



CAN EUROPE'S position on: Post-2020 EU climate and energy targets

The European Union, its economy and the international community need binding, coherent and more ambitious 2020 and post-2020 EU climate and energy targets

November 2012

Introduction

The Climate Vulnerable Forum report of September 2012¹, on the basis of an update and revision of previous estimates of losses linked to climate change, points to unprecedented harm to human society and current economic development that will increasingly affect people around the world, especially the poorest and most vulnerable, and at the same time hold back growth. Its key findings includes an estimation of 400.000 deaths due to hunger and communicable diseases aggravated by climate change, while failure to act already costs the world economy 1.6% of global GDP, amounting to 1.2 trillion dollars in forgone prosperity a year. Furthermore rapidly escalating temperatures and carbon-related pollution will double costs to 3.2% of world GDP by 2030. With major economies such as the European Union to be heavily hit.

On the other side of the spectrum, UNEP's flagship report *Towards a Green Economy*² estimates that tackling climate change through a transition to a low-carbon economy would grow the global economy at the same rate, if not higher, than those forecast under current economic models, but without the rising risks, shocks, scarcities and crisis inherent in the existing, resource-depleting, high-carbon economy. And recent scientific reports show that industrialized countries like the EU can profit from taking early action for climate change mitigation, even if the rest of the world is delaying action³.

Driving the European economy forward, while at the same time preventing dangerous climate change is possible. This will need an increase of community action in the EU as well as a greater effort to ensure environmental integrity and supranational solidarity. Such EU action should occur as part of a new global legally binding agreement which will help to drive ambition upward.

¹ *Climate Vulnerable Forum. Report: Climate crisis already causing unprecedented damage to world economy; human impacts on large scale. On: http://daraint.org/wp-content/uploads/2012/09/CVM_RELEASE_FINAL_ENGLISH.pdf*

² *United Nations Environment Program. Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication. On: <http://www.unep.org/greeneconomy/greeneconomyreport/tabid/29846/default.aspx>*

³ *Egenhofer, e.a. On the economics of decarbonization in an imperfect world. In: Climatic change (2012) 114:1-8.*



1. Setting targets stimulates innovation, investment and growth

The Climate and Energy Package, though far from perfect, gave us a legal framework that culminated in European taxpayers and companies investing at least €40 billion in low-carbon development. The targets have had clear benefits for job creation, increased resource efficiency and both reduced our trade deficits and increased our energy security. The targets spurred on Europe's renewable energy investments, which have helped create a global revolution in renewable energy investment now outstripping annual new fossil fuel-powered investments. Thanks to European targets, it is Europe's energy regulations and standards which emerging economies are emulating, and which underpin a global market worth US\$3 trillion. Without European targets, China would not have decided to implement a Five-Year Economic Plan based on the core assumption of rapidly expanding global markets in clean energy. It's clear that European targets have shaped global economic reality.

2. Ambitious 2020 and post-2020 targets: vital stepping stones to decarbonisation

Climate Action Network Europe calls upon the EU to recognize its historical responsibility and increase the ambition of its current and long-term climate and energy targets and policies. Only when achieving the upper end of the 80%-95% emission reduction target in 2050 (as indicated in the European Commission's *Roadmap for moving to a competitive low carbon economy in 2050*⁴) will the EU be able to take its responsibility to avoid dangerous climate change.

For this to be achieved, political decisions need to be made now on targets, policies, technologies and infrastructure which will put us on a cost-effective track to achieve the required deep cuts in greenhouse gas emissions. However, in order to ensure ambition, current 2020 climate and energy targets and policies will need to be improved. In particular the current 20% emission reduction target needs to be increased to a domestic emission reduction target of at least 30%, as part of an overall (domestic and non-domestic) emission reduction target of at least 40% by 2020. Furthermore binding national targets for energy savings need to be set, and measures taken to ensure the renewable energy targets are reached without compromising sustainable development objectives.

This urgent action to improve current policies needs to be complemented by agreement on a set of post-2020 ambitious, coherent and binding EU-wide and national targets for emission reductions, energy savings, renewable energy production and international climate support. Based on these targets, policies will have to be agreed. Such decisions need to be made by 2015 in order to give regulatory direction and certainty to industries and investors and to ensure agreement is reached on a new international legally binding agreement. The significance to these negotiations of a clear signal of the EU's commitment to continued and ambitious climate action should not be underestimated.

⁴ European Commission. *Roadmap for moving to a competitive low carbon economy in 2050*. On: http://ec.europa.eu/clima/policies/roadmap/index_en.htm



3. Current 2020 targets and policies need improvement

The need for firm action was clearly recognised in March 2007 when Heads of State and Government agreed 2020 targets for greenhouse gas emission reductions, energy savings and renewable energy. However there are lessons to be learned from the failures in the conception of the targets, and the policies designed to achieve them, which have had serious consequences. These mistakes include:

- Lacking coherence between the three targets: In particular the impact on emission reductions of the energy savings target was not factored in: if both the renewable energy target and the energy savings target are met, emissions will be reduced by 24%⁵.
- Weak ambition in the emission reduction target: The current low target will lead to a very steep post-2020 trajectory in order to achieve a 95% emission reduction target by 2050. As a consequence of the emissions target being too low, the 'cap' of the emissions trading system, combined with other design flaws, resulted in the carbon price being far too low to drive investment in low-carbon technologies.
- Not making the energy savings target legally binding: Due to a lack of binding targets, the recently agreed *Energy Efficiency Directive* will not bridge the gap between what's on the table and what is needed to achieve the 20% energy savings target. At best it will deliver 15% energy savings by 2020 rather than the agreed 20% target.
- Lack of sustainability guarantees: Setting a sub-target for transport within the renewable energy target, without establishing sufficient environmental safeguards for the use of biofuels, and lacking social and environmental sustainability criteria for the use of bioenergy as a whole has undermined the environmental integrity of the target and even undermines its benefits in terms of emission reductions as clear accounting is missing.
- Lack of binding commitments on the EU's share and delivery of international climate finance: Despite repeated commitments by finance ministers to contribute the EU's fair share (30-40% of the global figure) to the Convention's commitment on providing financial resources to developing countries and in particular the Copenhagen promise to mobilise 100bn USD annually by 2020, nothing has been done so far to make sure climate finance will not fall off a cliff after the Fast Start Finance ends in 2012.

⁵ European Commission. *Scenarios on energy efficiency and renewables*. On: http://ec.europa.eu/energy/observatory/trends_2030/doc/ee_and_res_scenarios.pdf



4. CAN Europe policy recommendations

In order to avoid the mistakes of the past, the EU's post-2020 targets need to:

- Ensure coherence by developing one coherent set of ambitious and binding targets for emission reductions, energy savings, and renewable energy generation;
- Achieve a level of emission reductions which put us on an environmentally, socially and economically sustainable, pathway to near complete decarbonisation by 2050;
- Take account of the limitations on the use of bioenergy which arise from its environmental impacts and competition with other uses, preferably by setting a volume cap and strict binding sustainability criteria for its use;
- Make optimal use of the opportunities of energy savings, especially in the building sector;

Ensure regular reviews of these targets so as to adapt them to new scientific findings, or social, economical and ecological evolutions.

- Include climate finance targets and ensure finance being automatically raised for the Green Climate Fund from innovative sources.

Further background information on key features of the post-2020 climate and energy targets and policies can be found in Annex 1



Annex 1

Key features of the post-2020 climate and energy targets and policies

Emission reduction target

Post-2020 emission reduction targets will need to be in line with the EU's fair share of efforts to keep global temperature rise since pre-industrial times well below 2°C, and not rule out achievement of the 1.5°C goal that will be reviewed internationally in 2013-15.

In order to ensure international legally binding emission reduction commitments are adequately and regularly reviewed we urge all countries to set emission reduction targets for short-term commitment periods similar to the Kyoto Protocol's first commitment period (five years). Therefore the EU has to set emission reduction targets for 2025 and 2030 in the context of indicative goals, which lay out the decarbonisation trajectory for 2050.

Renewable energy target

A 2030 renewable energy target needs to reflect not only the current potential of renewable energy technologies but also the potential of emerging technologies that will become operational on a large scale during the next decade.

The renewable energy target should cover all energy sectors but should not be divided into sectoral targets. It should ensure that all forms of bioenergy are subjected to an EU-wide binding sustainability framework, and the use of bioenergy should be limited to sustainable available levels.

Energy savings target

It is increasingly clear that energy savings are not the 'low-hanging fruit' that has long been supposed and although a strong carbon price signal should reward energy savings, market mechanisms alone are not enough to overcome many of the barriers. Therefore we need a binding 2030 energy savings target to drive energy efficiency measures. Such a target would also provide the needed policy certainty for investors, who have explicitly said they would like the guarantee such a target offers, and would serve to increase the EU's energy security and reduce fuel import costs.

The target should be a consumption target: a pre-defined level of total energy consumption, which takes into account the expected baseline changes in energy demand (in view of population and economic activity) and the cost-effective potential of technological and behavioural measures.

The provision of international climate support

The climate finance landscape beyond 2020 is likely to be shaped by the outcomes of international climate negotiations on the Ad-hoc working group on the Durban Platform for enhanced action (ADP), but is guaranteed to include further expectations on developed nations to provide new and additional climate support to the poorest and most vulnerable nations, consistent with their adaptation and mitigation needs.

Post 2020 climate finance should be provided in predictable and scalable ways, the majority through the Green Climate Fund. The EU should design mechanisms to automatically generate revenues from innovative sources such as the auctioning of EU ETS revenues, carbon pricing of



international transport, the Financial Transaction Tax, and other automatic financing mechanisms.

Create an Industrial Innovation Fund

Energy-intensive industry sectors such as the steel, cement and paper sector have a significant unused potential for energy savings and emission reductions. In the context of a package of post-2020 policies, the EU must provide the right framework to leverage investments in cleaner and more efficient production processes while strengthening industrial competitiveness.

To push innovation and deployment of green and efficient technologies in energy intensive sectors to a larger scale, a portion of the ETS auctioning revenue should go to an Industrial Innovation Fund dedicated to cleaner and innovate production processes (e.g. magnesium-based cement production, coke-free steel production). Complementary regulation, such as CO2 standards and phase out pathways for high-carbon production must be introduced, so as to ensure that finance is followed by performance improvements.

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Climate Action Network (CAN) Europe is Europe's largest coalition working on climate and energy issues. With over 100 member organisations in 27 European countries, CAN-Europe works to prevent dangerous climate change and promote sustainable energy and environment policy in Europe.