



EU CLIMATE POLICY

below **2°C** 

 Paris
COP21

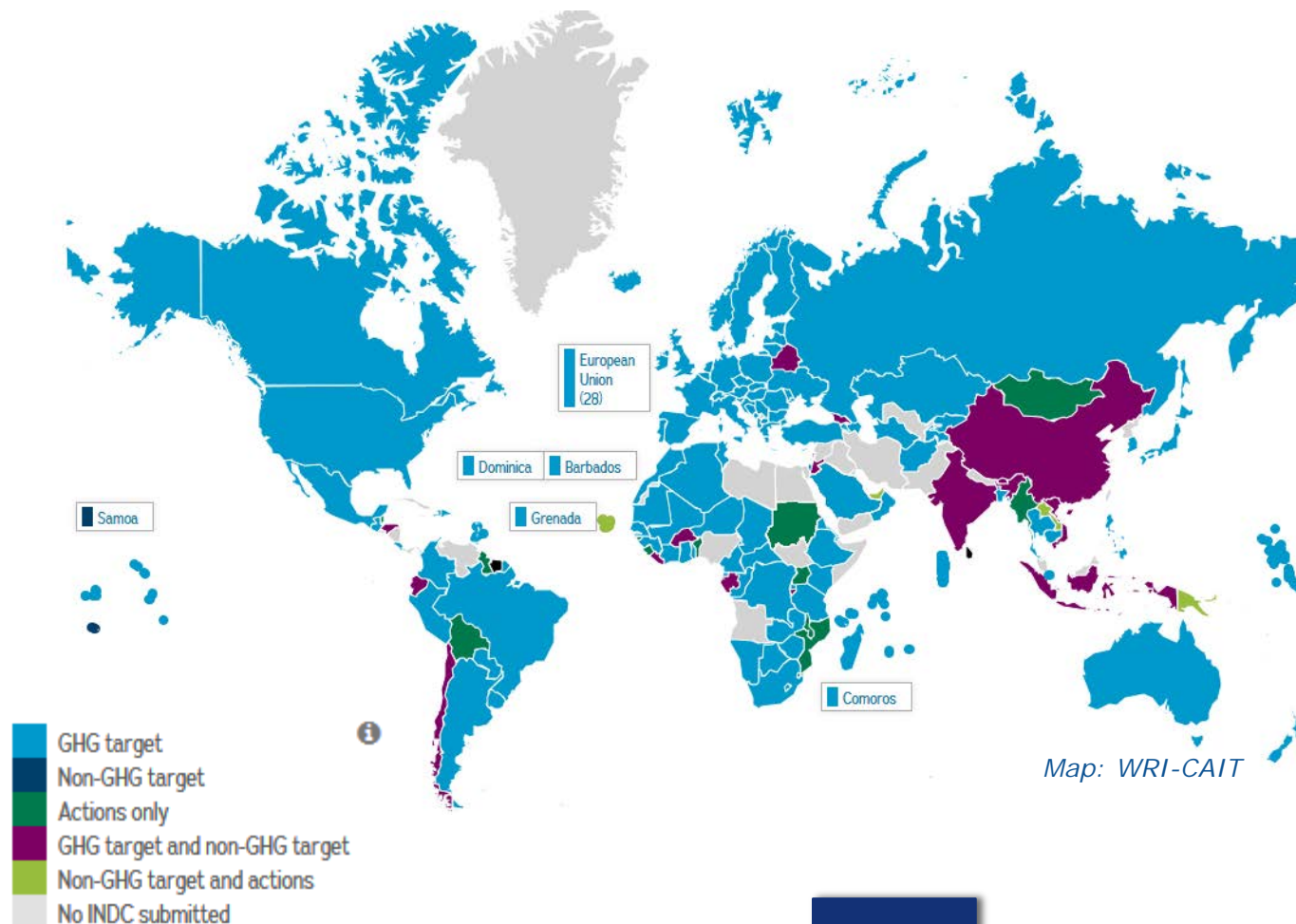


Reducing emissions by
at least
40%
EU wide

**ENERGY
UNION**

Jacob Werksman, Principal Adviser, DG CLIMA
European Commission
EIA Conference, Washington, DC
11 July 2016

The Run Up to Paris: Intended Nationally Determined Contributions (INDCs)

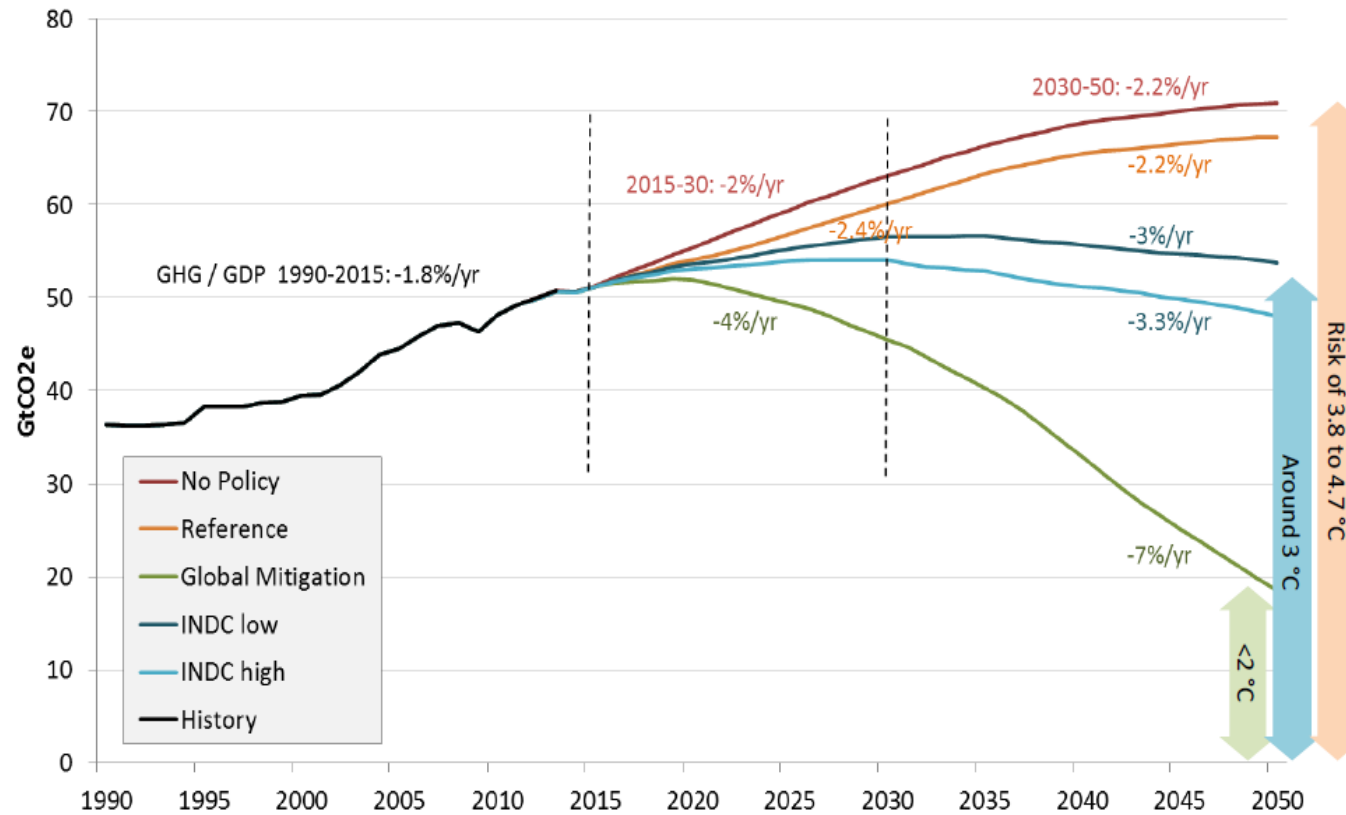


From climate action by few to action by all:

186 countries, representing 95% of global emissions, submitted an INDC

Map: WRI-CAIT

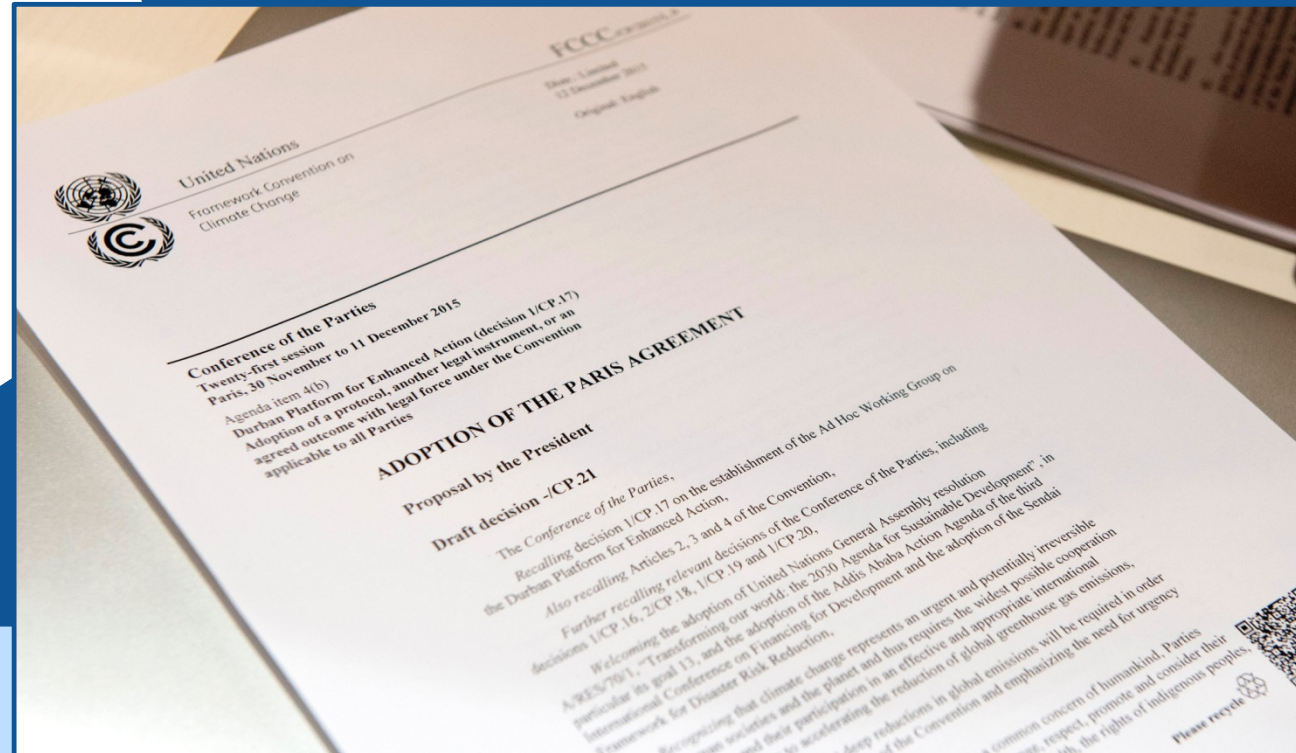
Impact of INDCs



World GHG emissions (total excl. sinks); percent change in emission intensity per unit of GDP; gap to stay below 2°C, POLES-JRC model

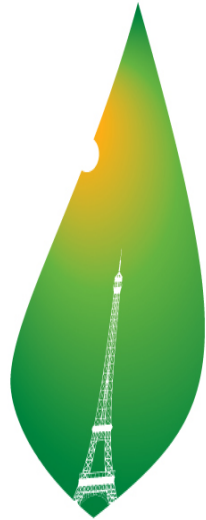


The Paris Agreement



Signatures:
179/197 Parties
Ratifications for entry into force:
19/55 Parties; 0.18/55% Emissions

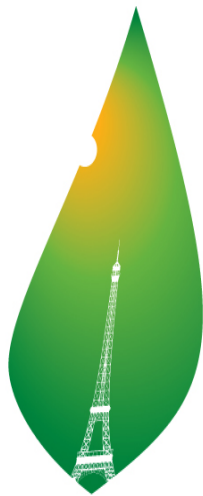
Action by all countries



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

- **Ambition: Long-term goals**
 - Keep well below 2° C and pursue limit to 1.5 ° C, global peaking ASAP, climate neutrality second half of century
- **Accountability: robust rules for transparency**
- **Dynamism: 5 year Ambition Cycle**
 - Global Stocktake (2023, 2028) of progress made and inform next round of targets/efforts
 - Evidence base and political moment for domestic and collective action
 - New targets/efforts must represent "progression"

Solidarity and pre-2020 action



PARIS2015
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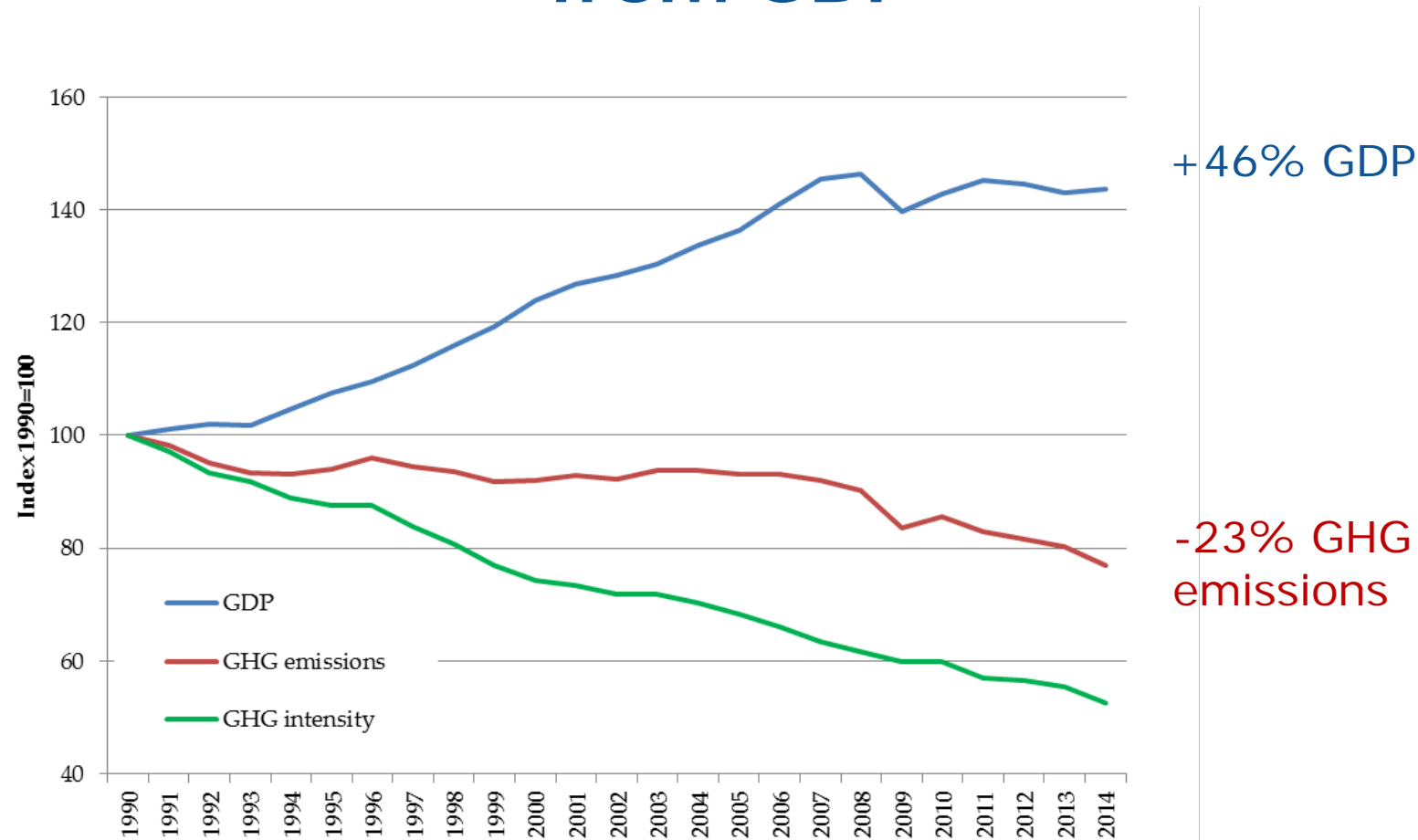
- **Financial Flows "consistent" with climate goals**
- **Climate finance for mitigation and adaptation**
 - Developed countries continue to mobilise USD 100 billion per year until 2025 when a new collective goal will be set
- **Capacity Building for Transparency**
- **Accelerate actions by countries, cities, businesses, and civil society**



EU climate policy

- Delivering reductions
- One of Energy Union's five pillars
- 2030 targets and policies

EU policies are decoupling emissions from GDP



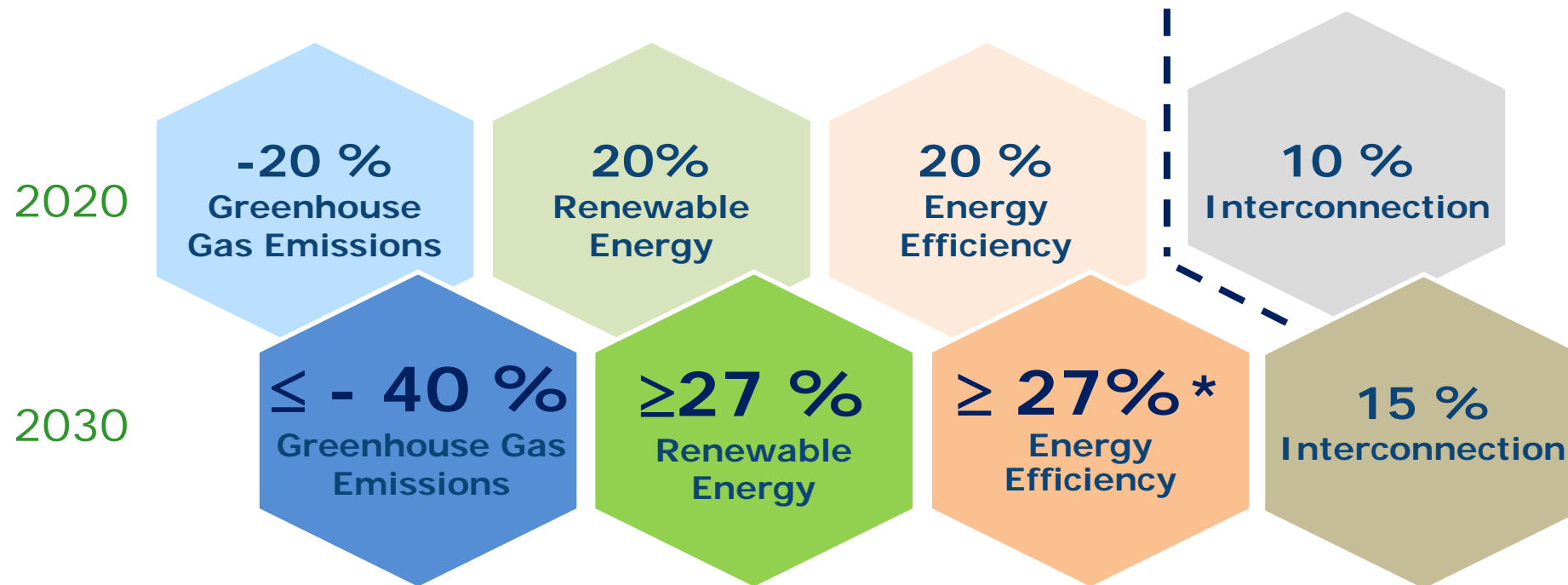
Source: European Commission based on data compiled by EEA



Energy Union

- Security of supply
- Internal energy market
- Energy efficiency
- **Decarbonization**
- Industrial policy

2030 Framework for Climate and Energy



* To be reviewed
by 2020, having in
mind an EU level
of 30%

Implementation of EU's Paris commitment: at least 40% emissions reduction by 2030 (compared to 1990)

Emissions Trading System (ETS)

Power sector

Industry

-43% by 2030
(compared to 2005)

Effort Sharing Decision (ESD)

Buildings

Road Transport

Agriculture

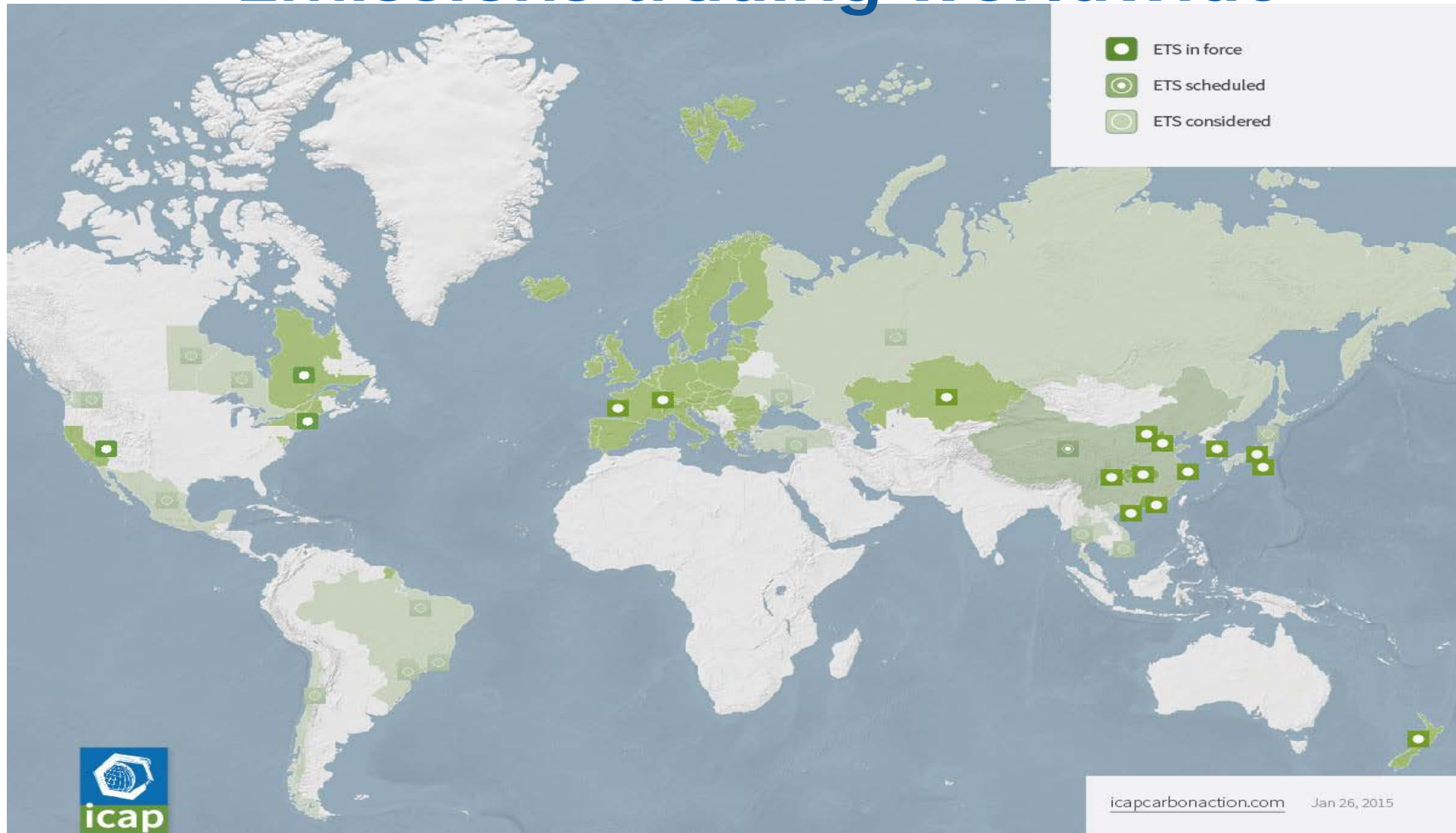
Non-CO2 emissions

-30% by 2030
(compared to 2005)

Land use and
forestry
(LULUCF)

No "back-sliding"
(compared to 2005)

Emissions trading worldwide



EU Emission Trading System (ETS)



Source: adapted from Bloomberg New Energy Finance (2015)



Revision of EU ETS for 2021 to 2030

Commission proposal from July 2015

Faster emissions reductions

- 43 % by 2030 compared to 2005
- Emissions reduction factor from 1.74% to 2.2%

Better targeted free allocation

- To enhance competitiveness of European industry
- To minimize carbon leakage

Innovation and Modernization Funds

- To support transformation to low carbon economy



Commission proposal for non-ETS sectors - July 2016

Effort Sharing Decision

Buildings, road transport, agricultural non-CO2 emissions

- Collective 30% reduction by 2030 (compared to 2005)
- Binding targets for Member States range from 0 to -40%
 - Based on GDP per capita
 - Taking account of cost effectiveness

Land and Forestry

(LULUCF)

- No backsliding (compared to 2005)
- Updated accounting rules
- New incentives

Decarbonisation of road transport

Integrated approach

- Vehicles, infrastructure, fuels
- Commission Communication – summer 2016

CO₂ standards for cars

- Robust emissions standards
- Incentives for low-emissions vehicles
- Commission proposal in 2017

Monitoring of trucks

- First step to monitor emissions
- Commission proposal in 2017



Thank you!

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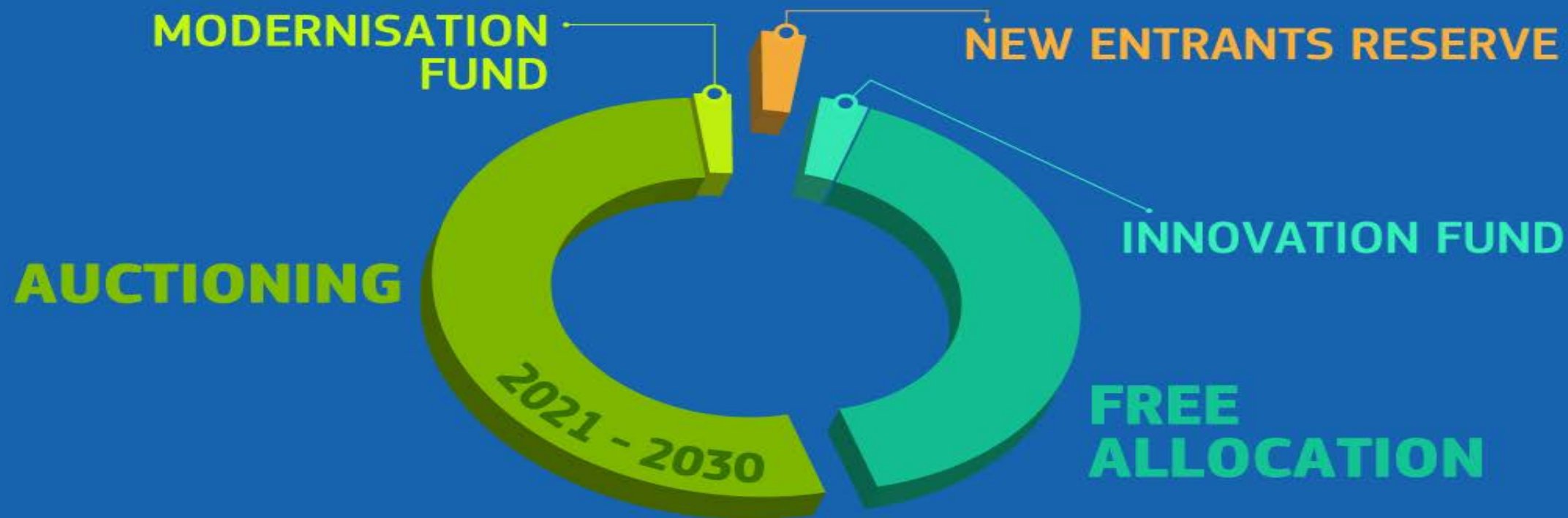


[youtube.com/
EUClimateAction](https://youtube.com/EUClimateAction)



Annex – Commission proposal for EU ETS revision in more detail

OVERALL ARCHITECTURE



MORE TARGETED FREE ALLOCATION



BENCHMARKS UPDATED TO
REFLECT TECHNOLOGICAL
PROGRESS



NEW ENTRANTS' RESERVE
MORE FLEXIBLE FOR NEW
& GROWING BUSINESSES

≈ **50**
sectors
on new carbon
leakage list



CLOSE ALIGNMENT
WITH PRODUCTION
DATA



COMPENSATING INDIRECT
COSTS TO ELECTRICITY
INTENSIVE INDUSTRIES



EU ETS funds

Innovation Fund

(ex-NER300)

- Increased to 450 million allowances
- Renewables, CCS, *extended to energy-intensive industries*

Modernization Fund

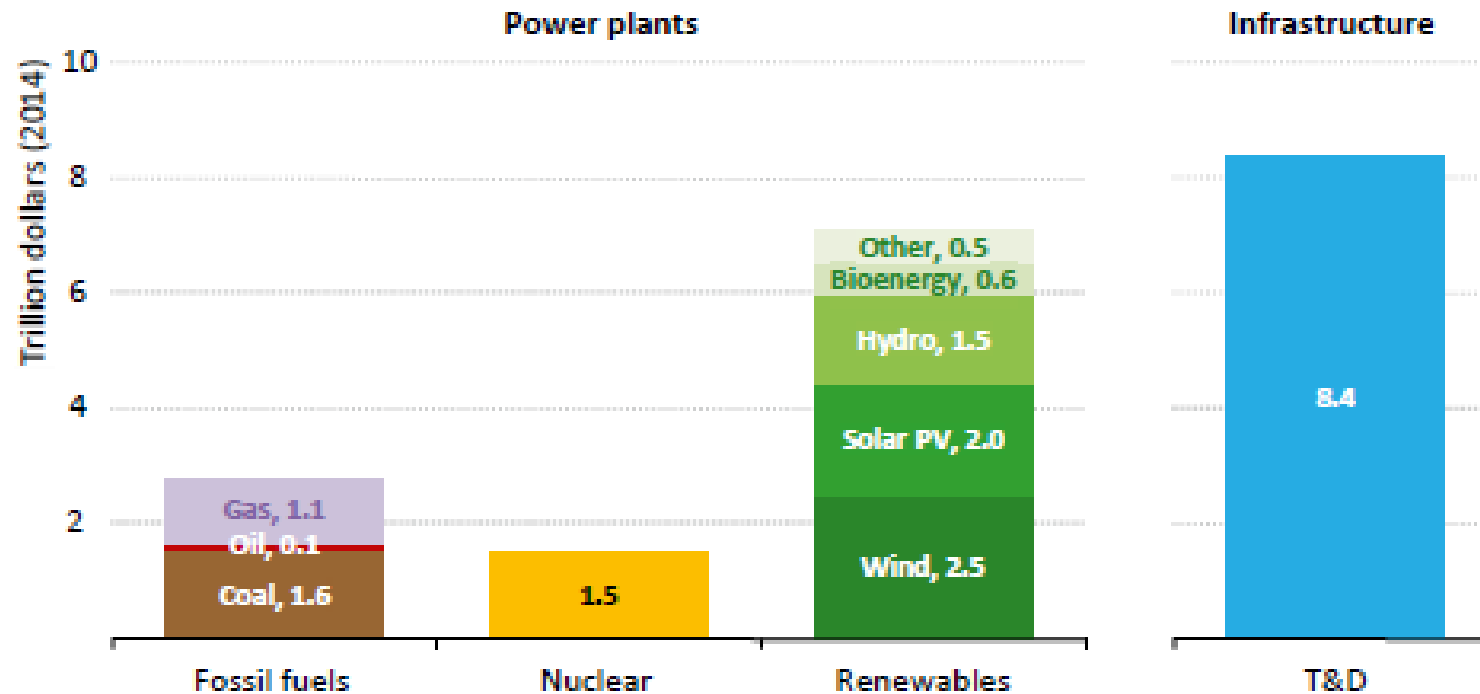
- 310 million allowances
- To modernize energy systems in 10 lower-income Member States

Free allowances

(Art 10 c)

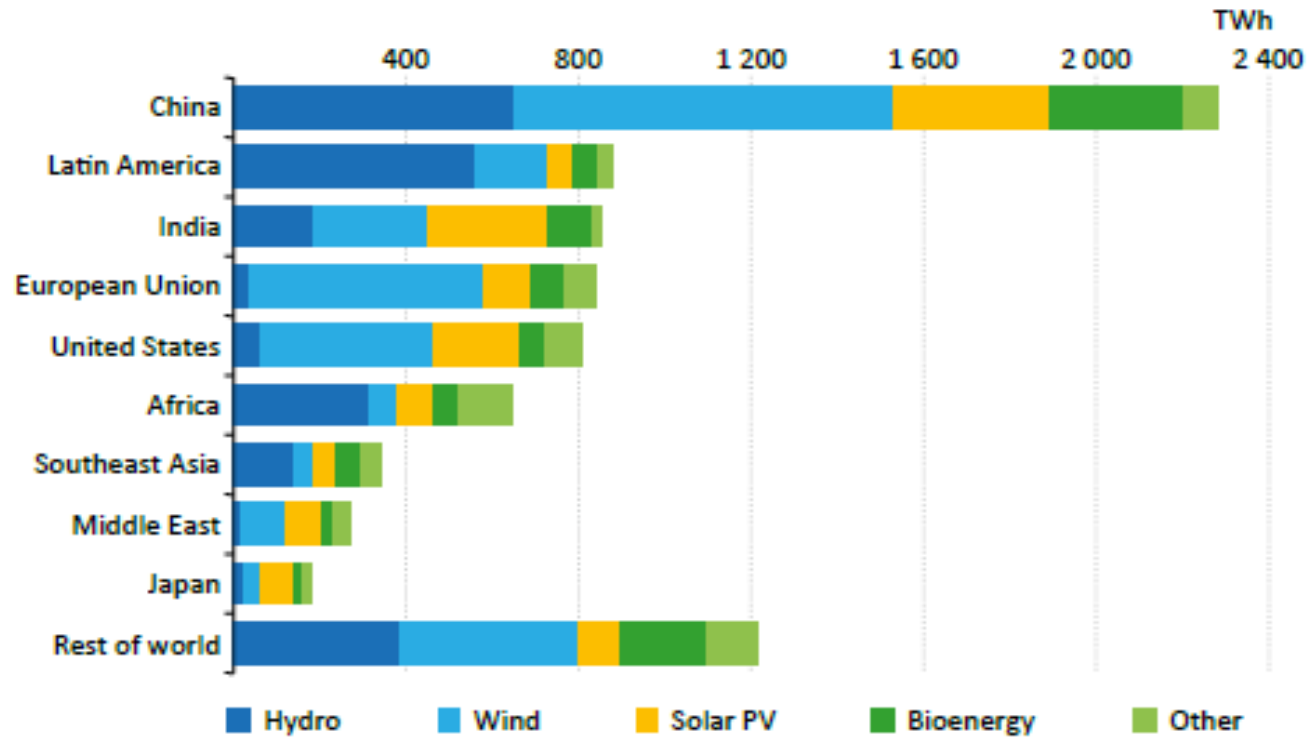
- Continued for lower-income Member States
- Competitive tendering proposed for projects above EUR 10 million

INDCs confirm rise of renewable energy



Global cumulative investment in the power sector with INDCs, 2013-2040,
Int'l Energy Agency, World Energy Outlook 2015

INDCs confirm rise of renewable energy



Note: Other includes geothermal, concentrating solar power and marine.

Growth in renewable electricity generation with INDCs, 2013-2040,
Int'l Energy Agency, World Energy Outlook 2015