



# The State of the European Green Deal

## Webinar

This meeting is under Chatham House Rules

**November 3, 2020**

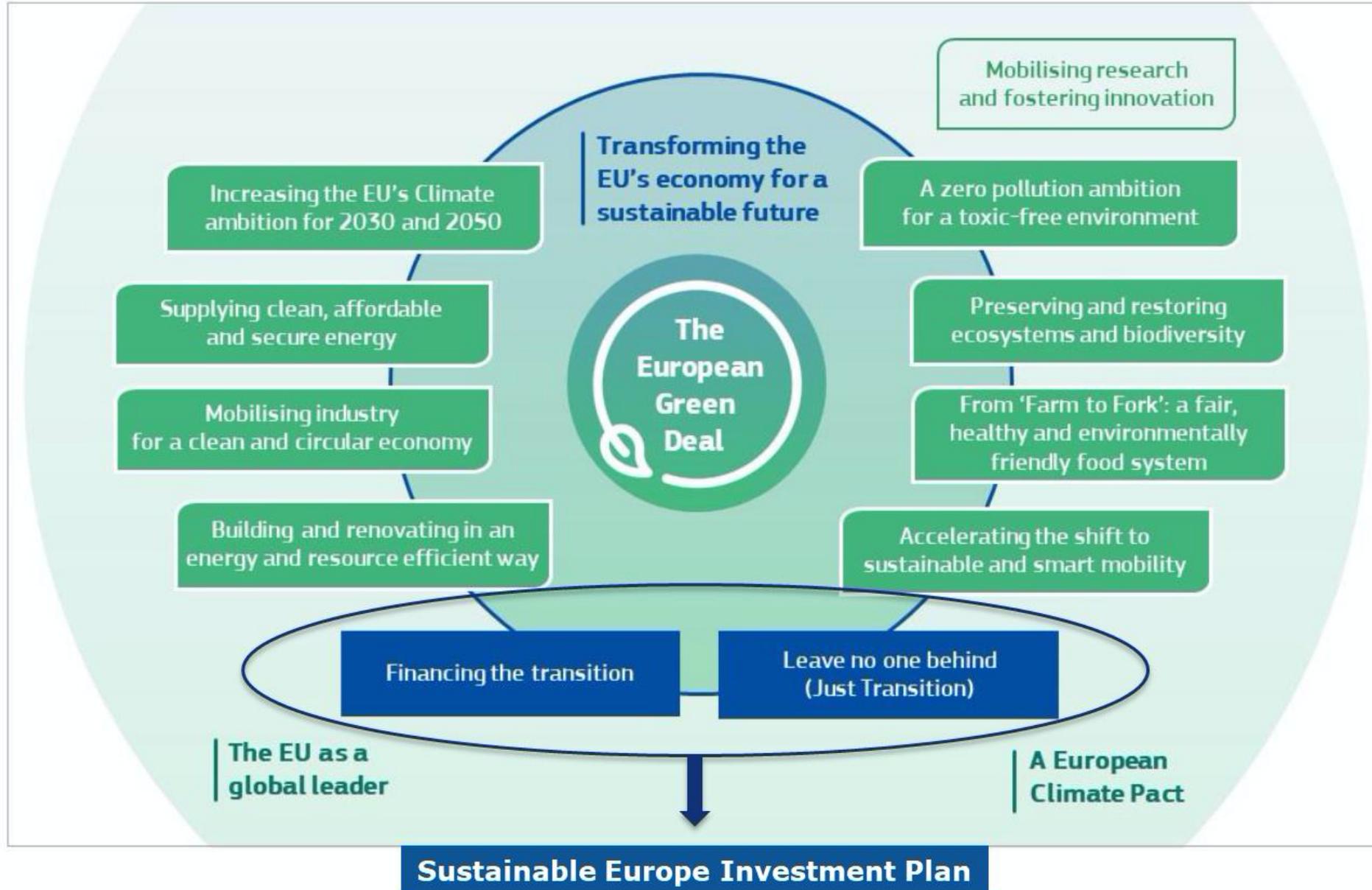
**Andrei Marcu, ERCST**  
**Dariusz Dybka, ERCST**

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**ERCST**

Roundtable on  
Climate Change and  
Sustainable Transition

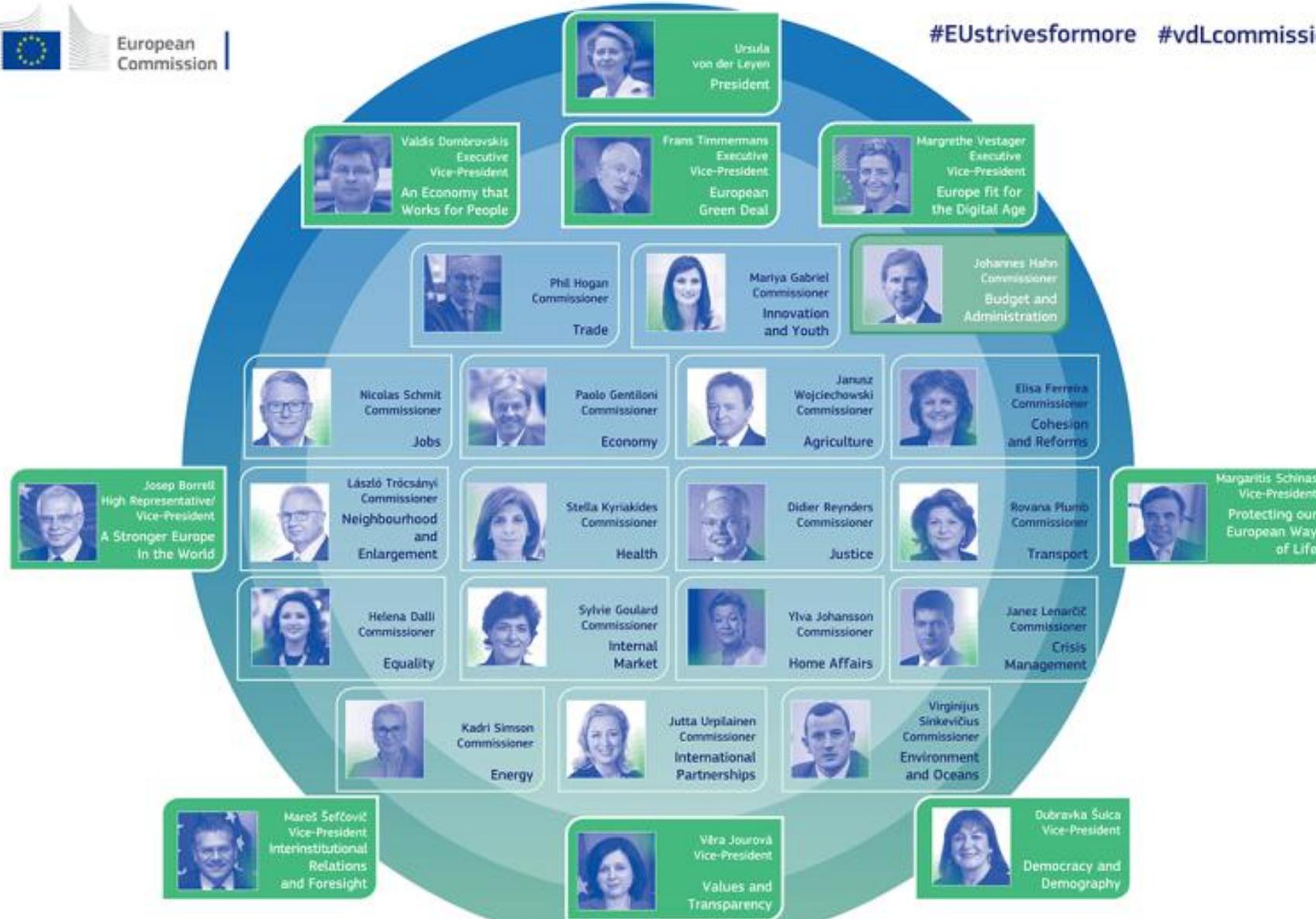
# The „European Green Deal“



# European Commission 2019-2024



#EUstrivesformore #vdLcommission



A New Push for European Democracy

## Context: „European Green Deal“

2019-2024 European Commission announced ambitious ‘**European Green Deal**’ with the following elements:

- Climate neutrality by 2050, to be enshrined in a ‘European Climate Law’ (also strong push to increase 2030 target from current 40%)
- ‘Sustainable Europe Investment Plan’ of €1 trillion for 2021-2030
- ‘Carbon Border Adjustment Mechanism’ to address trade impacts
- Departure from the Energy Union to Digital and Sustainable agendas
- Confirmed its priorities in the **State of the Union** on September 16, 2020

# State of the Green Deal – ERCST work

- Following since the European elections of 2019 and establishment of the Ursula von der Leyen Commission
- **ERCST Meetings:**
  - January 8
  - March 11
  - May 12
  - September 24
  - November 3

## Key axis of climate discussion:

- pre / post COVID – updating the Commissions Work Program, EU budget
- From neutrality and Climate Law to sectoral measures – scheduled 2021

## ERCST beginning of 2020 assessment

Initial take on the elements which could be stressed stronger:

- 2050 climate neutrality and governance. This would include:
  - BCA
  - Just Transition
  - State Aid
  - Negative emissions
  - ETS and the suite of issues that are part of the EU ETS update
  - Energy taxation
  - Comparability of efforts under ETS Art 30 (PA implementation)

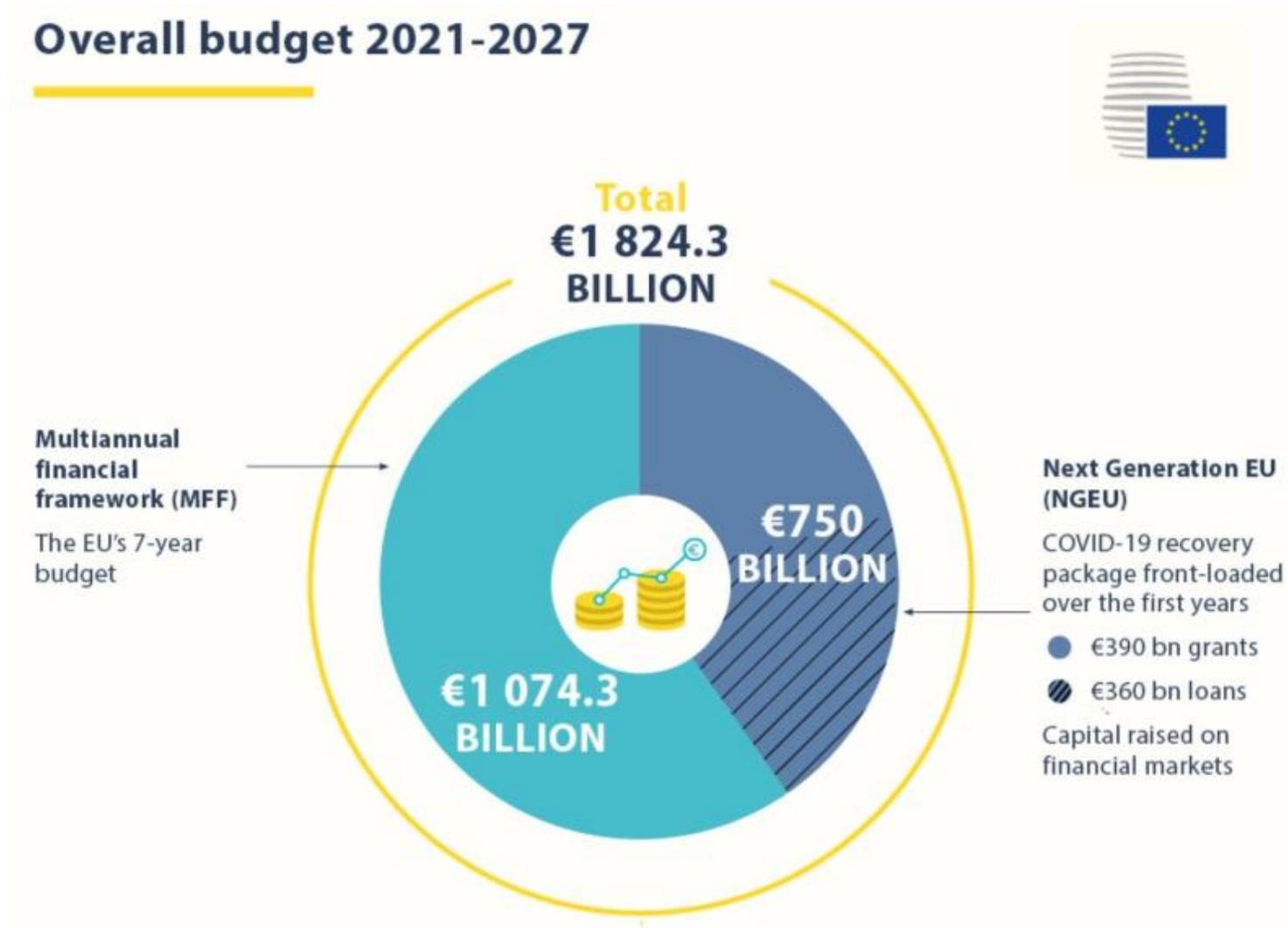
Later crisis impacted especially the Financial architecture introducing the Recovery Fund, changes to the Multiannual Financial Framework and European Commission Work Plan

## Recent Developments

- 2030 Climate Target Impact Assessment (17 September)
  - Proposes an updated headline climate target of at least -55% by 2030
  - Insights into the sectoral policy options being considered
  - June 2021 when the **sectoral measures** will be proposed
- Climate Law EP voted October 7<sup>th</sup> (60% 2030 target)
- **European Council 15-16 October**
- **Environment Council 23 October – German Presidency**
  - **Partial general approach**

# European Council July 2020

- 67 pages [conclusions](#) added the Next Generation EU instrument to the



# European Council 15-16 October 2020

- **Climate target** to be decided in December (the submission of the EU's updated nationally determined contribution (NDC) to the UNFCCC before the end of the year)
- Updated target should be delivered **collectively by the EU**. All Member States will participate in this effort, taking into account national circumstances and considerations of fairness and solidarity.
- All relevant EU legislation and policies need to contribute to the new 2030 target and to the fulfilment of the climate neutrality objective, while **respecting a level playing field** and preventing **carbon leakage**.
- Invites the Commission to conduct in-depth consultations with Member States to assess the specific situations and to provide more information about the **impact at Member States' level**.
- The European Council calls upon **all other Parties** to also submit an updated NDC. It underlines the importance of strong coordinated action through active European climate diplomacy, with a view to joining forces on the global stage to further advance the cause of fighting climate change.

# Toolbox of measures

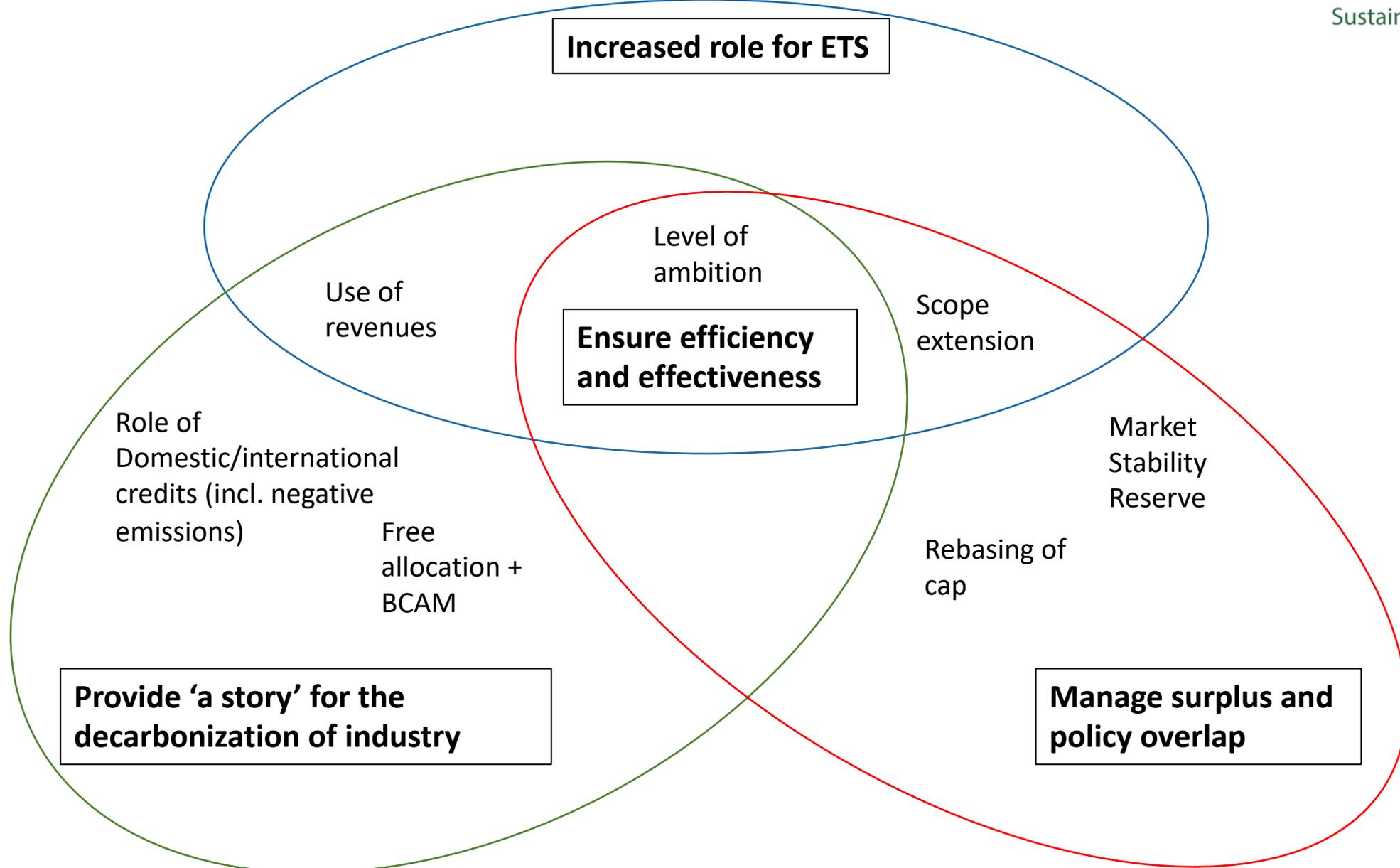
## Annex I: New initiatives<sup>1</sup>

No.	Policy objective	Initiatives
<b>A European Green Deal</b>		
1.	Fit for 55 package	<ul style="list-style-type: none"> <li>a) <b>Revision of the EU Emissions Trading System (ETS), including maritime, aviation and CORSIA as well as a proposal for ETS as own resource</b> (legislative, incl. impact assessment, Q2 2021)</li> <li>b) <b>Carbon Border Adjustment Mechanism (CBAM) and a proposal for CBAM as own resource</b> (legislative, incl. impact assessment, Q2 2021)</li> <li>c) <b>Effort Sharing Regulation</b> (legislative, incl. impact assessment, Article 192(1) TFEU, Q2 2021)</li> <li>d) <b>Amendment to the Renewable Energy Directive to implement the ambition of the new 2030 climate target</b> (legislative, incl. impact assessment, Article 194 TFEU, Q2 2021)</li> <li>e) <b>Amendment of the Energy Efficiency Directive to implement the ambition of the new 2030 climate target</b> (legislative, incl. impact assessment, Article 194 TFEU, Q2 2021)</li> <li>f) <b>Revision of the Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry</b> (legislative, incl. impact assessment, Article 192(1) TFEU, Q2 2021)</li> <li>g) <b>Reducing methane emissions in the energy sector</b> (legislative, incl. impact assessment, Articles 192 and 194 TFEU, Q2 2021)</li> <li>h) <b>Revision of the Energy Tax Directive</b> (legislative, incl. impact assessment, Q2 2021)</li> <li>i) <b>Revision of the Directive on deployment of alternative fuels infrastructure</b> (legislative, incl. impact assessment, Article 91 TFEU, Q2 2021)</li> <li>j) <b>Revision of the Regulation setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles</b> (legislative, incl. impact assessment, Article 192(1) TFEU, Q2 2021)</li> <li>k) <b>Revision of the energy performance of Buildings Directive</b> (legislative, incl. impact assessment, Article 194 TFEU, Q4 2021)</li> <li>l) <b>Revision of the Third Energy Package for gas (Directive 2009/73/EU and Regulation 715/2009/EU) to regulate competitive decarbonised gas markets</b> (legislative, incl. impact assessment, Article 194 TFEU, Q4 2021)</li> </ul>

## Some key issues

1. How and when will the ‘difficult choices’ be made
  - Impact assessment highlights some potential **trade-offs between the policy options**, e.g.: ETD/ETS/BCA
  - Decisions will have to be made by June 2021. Are the coming 9 months meant to discuss these issues among institutions and stakeholders?
2. Hot topic of the holistic vision to decarbonize industry
  - A lot of different tools are being discussed – how (and where) are they coordinated?
    - ETS, CBAM, hydrogen, consumption charges, contracts-for-difference, standards, etc.
3. Looking ahead the **ETS Inception Impact Assessment** published on 29 October – November 26

# From objectives to policy options – the ETS galaxy



## Consequences

- Redistribution / Just Transition aspect
  - Dynamic fates of the Just Transition Fund (conditionality and limits)
  - Loan Facility under the European Investment Bank (from Recovery Package)
  - Transition, global crisis, EGD winners and losers
- EGD global impact: inspiration – threat?
  - China – climate neutrality by 2060
  - Japan announcing net zero by 2050 and 50% of RES by 2030
  - South Korea moves towards the goal of climate neutrality

## Questions for the discussion

- What elements of the Fit for 55 do you see essential? How in the future do you want the ETS, ETD, BCA and other toolbox measures play together?
- How do we match climate action with ensuring the level playing field for the EU industry?
- Is the European Green Deal creating opportunities?
- Is the Commission proposal of at least 55% central to the current EGD discussion?
- How does the 2030 discussion suit the long-term neutrality?



**Thank you!**

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**ERCST**

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