

CARBON MARKET FORUM



Thinking ahead for Europe

Task Force on EU post-2020 Climate Change Policy

Climate change has become a very important domain for EU policy. This refers not only to showing EU leadership in combating climate change, but also at a more general level, as a centrepiece of the “Europe 2020” economic growth strategy. This strategy has identified “sustainable growth” to promote a more resource-efficient, greener and more competitive economy, as one of its five pillars. Climate change was also identified as an issue that has strengthened the EU’s standing in the world, in the context of the broad EU image and priorities.

The 2020 package consisted of a package of targets, and policies to reach those targets: 20/20/20 for GHG reductions, renewable energy and energy efficiency. The EU Emissions Trading Scheme (ETS) was built to be the cornerstone of the EU’s climate policy approach, and a key element in the 2020 EU Climate and Energy package, which is meant to provide an integrated approach to climate and energy policy.

The discussion on EU ETS structural reform has seen broader themes being addressed and initial thoughts of what may be included in the post-2020 EU climate change policy. Currently the goal is currently defined in the Roadmap for moving to a low-carbon economy in 2050 as 80-95% decarbonisation by 2050.

In discussing EU ETS structural issues, we have also noted that special attention must be given to the context in which this discussion is taking place, as well as its current fundamental guiding documents. Those include:

- The 2020 Climate and Energy Package
- A Roadmap for moving to a competitive low-carbon economy in 2050
- The Energy Roadmap 2050
- White Paper 2011: Roadmap to a single transport area and competitive and resource-efficient transport system

In addition, this discussion will take place in the context of other processes that the EU will be engaged in

- EU ETS structural reform
- 2015 international climate change negotiations
- Energy taxation proposal

A number of interrelations have been noted, and others may need to be added. Some of the ones that certainly will need to be included are energy policy, competitiveness and carbon leakage, and international developments (multilateral and domestic).

What would a post-2020 policy look like, what areas, and what topics, should it cover? Is this format, of targets and policies, with the interactions that it recognizes, sufficient? We have discovered quite a few new things over the last few years concerning how things work, given the priority we have given to pricing carbon.

Should the post-2020 policy be put together in the absence of a 2015 international agreement that will into force in 2020 and what should be the relationship between the two? How should flexibility provisions be introduced in such a package to account for outcomes of international agreements, domestic developments in other jurisdictions as well as the sometimes rapidly changing realities of economic and energy developments in the EU, and around the world. Interactions will need to be better understood and treated in a way that allows for dynamic adjustments. Green growth, and especially competitiveness will be increasingly important issues.

The European Commission is preparing a Green Paper on the EU climate policy post 2020. This debate will have a significant impact on, among other things, the discussions on EU ETS structural reform that is now underway. It is unlikely that separate decisions can be reached, if a comprehensive package is to be put together.

While the document is put together, one key issue will be the scope of the discussion, and what will be the main priority areas for the EU. CEPS, through the CMF, feels that the scope of the debate is one area which will to a large degree define the tone of the debate and where stakeholders need to have a strong input.

We have heard a lot from many stakeholders over the last 14 months and this is clearly a topic that we would like to explore together. The CMF is creating a post-2020 EU Climate Change Policy Task Force that will start with an initial meeting on April 24rd.

The following process is currently envisaged for this Task Force. Preliminary arrangements include:

Chair: Frank Convery, Professor, University College Dublin

- Short background paper prepared by CEPS
- April 24th, 2013 - 1st meeting of Task Force, Brussels
- May 14th, 2103 – Paper outlining EU post-2020 climate change policy Priority areas (Priorities Paper)
- May 24th, 2013 – meeting to discuss Priorities Paper
- July 9th, 2013 – Launch of Priorities Paper and Program of Work for EU post-2020 Climate Change Policy