

Post-2020 EU Climate Change Policy

CCMF Task force

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Issues

- Lessons learned
- Objectives
- ETS
- Competitiveness
- Other issues

Lessons learned EU 1

- What was expected
- International agreement. Copenhagen/ Cancun/ Durban didn't deliver enough
- High energy prices/ oil/gas would support 20/20/20%: shale gas
- Renewables will give competitive advantage: China is producing
- Economic growth
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What relation between EU and international climate change policy

Option 1

- Unconditional 40% or more EU climate target for 2030 and 2050 : bottom up approach
- Rest of world will do what it is able to do
- EU certainty leads to innovation...

Option 2

- Conditional EU target depending on proposals of rest of the world
- EU only 11% of world wide emissions..
- EU competitiveness has a problem

Is one headline target realistic?

NL in favour of one CO2 target

Why?

- Cost effective
- Climate change is the problem.

Why not enough?

- No ambitious unconditional CO2 target
- Climate not only issue/ competitiveness

End position

- Renewable target not undermine CO2 target
- Innovation policy for renewables
- Energy efficiency ? Not on EU level

How to address competitiveness in ETS

- Avoid carbon leakage
- Free allocation based on production one year ahead and benchmark
- Compensation indirect for big electricity users on EU level/less auctioning income
- Ambitious target for ETS is then possible

Innovation

- Of energy intensive industries
- SET and horizon 2020
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How to manage policy combinations ?

- ETS must be linked to international energy and climate developments
 - level playing field for int. competing industry (direct and indirect effect)
- ETS target must give investment certainty to invest in low carbon development so be linked on long term EU commitment of 85% in industry and 96% reduction energy sector in 2050
- Avoid overlap with renewable and energy efficiency targets
- Take in to account developments in energy sector like shale gas..
- Flexibility versus investment certainty..

What went different as expected in 2008/2009 EU climate and energy policy?

- 3 overlapping targets led to inefficiencies
- ETS link with international negotiations 20% -30%
 - Copenhagen didn't bring ambitious targets
 - use of CDM and JI –big supply no demand from VS
 - compensation indirect based on state aid rules
- Economic crisis: oversupply of credits- some industry in trouble not because of ETS (windfall profits for some!! because of free allocation!)
- No flexibility in ETS (demand for investment certainty!!).
- Change of directive difficult (vested interests)
- Developments in energy sector: shale gas in USA cheap coal in EU