



Going beyond the EU NDC - draft paper

Assessing efforts to be Europe's climate leaders – Berlin, 31/1/2020

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Roundtable on
Climate Change and
Sustainable Transition

Project background

- EU NDC commitment is an at least -40% domestic reduction target by 2030 (compared with 1990)
- Momentum towards carbon-neutrality by 2050 as a target
 - Implications for 2030 target
- Actors in the EU are working towards raising climate ambition:
 - Member States (15 MS signed 'Climate Ambition Alliance Net Zero 2050 pledge')
 - Regions
 - Cities
 - Civil society
 - Business
- Project seeks to:
 - Develop a methodology on mapping, assessing, quantifying and aggregating commitments
 - Identify best practices and no-regret policies

Methodology

1. How do we identify and map commitments?
2. How can we define climate change commitments?
 - Taxonomy based on limited number of variables
3. How can we assess commitments?
 - Including assessment of additionality
4. How can we aggregate commitments?
5. Identification of best practices and no-regrets options

Mapping of commitments

Member States

- National Energy and Climate Plans (NECPs) as a source of additional climate commitments
- European Environment Agency ‘Climate change mitigation policies and measures’ (only includes currently implemented policies)

Regions and Cities

- Overlaps exist between these two levels
- Two issues:
 - Vast amount of commitments undertaken by subnational actors
 - No fully comprehensive source available that covers all commitments

Non-State Actors (Business and civil society)

- Issues: vast amount of commitments and no central ‘reporting point’ – especially for civil society

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Defining commitments – taxonomy

1. Actor and geographic coverage
2. Type of commitment
3. Target
4. Scope of emissions covered by commitment
5. Baselines and inventories
6. Internal versus external action
7. Resources made available
8. Timeline

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Assessing commitments – overview

- Once commitments have been identified, mapped and defined we can start assessing them
- Assessing commitments along two axes:
 1. Is the commitment credible?
 2. Is the commitment additional?
- Commitments that are *credible and additional* should be counted as going beyond the EU NDC

Assessing commitments – credibility

Seven criteria used to assess credibility (5 short term, 2 long term):

- Short term:
 1. Type of commitment
 2. Concretization of commitment
 3. Technical viability
 4. Monitoring and compliance
 5. Governance

- Long term:
 1. Social and political sustainability
 2. Economic sustainability

Assessing commitments – conclusions on credibility

- Each commitment would be assessed along each of the seven criteria
 - Low, medium or high on each of the criteria
- Credibility of commitment is deemed:
 - **High**: it scores ‘high’ on 5 out of 7 criteria
 - **Medium**:
 - scores ‘high’ on minimum 2 out of 7 of the credibility criteria **AND** scores ‘medium’ on at least 3 out of 7 credibility criteria, **OR**
 - scores low on maximum 2 of the credibility criteria
 - **Low**: commitment is not considered medium or high in terms of credibility

Assessing commitments – additionality

- Commitments need to add ambition to current EU NDC target
 - NDC economy wide target has been split up in:
 - EU level EU ETS target (ETS sectors): -43% by 2030 compared with 2005
 - MS level ESR targets (ESR sectors): -30% by 2030 compared with 2005
 - Important implications for additionality under both
- EU NDC target is fully domestic: any action in third countries is additional, but does not count towards NDC target
 - Climate finance, mitigation projects, capacity building, technology transfer etc.

Assessing commitments – additionality

Five criteria used to define ‘level of confidence in the additionality of a commitment’:

1. Ambition of the commitment
2. Management of waterbed effects
3. Supply chain overlap
4. Geographic overlap
5. Geographic scope

Additionality – Ambition

- Ambition needs to be compared with current NDC target or highest level of disaggregation of the NDC target
- 'Beyond the EU NDC' if commitment goes beyond emission target

Additionality – Ambition

- EU ETS sectors: EU wide target
 - *This implies one target for all ETS sectors* (power/industry/aviation: -43% compared to 2005)
- ESR sectors: MS target
 - *This implies a MS target covering all ESR sectors in that MS* (EU wide -30% compared to 2005)
- There are expectations that different sectors will deliver different levels of emission reductions in the short to medium term
 - What should the ambition of a commitment be compared with?
 - Sectoral roadmaps?
 - European Commission Impact Assessments?
 - Member State ESR strategies

Additionality – Management of waterbed effects

- Emission reductions by one actor lead to weakened climate constraints for others
- Potential for adverse impacts
 - Coal phase-outs could significantly impact price discovery in EU ETS reducing incentives for decarbonisation for other EU installations
- Note: waterbed effects are key components of both ETS and ESR frameworks
 - Allows for cost-efficient decarbonization
 - Only is an issue for the additionality of a commitment

Additionality – Management of waterbed effects

- Waterbed effects can be managed ('punctured')
 - Cancellation mechanisms under EU ETS
 - By installations
 - By Member States
 - By MSR
 - ESR:
 - Commitment to not (fully) trade ESR overachievement
 - Member State could commit to raising national ESR target on par with major voluntary commitments

Assessing commitments – conclusions on additionality

- Each commitment would be assessed along each of the five criteria
 - Low, medium or high on each of the criteria
- ‘level of confidence in additionality’ is deemed:
 - **High**: ‘high’ on minimum 4 out of 5, AND does not score ‘low’.
 - These commitments are deemed fully additional (100%)
 - **Medium**: ‘high’ on minimum 2 out of 5 AND does not score ‘low’.
 - These commitments are considered partially additional (50%)
 - **Low**: a commitment is not considered medium **OR** high in terms of additionality.
 - These commitments are deemed not additional (0%)

Assessing commitments – overview

Example of combined score credibility and additionality

Credibility of the commitment	Level of confidence in additionality	Overall 'score'
Low	Low	Low
	Medium	Low
	High	
Medium	Low	Low
	Medium	Medium
	High	Medium
High	Low	Low
	Medium	Medium
	High	High

Low: scores low on either - no additionality

Medium: scores at least medium on both

- partial additionality (50%)

High: scores high on both

- high additionality (100%)

*Only commitments that score medium or high advance to the aggregation phase

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Aggregating commitments

- Commitments need to be translated into a form that is comparable with current target, with regards to 4 key metrics:
 - Target metric: CO₂e
 - Target year: single year target by 2030
 - Baseline: 1990 emission
 - Geographic coverage: EU economy-wide
- Commitments with a combined score on credibility and additionality of:
 - Medium are counted partially (50%)
 - High are counted fully (100%)

Aggregating commitments

- Finally, the total number of additional emission reductions needs to be seen in the context of the EU NDC target.
 - In 1990 EU's GHG emissions were approximately 5,65 billion tonnes of CO₂e
 - 2030 target is approximately 3.96 billion tonnes of CO₂e by 2030.
- The last step: calculating the percentage of 1990 GHG emissions represented by additional and credible climate commitments by Member States, subnational entities and non-state actors.

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Best practices and no-regrets options

- We aim to gather examples of climate action that are impactful, can be copied or are scalable
 - Help the EU go ‘beyond the EU NDC’
- Examples will cover:
 - All actors (MS, subnational, private sector, civil society)
 - Various types of commitments
 - Differences in governance systems and multilevel governance considerations
 - Different mitigation technologies
 - Methodological issues identified during the project

Issues for discussion

- How can non-state and subnational entities raise ambition by addressing overlaps in targets with MS and EU level?
- How can MS and EU incentivize action by non-state and subnational actors?
- Comparing ambition means one ETS target for all ETS sectors, and one ESR target for all ESR sectors in a country
 - However, there is a clear differentiation in mitigation *expectations* between sectors up to 2030
 - For example: should we use different targets for power and industry?
 - How do we assess expectations? Which ones 'count'? EC Impact Assessments? Sectoral Roadmaps?
- Examples of inspirational commitments?