

CLIMATE & ENERGY
POLICY NEWS
FROM EUROPE

Hotspot

Climate Action Network Europe

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Europe's 30% Policy

BY ERICA HOPE, CAN EUROPE

"A reduction of 30% [in greenhouse gas emissions] from 1990 levels by 2020 would represent a real incentive for innovation and action in the international context. It would be a genuine attempt to restrict the rise in global temperatures to 2°C... stiffening the resolve of those already proposing ambitious action and encouraging those waiting in the wings. It would also make good business sense."

You may wonder, is this the latest statement from NGOs on the EU's faltering climate ambition? Not at all. In fact, these sensible words appeared in a Financial Times article on 15 July, written by British, French and German environment ministers.

We are encouraged by this about-turn, and will make full use of it to press Europe to apply a threshold of at least 30% - the bare minimum we need. Of course, we really want Europe to commit itself to cuts of at least 40% by 2020.

We applaud the ministers' strong leadership in the face of protests from Business Europe and the Alliance for a Competitive European Industry. Fortunately, these bodies appear more focused on the European Commission's compelling 27 May Communication. This document finds that a move to 30% would bring annual savings of €3bn on pollution control spending by 2020 and further health co-benefits of €3.5bn-8bn in 2020.

The Commission's paper confirms that the EU's current "-20% by 2020" emissions trajectory would be insufficient to meet its emission reduction obligations of 80-95% by 2050 at optimal cost. It also identifies shorter-term economic implications which would result from sticking at 20%. Cash-strapped EU governments may balk at estimates that emissions allowance auctioning revenue may fall by up to €70bn, as Greenpeace and CAN-Europe calculate. Meanwhile oil prices are rising. Achieving a 30% emissions cut would slash oil and gas imports by €40bn in 2020, with oil at \$88 per barrel in 2020.

Keeping a -20% target would perpetuate problems caused by the low carbon price resulting from reduced production and past over-allocation of emissions permits to industry. The lower the carbon price, the weaker its power to encourage change. New research by Bloomberg New Energy Finance, shows that China green

technology investment has leapt ahead, attracting \$40.3bn (€31.6bn) of asset finance for clean energy in the past year, compared with Europe's \$29.3bn.

Business Europe and friends will doubtless continue striving to keep Europe in the slow lane, by repeating threats of job cuts and lost productions if Europe raises its target and others don't. This is despite the fact that the Communication's economic models foresee the impact on production at just 1% for most sectors - if other countries stuck by their low-end Copenhagen pledges, the worst-case scenario.

These stakeholders are battling against Europe's best interests because they are profiting under the current EU climate regime - while making only minimal emissions cuts. Commission and International Energy Agency (IEA) analysis shows that at current rates, EU ETS sector emissions will be at almost the same in 2020 as in 2008. So industry will have made virtually no emissions cuts, despite refining, iron and steel having made windfall profits of €14bn during 2005-8 (ref: CE Delft) by charging customers for allowances they receive for free.

With profits like these, no wonder these bodies are fighting to retain the 20% regime. Some companies are trying to undermine climate action outside the EU. Business Europe members have been exposed lobbying against the US Environment Protection Agency's greenhouse gas emissions regulation. One such European company is responsible for America's worst-ever oil spill.

Some corporations are embracing the future, however. A number of European businesses have just come out in support of the three ministers' statements on 30%. CEOs and chairs from 27 important European businesses, including heavy hitters like Vodafone, Nestle and Lloyd's Banking Group, published a letter in support of the ministers, saying it would be good for their businesses to make such a move.

The EU must follow the environment ministers' and responsible corporations' excellent examples, by heeding the recent Commission document, and not succumbing to the same lobbying tactics that produced Copenhagen's weak outcome. ■



U.S. high school student Stark Ashton recently transformed his grandfather's 1972 VW Beetle into an electric vehicle. The cost? around \$4,000. He equipped the Beetle with nine golf cart batteries, used to power a single motorized shaft which can propel the car for nearly 80km on less than 10 cents worth of electricity. The converted Beetle is able to reach speeds of 72 km/hour.

(Source: treehugger.com)

How to avoid an electric shock

BY NUSA URBANCIC, TRANSPORT + ENVIRONMENT

Visitors to Europe's motor shows this year will know that virtually every manufacturer has plans for battery-powered cars. Electric cars are also a hot topic in Brussels. Last September, the European Commission President presented the development of clean and electric cars as a key priority. It's easy to understand the interest in electric cars. A truly sustainable transport system needs a shift towards more sustainable energy sources. Since current biofuel policy attracts more problems than it solves, transport electrification indeed seems the way to deliver the deepest carbon cuts.

But EU policy-makers should shun strategies which solely focus on promoting or subsidising electric cars.

We must remember that the electric car 'vision' has already brought disappointment, notably in late-1990s California. The film, 'Who killed the electric car?' blamed oil companies and others. But California's main mistake was to leave conventional cars untouched while pressuring the market to adopt expensive new technology.

Although several of the biggest car-makers have launched decent products, they cannot compete with petrol equivalents on price. If petrol-powered cars had had to offer fuel efficiencies on the scale of electric cars, they would have been left behind.

The EU will only be able nudge the car market towards low-carbon technology if producers are obliged to make all new cars more fuel-efficient. The EU should begin by revising legislation on new cars' emissions. Today's law lets car-makers sell three gas-guzzlers for every electric vehicle. So the more electric cars they sell, the less car-makers need do to improve the rest of the fleet. These perverse incentives, or "super credits," should be scrapped, and certainly not extended to vans, as the Commission proposes.

The EU should also introduce consistent, long-term evolving fuel-efficiency targets: 80g/km CO₂ by 2020 and 65g/km CO₂ by 2025 would be a great start.

If these standards were instituted, car-makers would doubtless cry foul. But despite claims that the EU has been too tough in imposing its target to improve efficiency by 17% over seven years, car-makers have already shown they can do far more. The 2009 Volkswagen Golf BlueMotion, for example, is 27% more efficient than its 2007 predecessor.



Car-makers prefer carrots to sticks. And governments, despite being short of cash, seem willing to open their cheque books for electric cars (the Boston Consulting Group estimates governments worldwide are offering up to €10bn over the next five years in incentives to encourage electric car development).

But they should remember it was EU CO₂ standards which forced car-makers to introduce fuel-saving technologies.

Pressure of that kind will be key to ensuring success. If policy-makers really want electric cars to succeed, they should start by recharging fuel-efficiency standards for all cars. ■

HOTGOSSIP

Members of Business Europe were spotted in Washington D.C. earlier this summer. Between canapes and cocktails, it seems they were trying to convince members of Congress not to pass climate legislation. Indeed, now a Senate bill on climate legislation looks less and less likely to happen this year. However, the Clean Air Act provides a foundation for the US President to ask the Environmental Protection Agency (EPA) to regulate greenhouse gas emissions without having to round up votes in the senate. Was that a bit of choking on a petit-four we just heard?

CALENDAR

For more details on these events check out our calendar on our website

6-7 September: Informal Energy Council

7 September: CAN Europe General Assembly

16 September: Informal EU Council

20 - 22 September: UN General Assembly

4 - 9 October: UNFCCC negotiating session in China

14 October: Environment Council

28 - 29 October: EU Council

11 -13 November: G20 summit

29 November - 10 December: COP16 in Mexico

16-17 December: EU Council

20 December: Environment Council

HOTDOCS

Sandbag, July 2010. International Offsets and the EU 2009, An update on the usage of compliance offsets in the EU ETS.
<http://sandbag.org.uk/files/sandbag.org.uk/offset2009.pdf>

Greenpeace, July 2010. EU Energy [R]evolution - Towards a fully renewable energy supply in the EU 27.
[http://www.greenpeace.org/raw/content/eu-unit/press-centre/reports/EU-Energy-\(R\)-evolution-scenario.pdf](http://www.greenpeace.org/raw/content/eu-unit/press-centre/reports/EU-Energy-(R)-evolution-scenario.pdf)

EEB, Birdlife and Transport + Environment, July 2010. Bioenergy: A Carbon accounting time bomb.
<http://www.eeb.org/?LinkServID=8481F382-A488-5532-533788C21A65D484&showMeta=0>



This 'Gigatonne Gap' is at least 5 to 9 Gt CO₂e, depending on whether countries achieve the low or high end of their 2020 pledges, according to figures from Project Catalyst. These figures also rely on a 450 ppm scenario which itself is not a sure bet.

The unclosed gap

BY KATHERINE WATTS, WWF UK

We are on a fast track to dangerous climate change. We need to halt the downward spiral, which has resulted from the richest countries' unambitious, inactive approach. Otherwise we shall exhaust the world's remaining carbon budget by the early 2020s.

Analysis suggests that the world will warm up by at least 3°- 4° C. This may destroy entire countries, ecosystems and species. It is already starting to happen. We must urgently act to close the gap between science-based reduction needs and the pledges made to date.

Essentially, the world is heading for a climate disaster because industrialised countries have been feeble in setting reduction targets and allocating funding. America's excessive emissions, particularly, are stretching the world's carbon budget beyond the breaking point. The EU's current -20% reduction target is also lamentably weak. Even the potential -30% increase is only just within the IPCC's 25-40% range, which itself has a 50-50 chance of exceeding the EU's own 2°C temperature increase limit goal. This "gigatonne gap" issue – the gap between what is pledged and what the climate needs - must be urgently explored in more detail and must be on the table in Cancun.

Apart from the absence of a coherent response to scientific imperatives, the problem of the loopholes built into the Kyoto architecture remains. The biggest include LULUCF rules which conceal increased forestry emissions, prodigious offsetting that is often not even targeted towards sustainable low-carbon development and banking of credits. Agreeing to close the loopholes, which disguise inaction, will require political will by developed countries.

Beyond existing targets, there are potentially new ways to slow the greenhouse effect and to raise funds to support action by developing countries.

Such approaches might include:

- International aviation and shipping, a large and rapidly-growing source of emissions could be a major source of climate finance (e.g., fuel taxes, removal of fuel subsidies, auctioning, etc.)

- Designing REDD (forest programme), market mechanisms, NAMAs, etc., to avoid double-counting developed country mitigation and financial support obligations
- Addressing F-gases currently included in the climate regime [a]
- Removing industrial greenhouse gases (N₂O, HFCs and NF₃) from the CDM. Abatement costs can be better met through a fund

Some of these proposals are already being discussed at the UNFCCC, but their potential contributions should be understood in the wider context of closing the gigatonne gap.

We need a comprehensive and realistic approach to closing this gap now. Including new sources and sectors should not replace existing efforts, but should be additional as allowing it to bridge the gigatonne gap and peak global emissions by 2015. ■

[a] F Gases (or fluorinated gases) replaced the ozone-depleting CFCs and HCFCs in the 1990s. They are non-ozone depleting, have low toxicity levels and low flammability. However, they do possess high global warming potential.

EU POLICY FOCUS

As noted in the article on page 4, the European Parliament has decided to prepare a non-legislative report on energy saving, with Danish centre-right MEP Bendt Bendtsen serving as Rapporteur.

The report will set out Parliament's views on progress on energy saving actions across Europe and how shortcomings can best be addressed. It will inform the preparation of the revised Energy Efficiency Action Plan (EEAP), which is now expected the Commission will publish in early 2011, ahead of a special Energy Council to be convened by Council President Herman von Rompuy on February 4th...

... European Parliament is also considering preparing a report on the EU's proposed 30% emissions reduction target. Given the lengthy timetables that a report would require, it would be impossible to finalise it before Cancun. If a Council decision on the EU's move to 30% is delayed until next year, a strong message from the parliament would be most helpful.





Why Europe needs a binding energy savings target

BY BROOK RILEY, FRIENDS OF THE EARTH EUROPE

Europe's half-hearted approach to cutting energy consumption might be changing. Last June, the European Parliament embarked on prioritising energy savings by demanding a binding target as part of its resolution on the EU 2020 strategy. It has since asked Danish MEP Bendt Bendtsen to recommend improvements to the EU's Energy Efficiency Action Plan (which first proposed a 20% target for 2020). Mr Bendtsen will need to convince his centre-right colleagues, many of whom remain determined to blockbinding legislation.

This matters, because cutting overall energy consumption - rather than simply improving efficiency, which has produced demand increases - is the quickest answer to Europe's climate and energy dilemma. On a consume less/import less basis, energy savings counter our growing import dependency, which is worsening as North Sea oil and gas production falls.

Cutting consumption also addresses the unpredictability of rising fossil fuel costs. The European Commission estimates that total savings from cutting energy consumption to 1990 levels would amount to €100bn-€150bn annually (roughly the EU's total annual budget).

Another EU priority is making the transition to renewable energy. Fossil fuels and nuclear power stations are extremely wasteful, transforming barely a third of their primary resources into electricity. Switching to renewables solves the problem of costly conversion losses, and the shift will be much swifter if the scale of the challenge is reduced.

With such a solid political and economic case for prioritising energy saving, it is surprising that the EU's approach has been so desultory. The current 2020 objective is purely voluntary and Member States have largely ignored it. There is also no single definition of what the target refers to, or even how it should be calculated (a fixed reference year would be the most easily measurable solution). When climate change analyses are considered, it would be pointless not to embrace energy savings. For these reasons Friends of the Earth Europe, along with CAN Europe, will be increasing its European energy-savings work and pressing for a much-needed mandatory target.

As an analogy for the binding target debate, consider an old British game called "shove ha'penny". The goal is to flick coins (ha'pennies) across a board and get them to rest on the highest scoring lines. As the game develops, players attempt to use their last coins to knock the others neatly into place. This deliberate knock-on effect is the whole point of a binding target: saving energy is the geopolitically secure, financially smart and environmentally effective policy that the EU must follow. But without having legislation to give a clear political signal and push financing and other policy instruments into place, it won't happen. So Mr Bendtsen must turn a deaf ear to his less progressive parliamentary colleagues who don't support a binding target.

For more information about Friends of the Earth Europe's energy efficiency work please contact [brook.riley \[a\] foeeurope.org](mailto:brook.riley@foeeurope.org). ■

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HOTLINKS

The Coalition of the Willing: a collaborative animated short film calling for organised online action in the post-Copenhagen era.

<http://vimeo.com/12772935>

The UN Conference on Trade and Development (UNCTAD) published its World Investment Report 2010

<http://www.unctad.org/Templates/WebFlyer.asp?intltemID=5535&lang=1>