



**PROPOSAL FOR A CEPS TASK FORCE ON**

**EU AND GLOBAL CLIMATE CHANGE POLICY AND THE**

**INCREASING ROLE OF CITIES**

**Chair:** **Laurence Tubiana**, Director, Institut pour le développement durable and relations Internationales (IDDRI), Paris

**Rapporteurs:** **Christian Egenhofer**, Senior Research Fellow, CEPS  
**Noriko Fujiwara**, Research Fellow, CEPS  
**Monica Alessi**, Research Fellow & Programme Manager, CEPS

**First meeting: 15 May 2009 (from 10h-16h:00)**

Second & third meeting: June & September/October 2009  
(Dates will be set at the first meeting)

Meeting venue:  
Centre for European Policy Studies (CEPS)  
Place du Congrès 1, 1000 Brussels

## 1. Introduction

There has been an increasing interest by different stakeholders for cities to play a bigger role in climate change policy. According to some estimates, cities are home to 80% of EU citizens, responsible for 70% of greenhouse gas emissions. As a result, urban areas will play a key role in fighting climate change. It is where environmental and climate change pressures will be among the highest and adaptation needs significant. However, cities are also the area where action can be undertaken fastest, thereby giving further momentum to reduce greenhouse gas (GHG) emissions here and now.

This is increasingly recognised by policy makers at member state and EU level. The European Commission under the auspices of DG Transport and Energy has launched the “Covenant of mayors” initiative. This action brings together the mayors of some of Europe’s most pioneering cities not only to participate in a permanent network of exchange but also to apply good practices to improve energy efficiency and notably low-carbon business and economic development. Climate change is also high on the agenda of Eurocities, an EU network of more than 130 large cities. Like the Covenant of mayors, its climate change working group focuses on exchange of knowledge and best-practice. Furthermore, Eurocities also deals with adaptation measures and provides input into EU policy-making.

Similarly, the OECD is actively working with governments to highlight the role of cities to deliver cost-effective policy responses to climate change. Cities are centres of innovation and can – among other – advance clean energy systems, sustainable transport, management of waste and water or improve energy efficiency in buildings to reduce greenhouse gases. In addition, they assess possible climate change impacts and vulnerability, and with local stakeholders design and implement effective adaptation strategies to respond to unavoidable impacts of climate change.

As the challenges that cities across Europe face are similar, there are attempts to learn from each other, develop and exchange best practice

and more generally, co-operate. What is missing however to date is a) how local initiatives fit in with member state and EU climate policy and b) how the emerging global climate change agreement –, to be negotiated in December 2009 at Copenhagen – will reinforce local initiatives to accelerate GHG reductions.

Although this CEPS Task Force will focus on EU and member state initiatives and policies, activities within the EU are mirrored by a plethora of actions beyond the EU.

A number of projects at the OECD are advancing the understanding of the roles that cities can play to respond to efficiently and effectively to climate change. A global network of local government and major cities has embarked on a local government process that shall seek empowerment and inclusion of cities and local governments in a UN post-2012 framework on climate change and attempts to influence the post-2012 agreement by setting out a “Bali-Poznan-Copenhagen Roadmap”. This network includes United Cities and Local Governments (UCLG), Metropolis, ICLEI – Local Governments for Sustainability, the C40 Climate Leadership Group, and the World Mayors Council on Climate Change (WMCCC), in conjunction with their regional and national associations, networks and partners. In Poznan, the Local Government Climate Roadmap (LGCS) has been presented. It seeks empowerment of local governments in the UN post-2012 framework on climate change. This event brought together local government leaders from more than 250 organisations to facilitate the dialogue with national and supranational levels of government, multilateral bodies and international organisations.

Addressing climate change issues (mitigation and adaptation) is also part of the sustainable cities agenda.

## 2. Cities: a key actor in the climate change debate

There are many ways that cities can contribute to real reductions of greenhouse gas emissions.

- Voluntary initiatives, unilateral commitments or awareness raising;

- Adoption of best practices in running municipal operations;
- Operation of energy, transport and water networks;
- Construction and management of infrastructure or other large capital investment;
- Policies for mobility and urban planning.

Many cities embark on ambitious climate change plans, testing their political and fiscal autonomy as well as the possible support for such plans. If successful, this could significantly accelerate implementation of the EU and national climate change commitments that have been agreed on 18 December 2008. The various stimulus packages that have been or are being adopted could add more momentum.

### 3. Challenges

However at this stage it is not at all clear how these (bottom-up) local initiatives relate to national, EU and especially global climate change policy and actions. While cities can be a driver for accelerated action, in some cases, additional **incentives** will need to be provided. While business is generally interested, there is a concern of **double-regulation**. Will city-level policy reinforce national or EU policy or will it add an additional layer of regulation, creating inefficiencies and rent-seeking behaviour? Finally, a key issue that is gradually developing is about **integration/incorporation into national or EU strategies**. This raises the question of the **institutional set-up** within the EU and the UN, i.e. how can local and city level activities institutionally be linked to the post-2012 climate change framework.

While it is up to the CEPS Task Force and its members to decide on the final terms of reference, i.e. which topics to include and not, CEPS proposes initially to focus on these three sets of issues: incentives, avoiding double-regulation, integration/incorporation into national or EU policies and the possible institutional set-up with EU and UN.

#### a) Incentives

Ultimately, cities will act if they have capacity to do so, complemented by incentives. This requires legal competence and resources.. Effective and efficient city actions would require data on abatement potential and cost estimates as well as information about possible legal, economic and political barriers. This raises the question on defining the responsibilities and competencies of a city, i.e. where are the boundaries of communal responsibilities. A particularly interesting point about creating incentives is how city actions can contribute to further emission reductions through establishment of and participation in **carbon markets**. A crucial role will also be played by financial institutions including development banks.

#### b) Avoiding double-regulation

The EU and its member states have put in place a list of policies to reduce greenhouse gas emissions including for example, market-based instruments such as the ETS, targets, regulations or subsidies. Additional constraints at communal level risk submitting companies or individuals to double-regulation. Double-regulation however undermining the efficiency of climate change policy as it increases costs. Therefore a key question is to understand the areas where cities can add value. Such a reflection most likely will need a joint reflection of all stakeholders including the cities themselves, industries and businesses, equipment providers, policy-makers and citizens.

#### c) Institutional set-up

Assuming that this Task Force can find responses to the first two challenges, communal initiatives need to fit into EU climate change policy as well as the emerging UN framework. They will be accepted if an institutional “solution” rather than a “new problem” can be created. Most importantly, similar to the concept of sectoral approaches, city commitments risk stretching beyond current institutional responsibilities, which would fall either at EU or member state level, or to use the term of the UN, at the level of the Party. A crucial element of the analysis

therefore is to identify how city commitments could be successfully and constructively incorporated or possibly even linked to a post-2012 agreement.

#### 4. Why a CEPS Task Force?

The CEPS Task Force's main objective would be to explore different possibilities for cities to engage and undertake measures that lead to real reductions with a particular focus on the link to the carbon market. This would mean that the Task Force would pursue the following principal objectives:

- Take stock of ongoing initiatives and discussions on the role of cities and climate change policy;
- Identify and think through some of the issues that emerge;
- Test the ideas of cities and climate change policy among EU and international stakeholders and the link to carbon markets;
- Create a broad network of interested stakeholders;
- Work out a set of concrete recommendations to be presented to local, national, EU and international policy-makers and negotiators.

Main themes could be:

- Fitting commitments by cities into the post-2012 agreement; legal, economic and political aspects
- Scale of abatement potential; what can marginal abatement cost curves tell us on the potential? This includes the issue of boundaries of competencies and sectors
- Coherence: i) avoiding double regulation; ii) coherence between 2020 and 2050 targets; iii) spatial coherence
- Cities and carbon market: i) cities and the ETS; ii) voluntary markets CDM & JI; iii) the new post-2012 mechanisms including domestic off-sets, etc.
- City experiences, e.g. Grenoble, Lyon, Tokyo etc.
- Other?

It is hoped that this will create political momentum to strengthen city actions.

#### 5. Format

The Task Force constitutes a unique forum of representatives from the European Commission (DG Environment, DG Transport & Energy or other DGs), Members of the European Parliament, officials from member states, representatives from cities, local government and their organisations, business and industry (i.e. energy supply companies, energy-intensive industries, traders, equipment suppliers, project developers), International Organisations, small consumer associations, NGOs and other stakeholders of energy regulators, international organisations, to facilitate an in-depth discussion and provide background research.

The new CEPS Task Force will meet **three times between May and September/October 2009**.

It will be chaired by **Laurence Tubiana**, Director of IDDRI and Professor for Sustainable Development at Science Po, Paris. Rapporteurs will be Christian Egenhofer, Senior Research Fellow, Noriko Fujiwara, Head of Climate Change and Monica Alessi, Research Fellow & Programme Manager, all from CEPS.

At the end of the Task Force, CEPS will **publish** and circulate among EU and member state policy circles policy recommendations together with a **CEPS Task Force Report**, which will also be formally published in the CEPS Task Force Report publication series.<sup>1</sup> This report will be based on discussions in the meetings supplemented by research carried out by the rapporteurs. The Draft Task Force Report will be circulated before the third meeting (in September/October) to be discussed and approved by the Task Force. The Final Report, with a set of recommendations will be ready for presentation at Cop15 in Copenhagen.

#### 6. Indicative schedule

An indicative schedule is provided in APPENDIX 1

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<sup>1</sup> For further information, please visit [www.ceps.eu](http://www.ceps.eu) or contact Christian Egenhofer at [Christian.egenhofer@ceps.eu](mailto:Christian.egenhofer@ceps.eu).

## **7. Conditions for participation**

The CEPS Task Force is primarily designed for CEPS Corporate Members but participation is open to non-members as well, albeit at a higher fee.

The fee covers participation in all workshops, documentation, lunches and three copies of all reports produced. Upon request by participants, CEPS will mail additional copies of the final CEPS Task Force Report to persons identified by participants.

### **Participation fees:**

€ 1.000 for CEPS Corporate Members<sup>2</sup>  
€ 5.000 for non-members

Special arrangements for local government associations can be made.

For further information, see APPENDICES 1 to 3 and for registration, APPENDIX 4 at the end of this prospectus.

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<sup>2</sup> Regarding information on CEPS Corporate Membership, please contact Staffan Jerneck, Deputy Director and Director for Corporate Relations (staffan.jerneck@ceps.eu) at +32 2 229 3910 or +32 475 903 924.

## **APPENDIX 1: THE CEPS TASK FORCE: ORGANISATION AND GOVERNANCE IN DETAIL**

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### **Meetings:**

- Two task force meetings are arranged before the summer 2009. The first meeting will be held on 15 May from 10H-16H:30. The second meeting is planned for June 2009 and the third and final one for September/October 2009. All meetings will be held at the offices of the Centre for European Policy Studies (CEPS).
- Ahead of the third meeting, CEPS will circulate the Draft Task Force Report including draft recommendations. The Task Force will discuss, amend and approve the final report. This report will be based on discussions in the meetings supplemented by research carried out by the rapporteurs.
- The final Task Force report, complete with recommendations will be presented on different occasions including for example in the European Parliament, COP15 in Copenhagen or in member states. The Report will also be **published**<sup>3</sup> and **circulated** among EU, member state and international policy makers

### **Key staff**

The task force will be chaired by **Laurence Tubiana**, Director, IDDRI.

Rapporteurs of the Task Force will be **Christian Egenhofer**, Head of the energy and climate programme, supported **Noriko Fujiwara**, Head of Climate Change and Research Fellow, CEPS and **Monica Alessi**, Research Fellow & Programme Manager.

Outreach activities will be led by **Monica Alessi**, Research Fellow & Programme Manager and in charge of outreach for climate change and energy at CEPS.

## **APPENDIX 2. WHY A CEPS TASK FORCE AND HOW DOES IT WORK?**

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The CEPS Task Force will constitute a unique forum of representatives from the European Commission, Members of the European Parliament, officials from member states, business and industry, cities and local government organisations, NGOs and other stakeholders to discuss highly topical issues in a multi-stakeholder setting. The objective of a task force is i) to create a process where issues can be analysed in open but structured discussion and ii) to publish an authoritative analysis leading to policy recommendations. CEPS will produce an (operational) synthesis report for each meeting. At the end of the Task Force, CEPS will publish and circulate among EU and member state policy circles policy recommendations together with a background report, which will be also formally published in the CEPS Task Force Report publication Series. The Report will be based on discussion in the meetings supplemented by research carried out by the rapporteurs.

Potential members of the Task Force are representatives from the European Commission (DG TREN, DG Environment), MEPs, representatives from member states, local government

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<sup>3</sup> In the "Task Force Report" series: [http://shop.ceps.eu/BooksList.php?category\\_id=1](http://shop.ceps.eu/BooksList.php?category_id=1)

organisations, other EU institutions, business and industry (equipment suppliers, grid operators, public transport etc.), development banks, NGOs, academia and other key stakeholders.

CEPS has a track record of having run over 50 task forces. See: [http://shop.ceps.eu/BooksList.php?category\\_id=1](http://shop.ceps.eu/BooksList.php?category_id=1)

## APPENDIX 3. AGENDA FIRST MEETING

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First meeting of the CEPS Task Force on

### EU and Global Climate Change Policy and the Increasing Role of Cities

15 May 2009

- The crucial importance of commitments at city level to achieve global climate change policy objectives
- Fitting commitments by cities into a post-2012 climate change agreement: legal, economic and political aspects
- City actions, commitments, the role of business and the requirements for policy to create the necessary framework

#### Agenda

Big Conference Room, Ground floor,  
CEPS, Place du Congrès 1, 1000 Brussels; tel.: +32 2 229 3911 ; [www.ceps.eu](http://www.ceps.eu) , see online map

09:00-10:00	Registration and welcome
10:00-10:05	<b>Welcome by CEPS</b> <b>Christian Egenhofer</b> , Head of the Energy Programme (confirmed)
10:05-10:15	<b>Introduction by the Chair of Task Force</b> <b>Laurence Tubiana</b> , Director, IDDRI (confirmed)
10:15-11:45	<b>Session 1. The necessity to include city actions into the post-2012 climate change framework</b> <b>Brice Lalonde</b> , Climate Change Ambassador, France (confirmed)  <u>Comments by:</u> <b>Jos Delbeke</b> , Deputy-Director General, DG Environment, European Commission (invited) <b>Representative from DG TREN</b> , European Commission (invited) <i>Discussion</i>
11:45-12:00	Break
12:00-12:45	<b>Session 2. Fitting commitments by cities into a post-2012 climate change agreement: legal, economic and political aspects</b> Introduction by <b>Matthieu Wemaere</b> , IDDRI (confirmed)

*Discussion*

12:45-13:45	<b>Light lunch at CEPS</b>
13:45-16:00	<b>Session 3. City actions, commitments, the role of business and the requirements for policy to create the necessary framework<sup>4</sup></b>  <b>Getting serious about action: the abatement potential at city level</b> <b>Patrick Criqui</b> , Co-Chair, Plan Climat, City of Grenoble (confirmed) <i>Discussion</i>  <b>What cities will need from policy</b> Representative from <b>major EU city</b> (confirmed) <i>Discussion</i>  <b>The business case for strengthening city commitments</b> Representative from <b>Véolia</b> (and/or other discussants)(confirmed) <i>Discussion</i>  <b>Open discussion</b> (30 minutes)
16:00-16:30	<b>Wrap-up of meeting and agreement on the terms of reference for further work</b>
16:30 (at latest)	End of meeting

### **Tentative agenda (second meeting):**

- **Coherence and reinforcement of local and national/EU actions** with **speakers from:** DG TREN, European Commission, cities, energy supply business, carbon market participants.
- **Incentives, cities and carbon market:** i) cities and the ETS; ii) voluntary markets CDM & JI; iii) the new post-2012 mechanisms including domestic off-sets etc. **With speakers from:** DG Environment, European Commission, IETA, business, NGOs, cities
- **City experiences**, e.g. Grenoble, Lyon, Tokyo etc.; presentation of actions by cities and discussions how they accelerate domestic and international climate change policy.

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<sup>4</sup> 10 minutes presentations followed by 20 minutes discussion.



## APPENDIX 4: Registration Form

### EU and Global Climate Change Policy and the Increasing Role of Cities

0 I wish to participate in the CEPS Task Force

Name:.....

Title:.....

Company:.....

Address:.....

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Postcode:.....Country:.....

**VAT**

**N°**.....

**Email:**.....

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0 As a corporate member of CEPS my company pays 1000 Euro (+ 21% VAT)

0 My company is a not a corporate member of CEPS and pays 5000 Euro (+ 21% VAT)

0 My company is interested in becoming a corporate member of CEPS<sup>5</sup>.

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Please return to:

**Isabelle TENAERTS**  
**CEPS**  
**Fax: 32.2.219.41.51**  
**isabelle.tenaerts@ceps.eu**

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<sup>5</sup> Regarding information on CEPS Corporate Membership, please contact Staffan Jerneck, Deputy Director and Director for Corporate Relations (staffan.jerneck@ceps.eu) at +32 2 229 3910 or +32 475 903 924.