV) sales developing fast
- China: NEV quota
New CO2 standards for cars and vans
Expected key benefits

- around 170 Mtonnes of CO₂ reduced in period 2020-2030
- contribute to Member States reaching 2030 Effort Sharing Regulation targets
- consumers will, on average, save up to around €600 resp. €1500 for a new car bought in 2025 resp. 2030
- overall, consumers will save up to €18 bn/y in fuel costs
- GDP to increase by up to €6.8 bn in 2030
- creating up to 70,000 additional jobs
Developed countries to continue to lead in finance mobilisation

$100bn/year goal for developed Parties extended to 2025

EU and MS worlds biggest providers of climate finance, 2016 total € 20.2 bn
Way ahead: Analysis for Mid-Century Strategy

*In the Paris Agreement* countries committed to aim to achieve a balance between anthropogenic emissions and sinks in the second half of the century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

Parties are invited to prepare and publish mid-century, **long-term low greenhouse gas emission development strategies** by 2020.

European Council invited the Commission to present by the first quarter of 2019 a proposal.

The Commission is putting in place the necessary **scientific and modelling base** for an in-depth analysis with **pathways towards climate neutrality**.

**Key elements:** technology & innovation, jobs and growth, land use sector.
Way ahead:
implementation of Energy Union and Paris Agreement

- Governance Regulation: Integrated National Energy and Climate Plans (NECPs) for the period 2021-2030 to ensure 2030 energy and climate targets are achieved.
- Promoting long-term certainty and predictably for investors.
- If EU 32% renewable energy and 32.5% energy efficiency targets for 2030 are fully implemented, EU would achieve GHG reductions of \( \approx 45\% \) compared to 1990 by 2030.
Thank you for your attention