

Post-Paris EU climate policy briefings

At the Paris Climate Summit, 195 governments agreed to reduce man-made greenhouse gas emissions to zero during the second half of this century and to limit average global temperature rise to 1.5°C. As signatories to the Paris Agreement, the EU and its Member States now need to revise and strengthen their climate and energy policies, and all other relevant policies to make them coherent with the Paris objectives. Our briefing papers provide a top line overview of the processes that will contribute to the needed zero-carbon transformation.

Legislation on non-ETS emissions (Revision of the Effort Sharing Directive)

April 2016

What?

In order to achieve its overall 2020 greenhouse gas emission reduction target, the EU adopted a dual approach, with an EU-wide Emissions Trading System covering power stations and industrial plants, and national targets to tackle emissions from the non-ETS sectors: transport, agriculture, buildings, small industry and waste. Currently the Effort-Sharing Decision sets the rules that need to be applied in order to reduce emissions from the non-ETS sectors by 10% by 2020 as compared to 2005. The European Council in October 2014 agreed to continue this dual approach and adopted a target for the non-ETS emissions of -30% by 2030 as compared to 2005 levels. Next to the establishment of national targets, the European Commission has to come up with a new legislative initiative to either continue the Effort Sharing Decision or replace it by a new Decision/Directive, that should provide guidance on issues such as the target from which emission reductions needs to start in 2021, the possible inclusion of Land Use, Land Use Change and Forestry (LULUCF) in the 30% target for non-ETS emissions, and provisions to trade emissions allowances between countries but also between the ETS and non-ETS sectors. The Commission is expected to come up with this proposal in July 2016.

What is at stake?

Next to the target setting, and the need to revise the 30% target, and subsequent national targets (which is the subject of the briefing on 'National Targets'), and next to the possible inclusion of LULUCF in the 30% non-ETS target (which is the subject of the briefing on 'LULUCF'), there are several issues which are important:

- the open question whether surplus emission allowances in the non-ETS sectors from the period up to 2020 will be allowed to be carried over. If this would be the case, as several mostly Eastern European Member States are asking for, this would increase the total amount of emissions in the period 2021 to 2030;
- the emission levels from which the distribution of allowances will start in 2021, which is important as for most countries real emissions in the non-ETS sectors will be well below their targets, and thus starting from real emissions would reduce total emissions in the period 2021 to 2030;
- the level of surplus emission allowances from the ETS sector that countries will be able to use to increase emission allowances in the non-ETS sector, as this will be one way of carrying over surplus emissions from before to after 2020 and thus increase total emissions in the period 2021 to 2030.



Who are the key players?

For the European Commission: Commissioner for Climate Action and Energy Miguel Arias Cañete and DG Climate Action, and given all members of the Energy Union team as the sectors outside of the ETS cover the responsibilities of several Commissioners;

For the European Parliament: very likely this file will be managed by the Environment Committee. This will be decided once the Commission has presented its proposal. Also then will the rapporteur (who will also be the Parliament's lead negotiator in the dialogues) be appointed;

For the Council of Ministers: the Environment Council, under the leadership of its consecutive presidencies: Slovakia (2nd half 2016), Malta (1st half 2017), UK (2nd half 2017), Estonia (1st half 2018), and Bulgaria (2nd half 2018).

What has happened, will likely happen and when?

October 2014: Heads of State and Government agreed, by unanimity, key elements related to reductions in the non-ETS sectors, which will be difficult to change without going back to them;

July 2016: the European Commission is expected to present a legislative proposal on rules for emission reductions in the non-ETS sectors;

2016-2017: the European Parliament to appoint a rapporteur and a lead committee, this rapporteur/committee to adopt a position and to decide whether to start dialogue before going to plenary or not;

2016-2017: EU Member States to agree on a common position on both the Commission's proposal as well as the amendments agreed in the European Parliament. This might take a while as several (Western European) Member States want to agree on a position on the non-ETS legislation at the same time as they agree on a position on the reform of the ETS;

2017-2018: dialogue, and if successful: vote in the European Parliament and the Council of Ministers on the final compromise.

CAN Europe's position

CAN Europe calls for an increase of the EU climate targets, including a substantial increase of the target to reduce non-ETS emissions, of at least -45% by 2030 as compared to 2005. To this end the proposed legislation should include an automatic revision clause that allows all national targets to be adapted to a possible change of the EU's commitment under the Paris Agreement;

CAN Europe is against the inclusion of carbon removals from forests and land use in the target for non-ETS emissions. Such removals must not be used to offset fossil fuel emissions;

CAN Europe calls for the starting point for emission allowances to be set at a level that reflects actual emissions in 2020, while ensuring that those few countries that do not achieve their targets have to start from their 2020 target level;

CAN Europe rejects any proposal to allow all or part of unused pre-2020 emission allowances in the non-ETS sector to be carried over to fulfil obligations after 2020;

CAN Europe is also against allowing Member States to use surplus allowances from the ETS to comply with their targets in the non-ETS sectors. The oversupply of the ETS allowances needs to be addressed in the reform of the ETS Directive.

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