European Commission

2030

FRAMEWORK for CLIMATE & ENERGY

#EU2030

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Outline

1. Climate and energy: where do we stand?
2. Motivation for the 2030 framework
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4. Challenges and benefits
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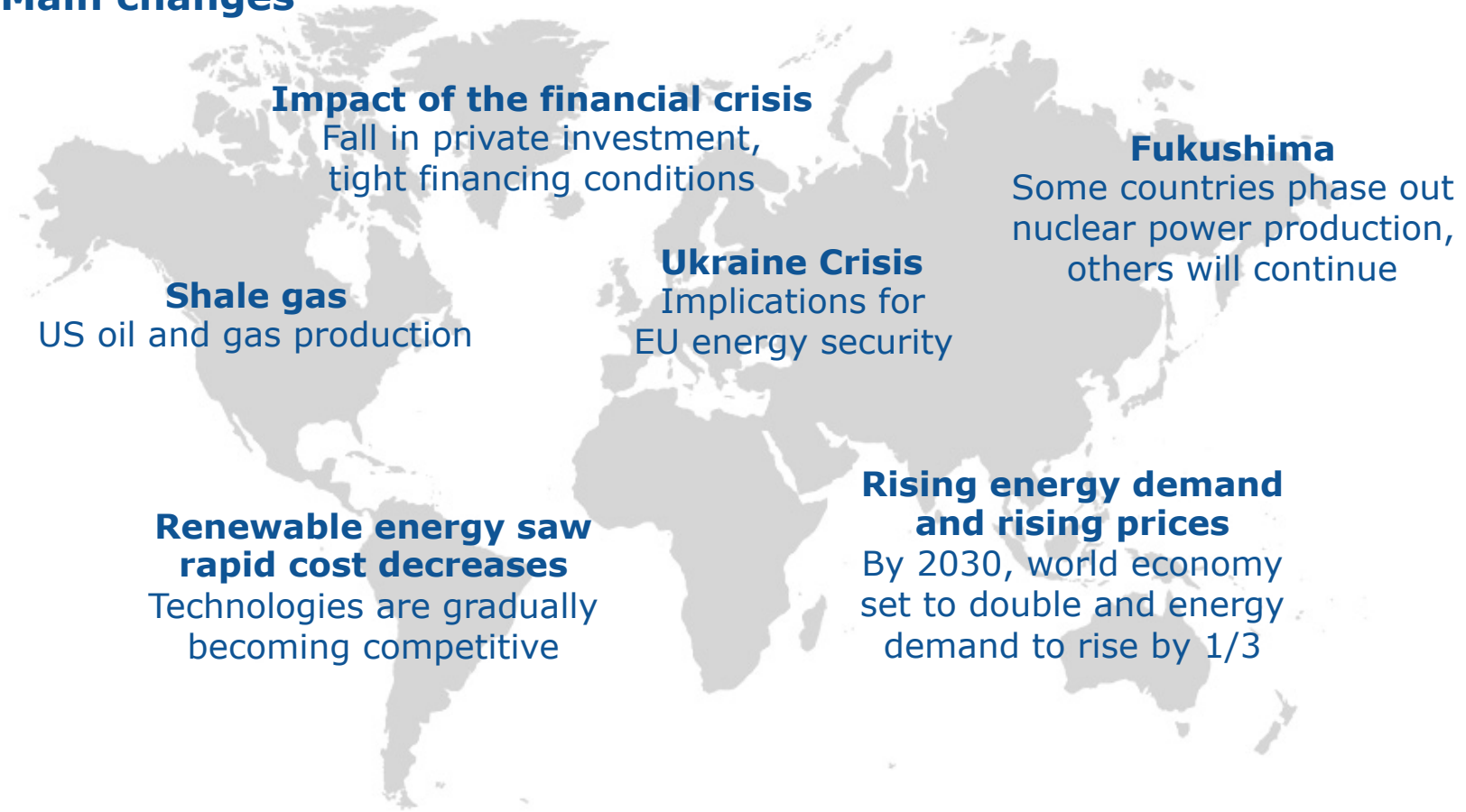
1. Climate and energy: The 2050 framework

- DG CLIMA presented "A Roadmap for moving to a competitive low carbon economy in 2050" in March 2011.

- DG ENER presented the Energy Roadmap 2050 in December 2011, with key efforts on:
  - Energy savings;
  - Energy market integration;
  - Infrastructure development, and the security of energy systems;
  - Technical innovation and low-carbon energy sources;
  - Demand management.

2. Climate and energy: where do we stand?

Main changes



Impact of the financial crisis
Fall in private investment, tight financing conditions

Fukushima
Some countries phase out nuclear power production, others will continue

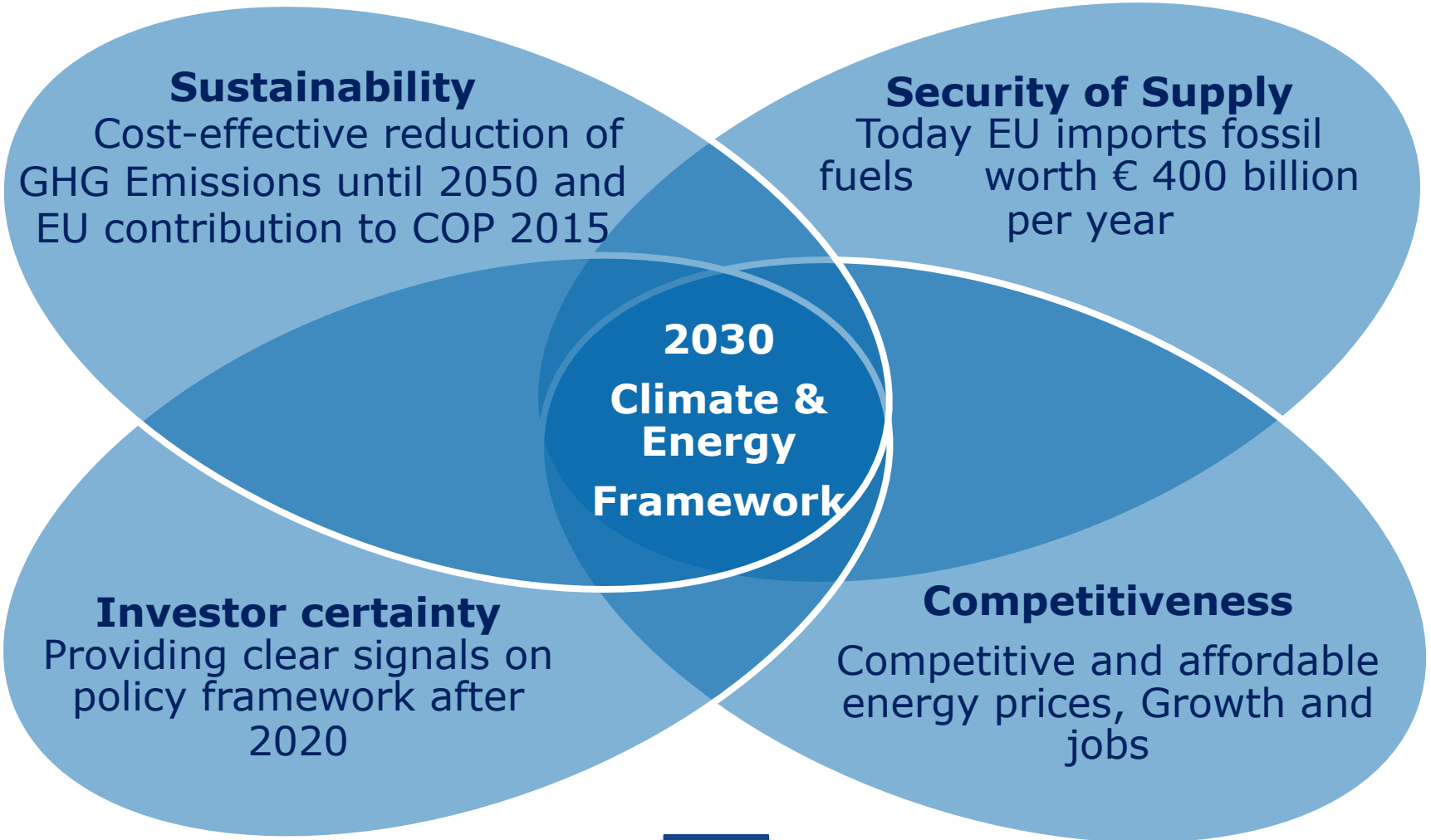
Ukraine Crisis
Implications for EU energy security

Shale gas
US oil and gas production

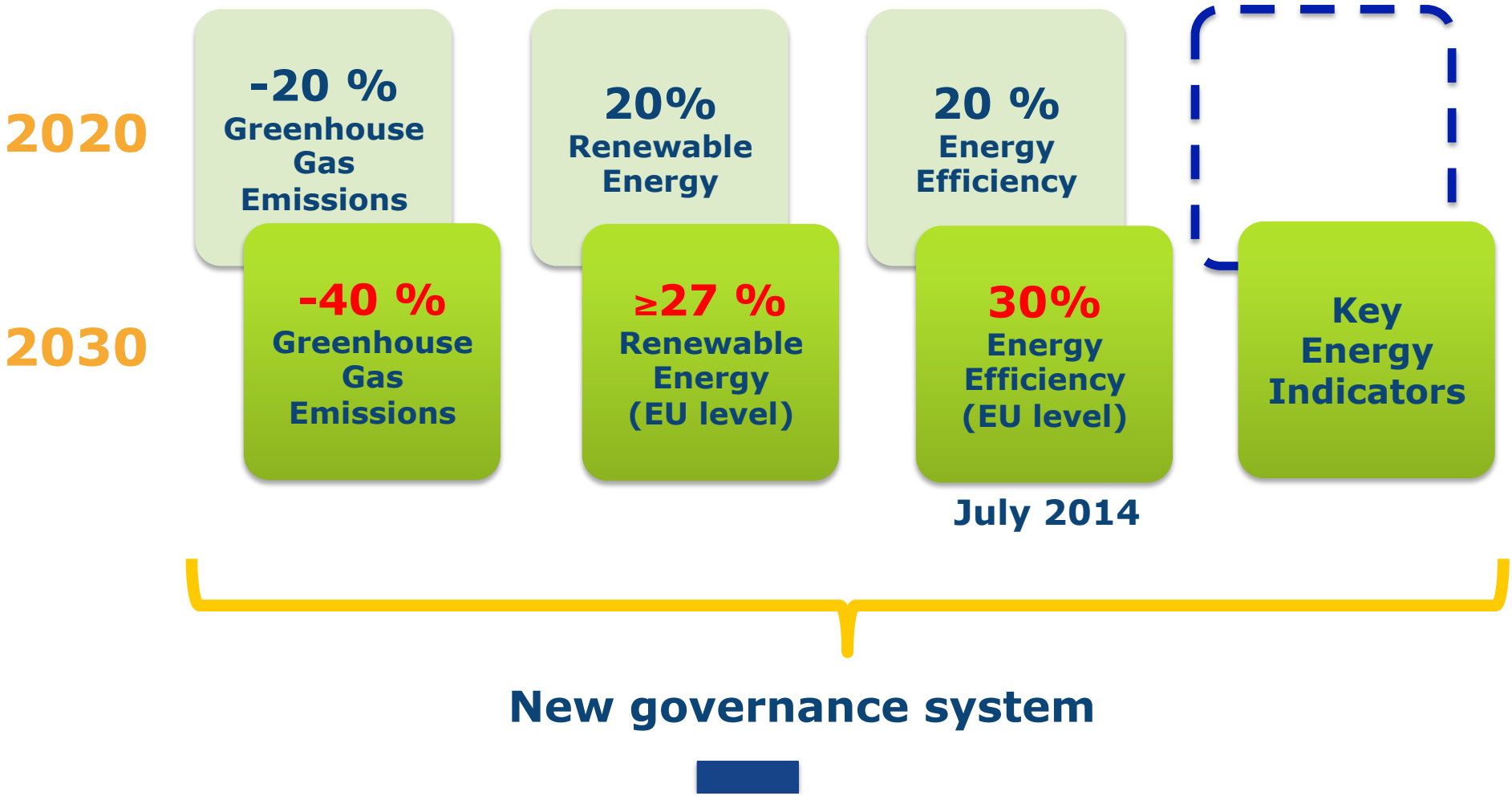
Rising energy demand and rising prices
By 2030, world economy set to double and energy demand to rise by 1/3

Renewable energy saw rapid cost decreases
Technologies are gradually becoming competitive

3. Why a new framework for 2030?



4. Main elements



5. Main challenges for 2030…

Energy **costs**

- **Increasing** in any event: renew **ageing** energy system, rising fossil **fuel prices**, adherence to **existing policies**

Additional **investments** to achieve 2030 framework

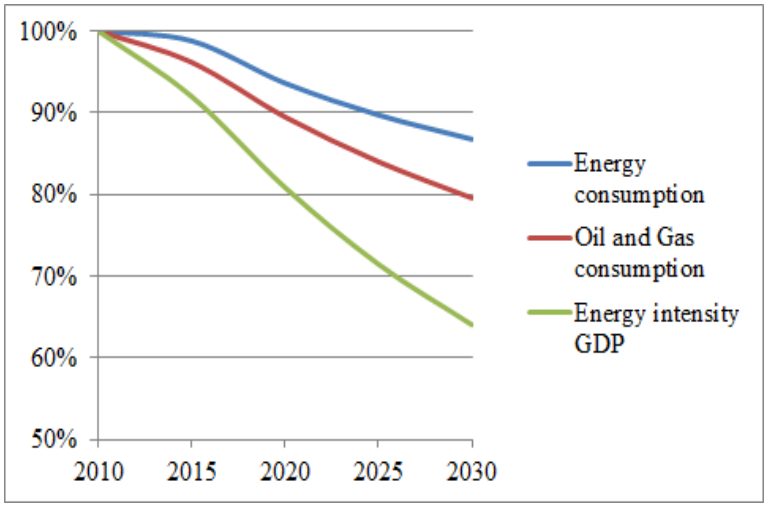
- Shift away from **fuel expenditure** towards investments, additional **€ 38 billion** investment/year 2011-2030 compared to the reference scenario

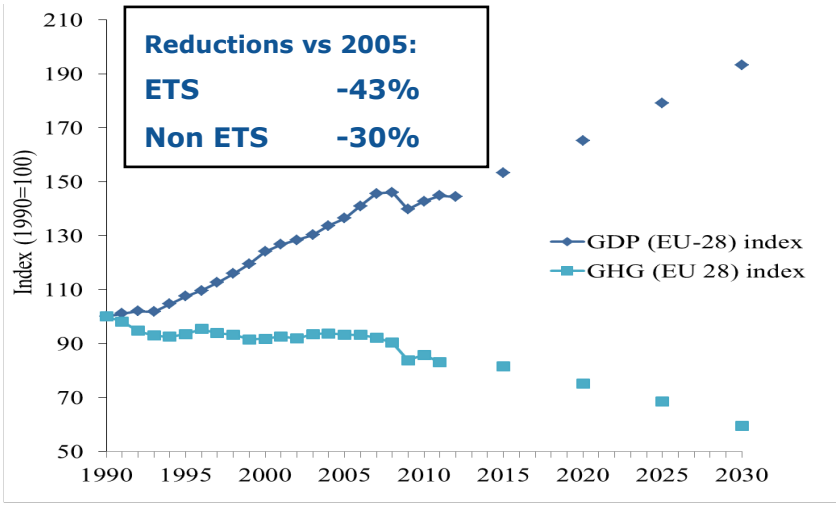
Differences between Member States

- Future discussion will have to be centred on how to ensure an **equitable burden sharing** affordable for all

6. … and benefits

- **Decoupling of Gross Domestic Product growth** from Greenhouse Gas Emissions will continue





- **Energy system costs:** 0.15% of GDP in 2030
- **Investments:** additional € 38 billion per year next 2 decades
- **Fuel savings:** additional € 18 billion fuel per year next 2 decades
- **Energy security:** additional 11% cut in energy imports in 2030
- **Innovation:** jobs & growth
- **Health and air pollution benefits:** €7-13.5 billion in 2030

7. How it works: New Governance system

National plans for competitive, secure and sustainable energy

Plans to improve EU wide coherence and provide investor certainty well before 2020:

- **How to achieve domestic objectives (non-ETS GHG target, contribute to EU renewable energy target, energy savings, etc).**
- **What other important choices such as nuclear, shale gas, low carbon fuels, CCS, etc.**
- **How it contributes to strengthens the internal market (renewables deployment, balancing markets, generation adequacy and construction of interconnectors).**

7. How it works: New Governance system (Con'd)

- **National plans** for competitive, secure and sustainable energy

Commission develops detailed guidance on the new governance process and contents of national plans

Member States prepare plans based on an iterative process (including consultation neighbouring MS)

Commission assesses Member States' plans and commitments (2030 targets!)

7. How it works: GHG target implementation (Con'd)

Overall 2030 domestic GHG target -40% compared to 1990

ETS target -43% compared to 2005

Non ETS target -30% compared to 2005

Translate into:

- Linear Reduction factor from 2021 onwards -2.2% for all ETS sectors

- Non ETS targets for Member States

8. European Energy Security Strategy

- **June European Council welcomed EESS (May proposal)**
- **Called for immediate implementation of a set of most urgent measures to increase EU energy security in the short term, before the winter of 2014/2015, e.g. by:**
  - **reinforcing existing emergency and solidarity mechanisms (gas storage, emergency infrastructure and reverse flows)**
  - **pursuing relevant energy infrastructure investments**
  - **strengthening the Energy Community with EU neighbours**
- **Energy security stress tests with Member States**
- **Council stressed that the EESS is closely linked to the 2030 Framework on Climate and Energy**

9. European Energy Security Strategy

- **Medium to long-term energy security measures:**
- **Importance of energy efficiency (EED review and 2030 target proposed by Commission in July)**
- **Integrating the European energy market and fostering missing infrastructure (Projects of Common Interest)**
- **Interconnectivity must be increased (EU electricity interconnection target of 15% in 2030 proposed)**
- **European Council will take a final decision on the 2030 Framework and energy security no later than October.**

10. Global context: the 2015 Agreement

A new international climate agreement applicable to all to keep global average temperature increase below 2°C

Process

Bonn inter-sessionals: March, June, October

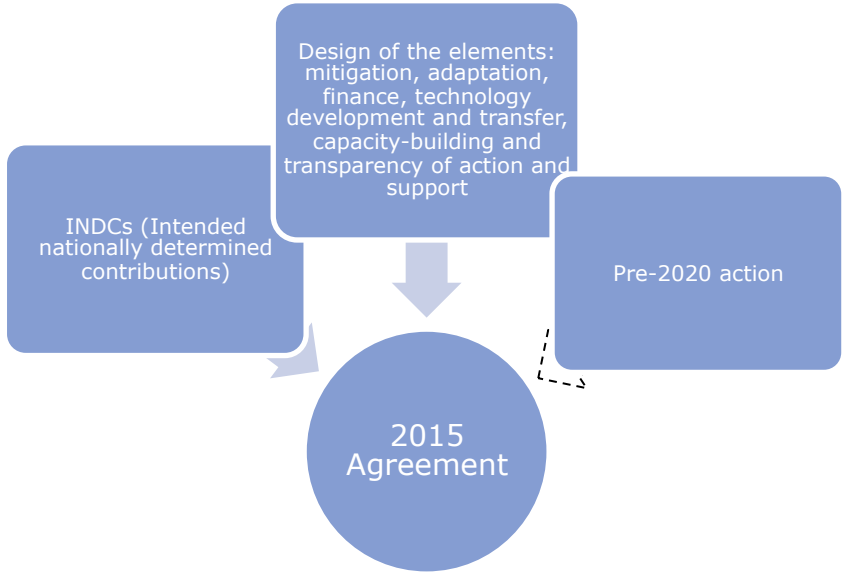
Durban 2011: launch of new process

Lima 2014: decision on elements of the 2015 Agreement

Warsaw 2013: call for intended contributions by March 2015

Paris 2015: adoption of the Agreement

Content



Role of major economies essential:
US (Obama Climate Change plan, EPA power plant rule);
China (5-year plan, peaking?); EU (2030 climate&energy framework)…

11. UNFCCC negotiations—Bonn, June 2014: steady progress towards Paris

Intended nationally determined contributions (INDCs):

Will Parties be ready by March 2015? What will contributions look like?

EU, US, China clear frontrunners. Other major economies preparing; international support available

Consensus that **all must contribute emission reductions**; discussions on adaptation and finance ongoing

Elements of the 2015 Agreement:

How will the agreement address mitigation, adaptation, finance, technology, capacity-building, transparency?

Elements to be decided in Lima; emerging consensus on **ambitious mitigation commitments** from the outset, and on a mechanism to continue increasing ambition

Challenges: **adaptation, finance, rules base**

Pre-2020 climate action:

Can we close the "ambition gap"?

Multi-stakeholder exchanges on **land use** and **urban environment** following up on energy efficiency and renewables in March

Way forward: expand current technical work to new areas?

June Bonn session confirmed that negotiations are on track for December 2015

12. Summary

- **Key elements of the 2030 Framework:**
  - ✓ 40% GHG target at EU level (ETS and non-ETS)
  - ✓ At least 27% Renewable Energy target at EU level
  - ✓ 30% Energy Efficiency (savings) target at EU level
  - ✓ New Governance System
  - ✓ Key indicators for energy security and competitiveness
  - ✓ Reform of ETS
- **Decision on 2030 Framework and EESS in October**

European Commission

THANK YOU!

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