



European
Commission

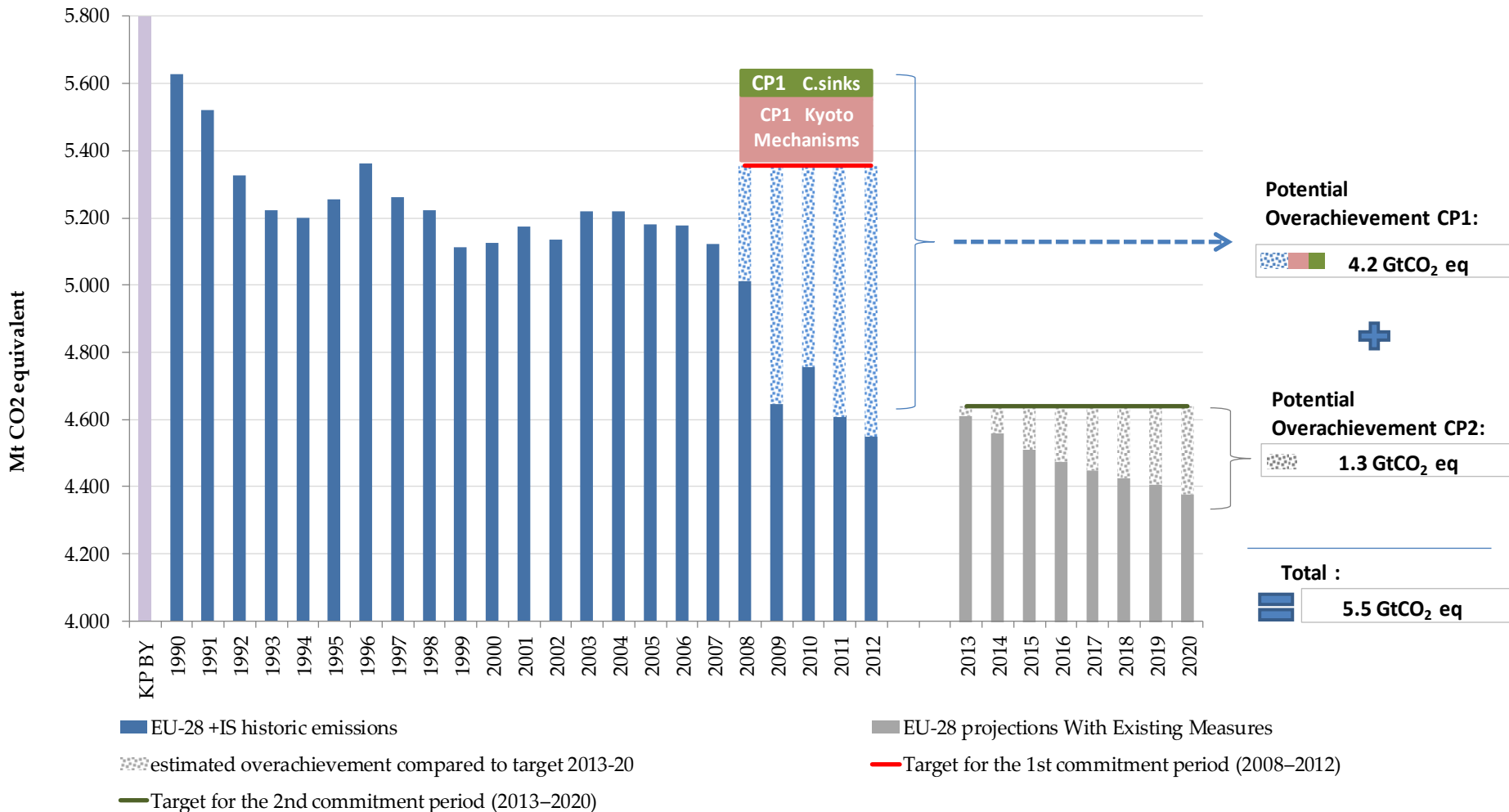


2030

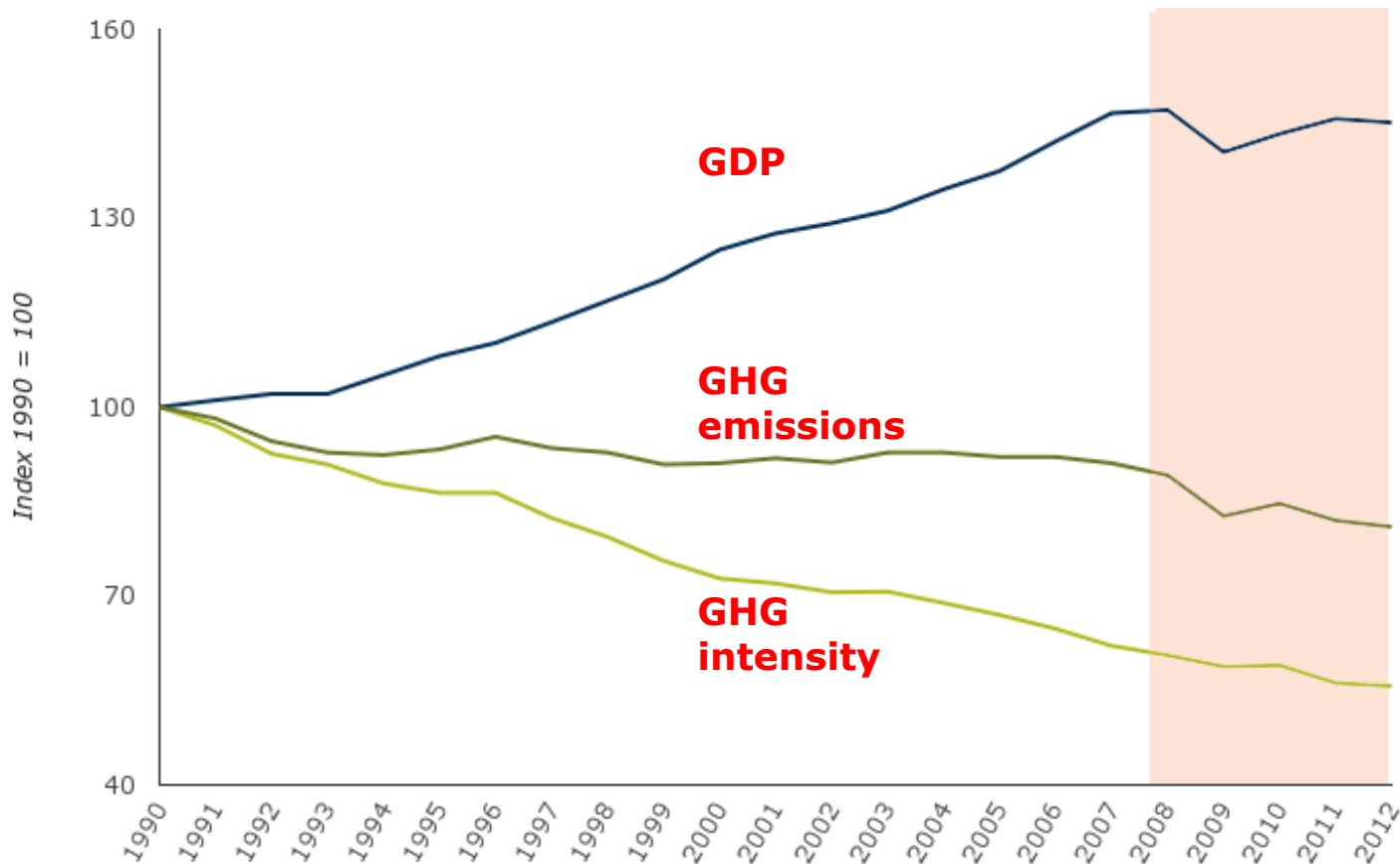
FRAMEWORKfor**CLIMATE&ENERGY**

#EU2030

EU will overachieve Kyoto emission reduction commitments



EU decoupling: reducing emissions whilst growing GDP



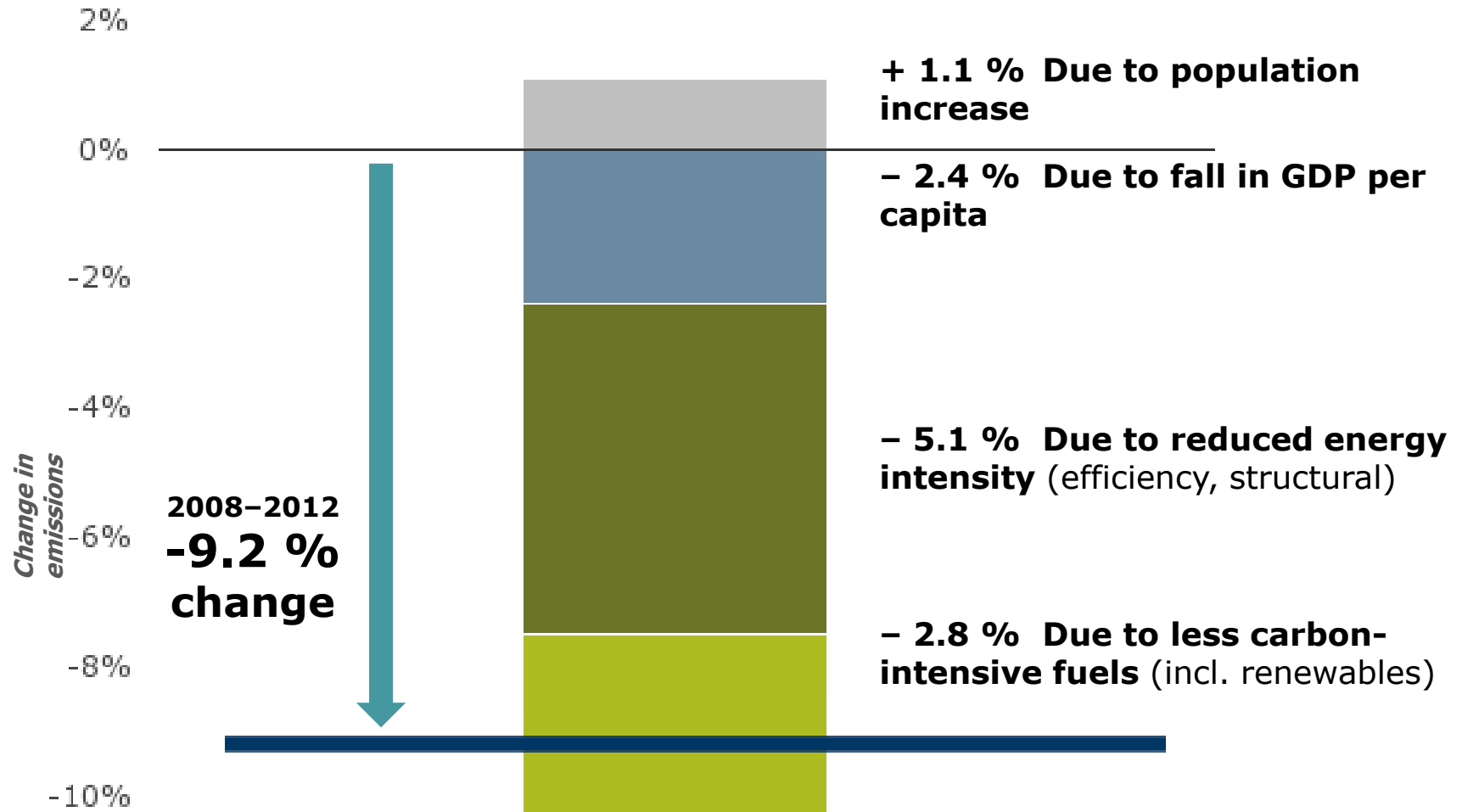
Over the period 1990-2012:

- ✓ GDP grew by more than 44%
- ✓ while GHG emissions decreased by 19%
- ✓ GHG intensity reduced by almost half

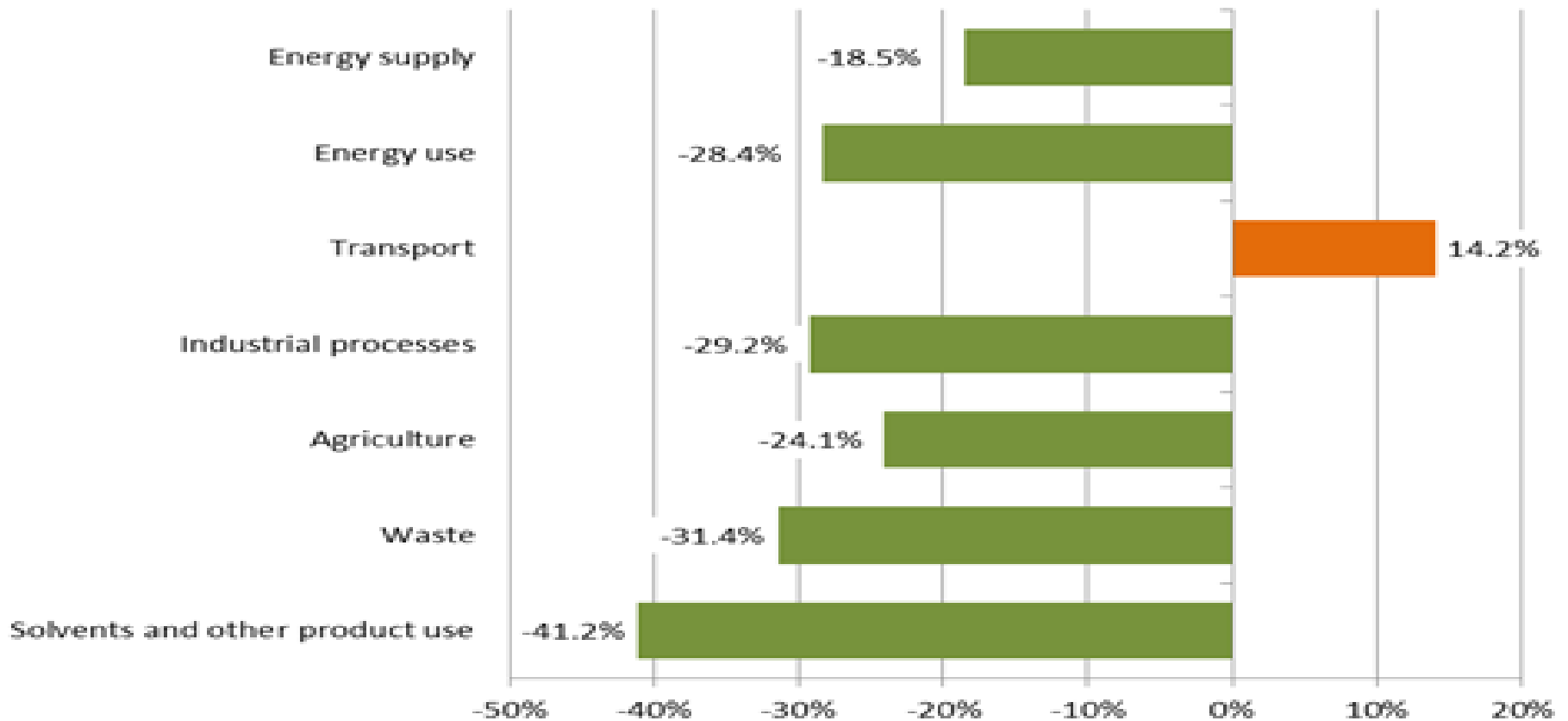
EU Climate Policies Work

- ***Targets: 20/20/20 by 2020***
- ***Mainstreaming: 20% of EU budget (\pm €200bn)***
- ***Specific Instruments:***
 - **Emissions Trading Scheme (ETS)**
 - **Renewable Energy Directive (RES)**
 - **Energy Efficiency Directive (EE)**
 - **C02 from cars**
 - **Fluorinated gases**
 - **Effort Sharing Directive (ESD)**
 - **Carbon Capture & Storage Directive (CCS)**
 - **Monitoring Mechanism**
 - **LULUCF**

Example of effectiveness of policies to reduce emissions



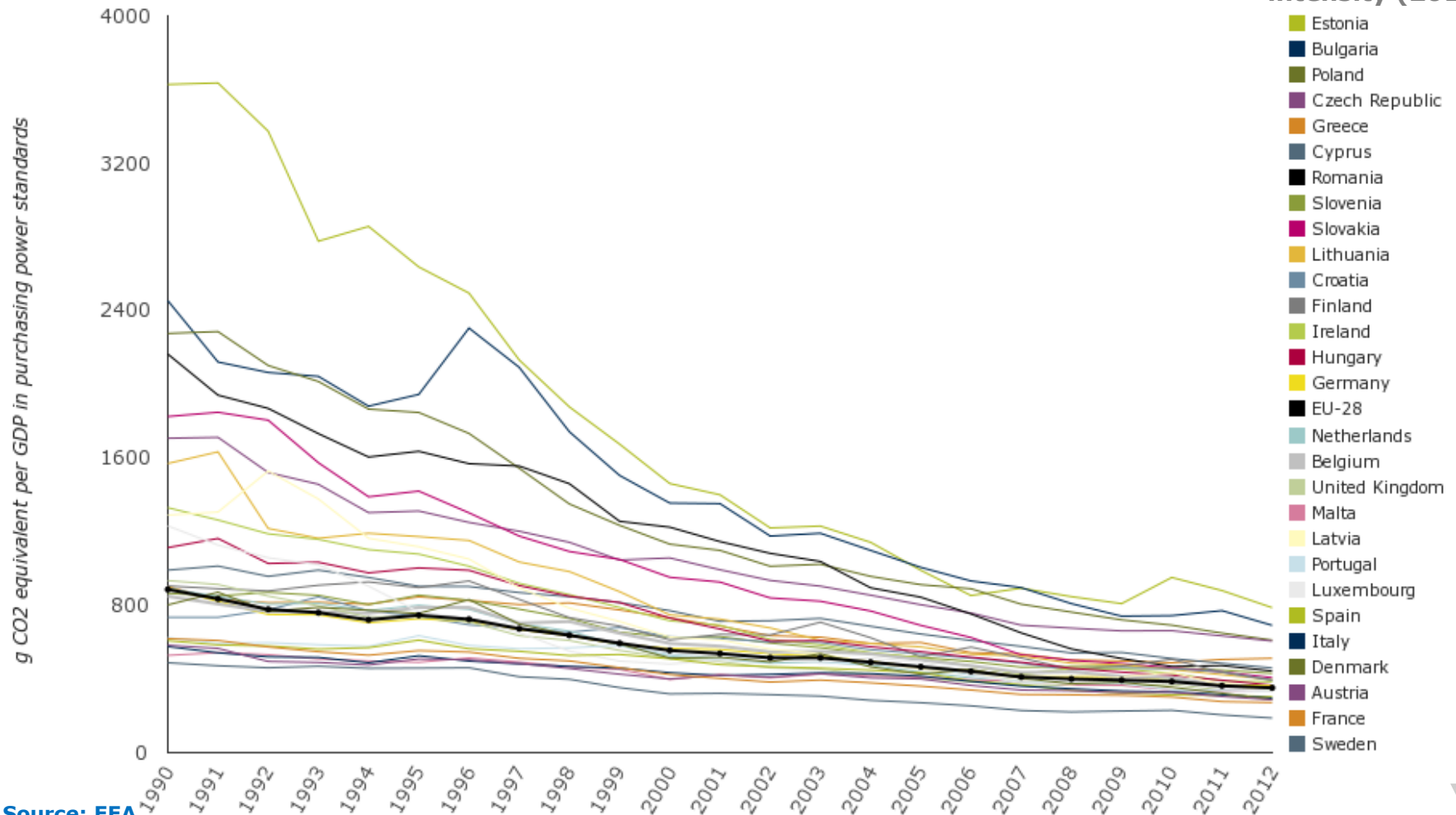
Addressing all sectors of economy



source : EEA

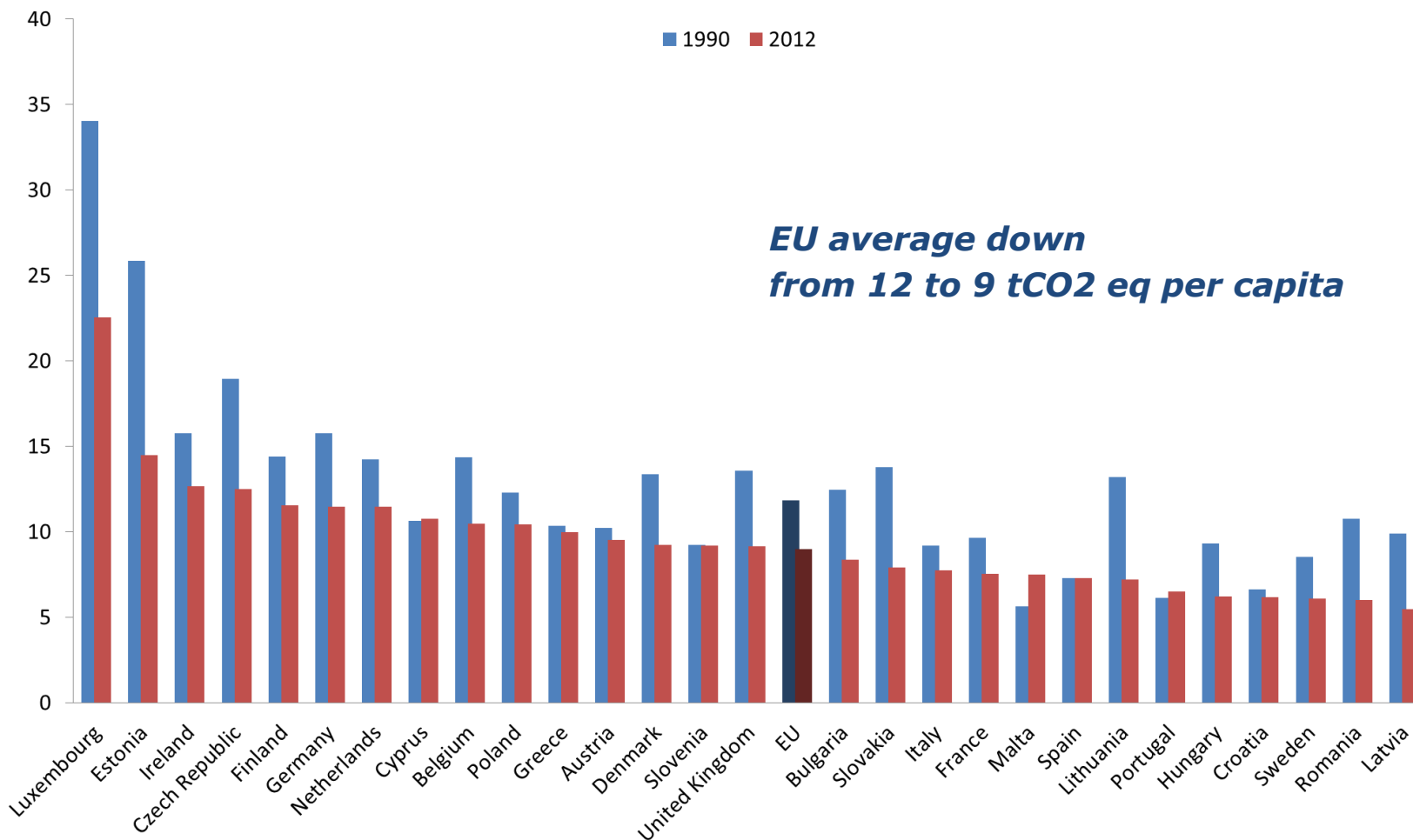
EU economies have become less emission intensive

From highest to lowest emission intensity (2012 values)



EU's GHG emissions per capita decreased by 24%

tonnes CO₂ equivalent
per capita



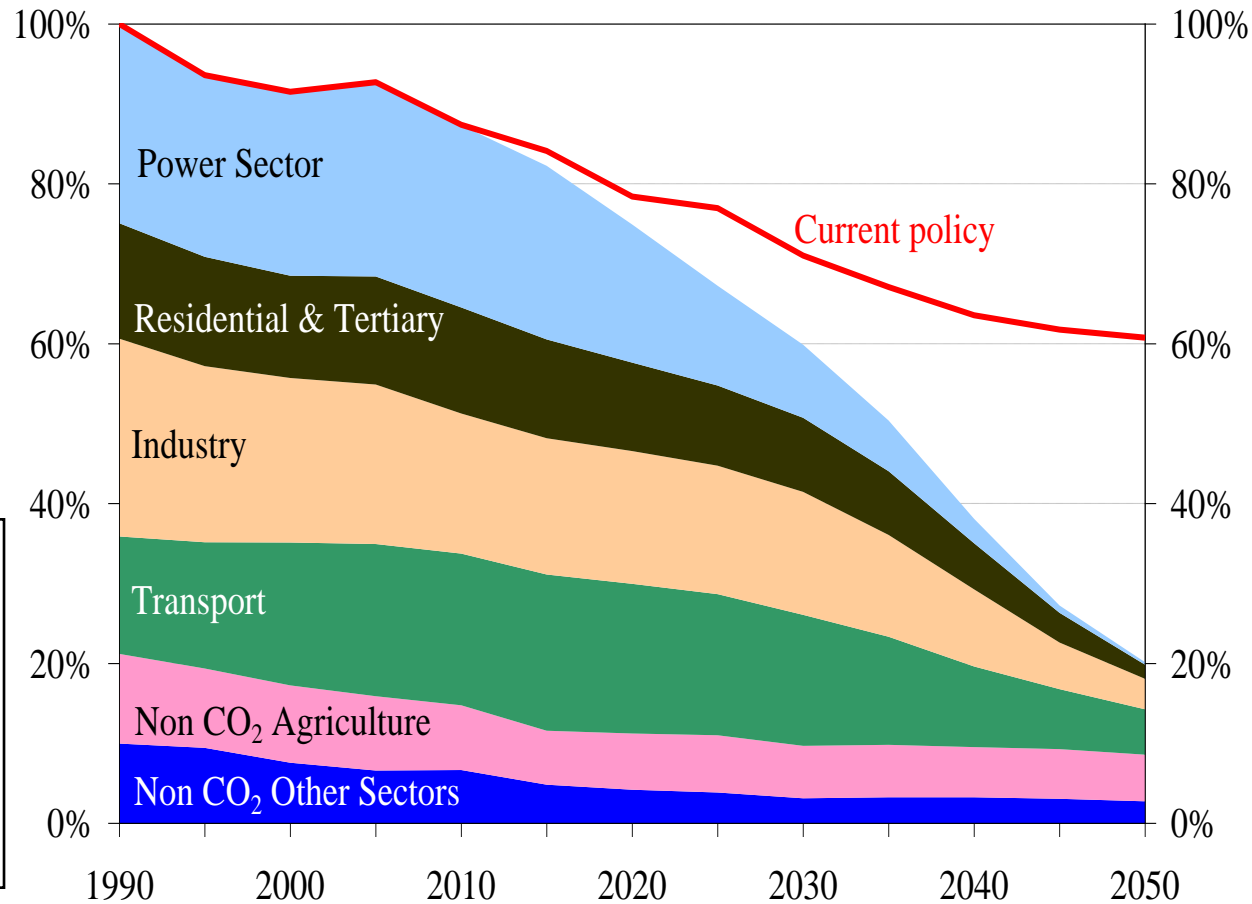
A cost-efficient pathway towards 2050

80% domestic reduction in 2050 is feasible:

- With currently available technologies,
- all economic sectors contribute to a varying degree & pace.

additional investment: +1.5 % GDP annually on average.

fuel savings over time of similar magnitude

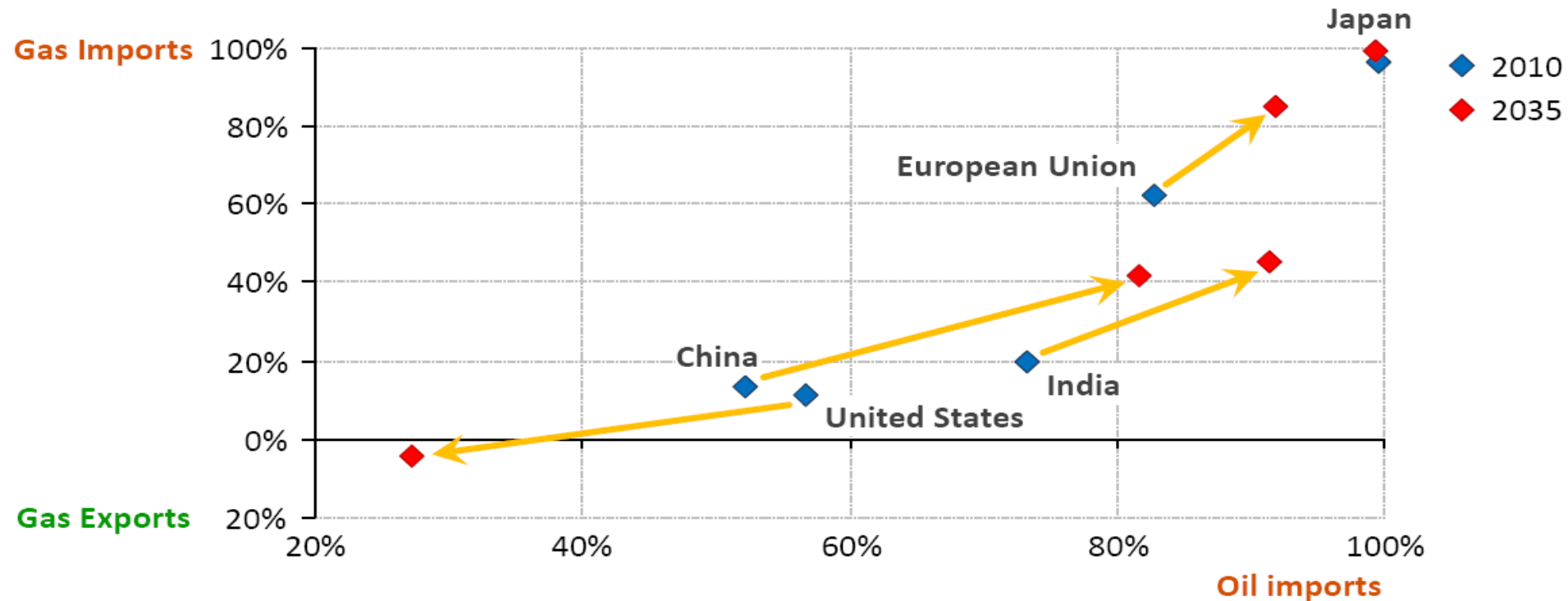




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EU spends already now 3% of GDP for fossil fuel imports

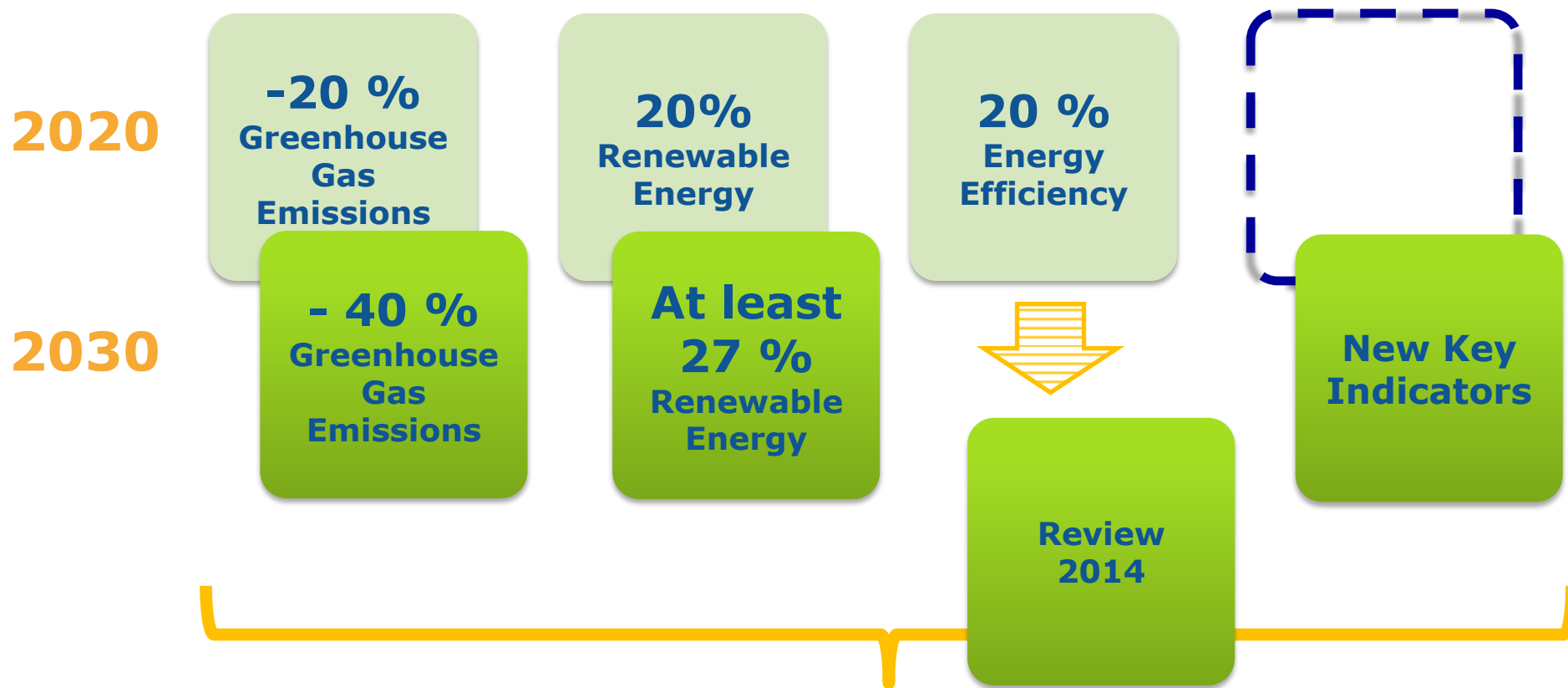
Net oil & gas import dependency in selected countries



While dependence on imported oil & gas rises in many countries, the United States swims against the tide

source : IEA 2012

A new framework for 2030



New governance system

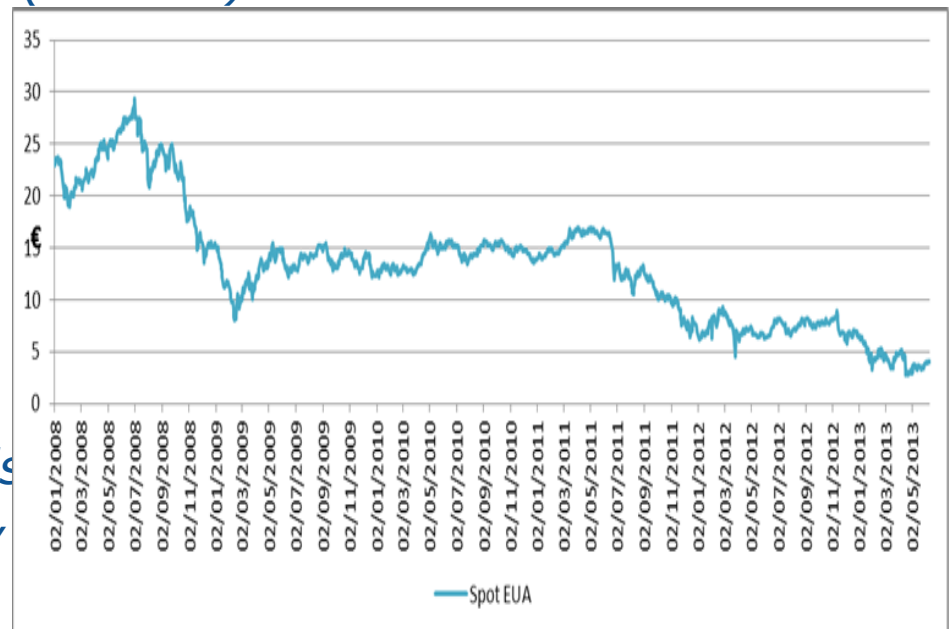
EU Emissions Trading System: carbon cost incentivises sustainable supply

Achievements

- *One carbon price, level playing field across the EU*
- *Functioning and liquid market*
- *Long-term clarity on reductions (-1.74%)*
- *auctioning revenues (NER300)*

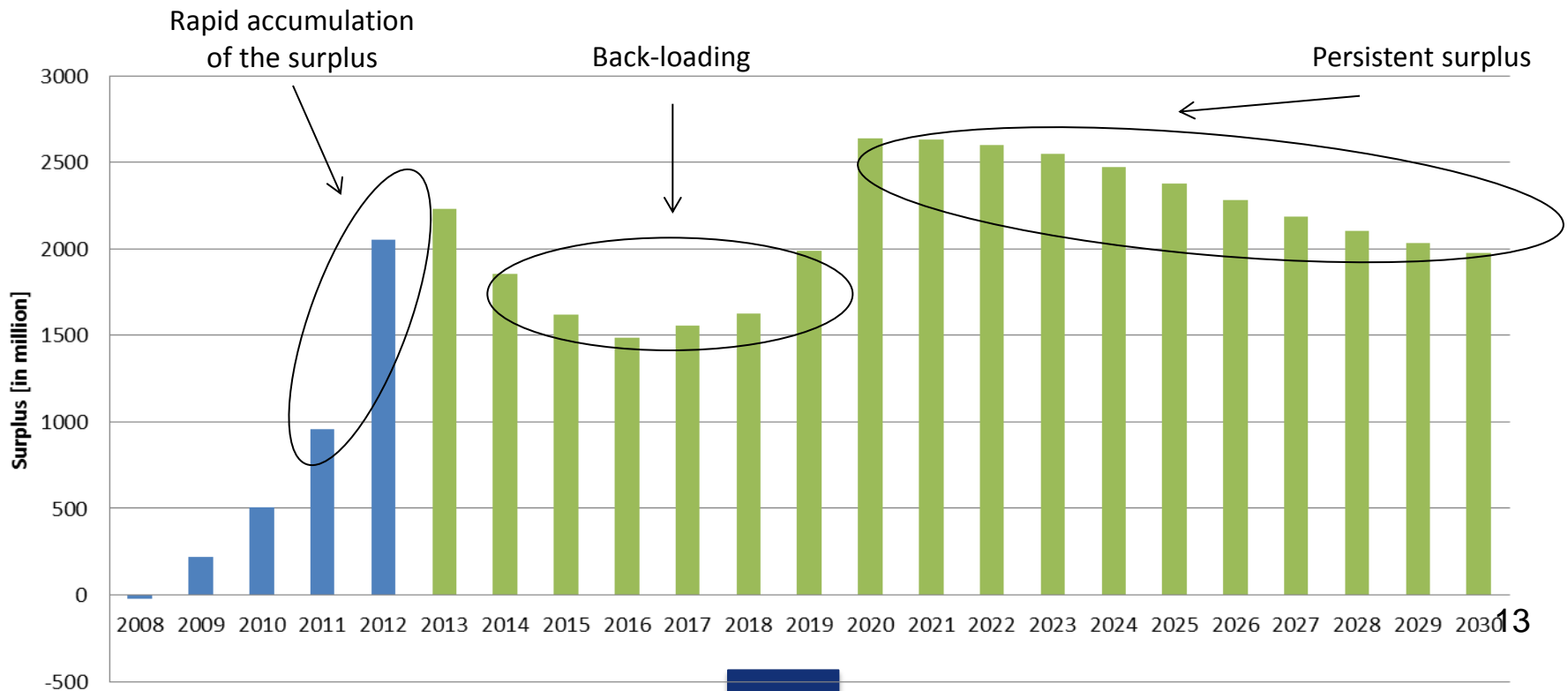
Challenges ahead

- *"surplus" increasing fast, also due to increasing use of international credits*
- *not driving investments towards more sustainable energy supply*
- *risk of carbon leakage*



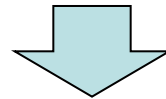
ETS : structural reform

- Large and persistent market imbalance
- Back-loading of auction volumes only first, temporary step



Linear reduction factor

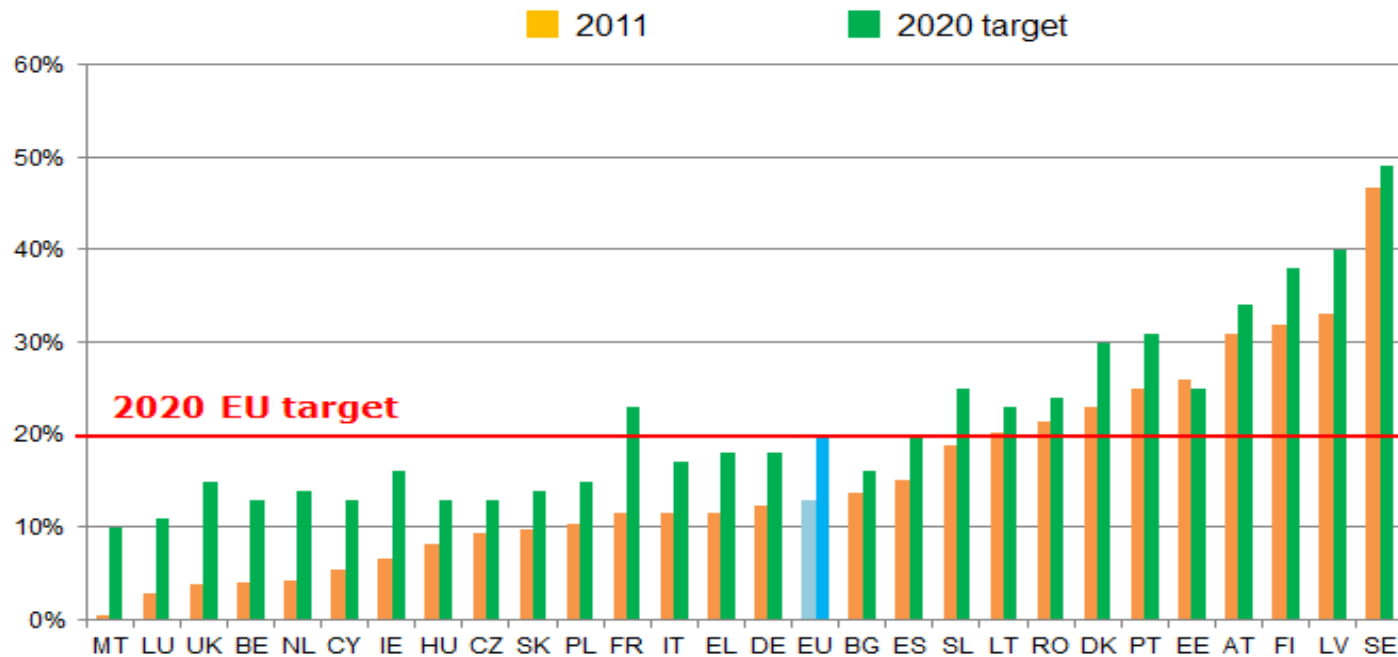
In conjunction with a proposed 40% greenhouse gas emissions reduction target



Increase linear reduction factor as of 2021 from 1.74 % to 2.2% to align the EU ETS cap to proposed 2030 target

NB: This is not part of the legal proposal on the EU ETS

Progress towards 2020 RES target



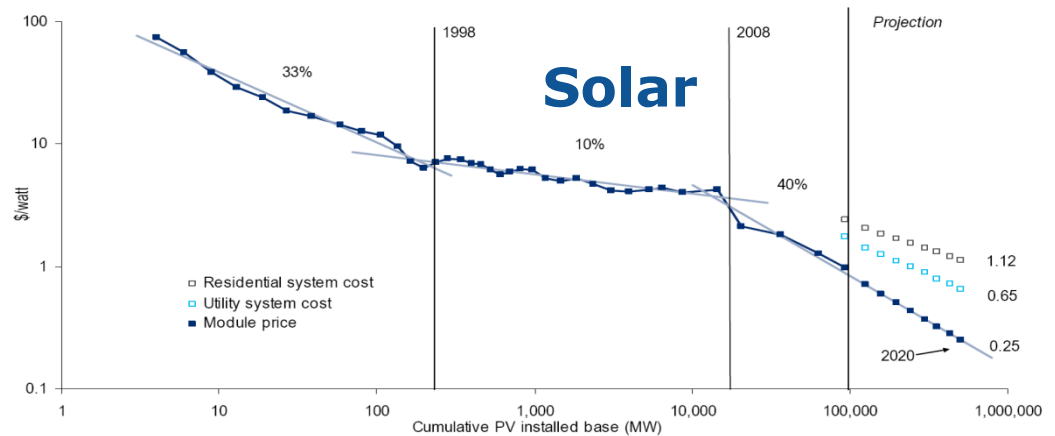
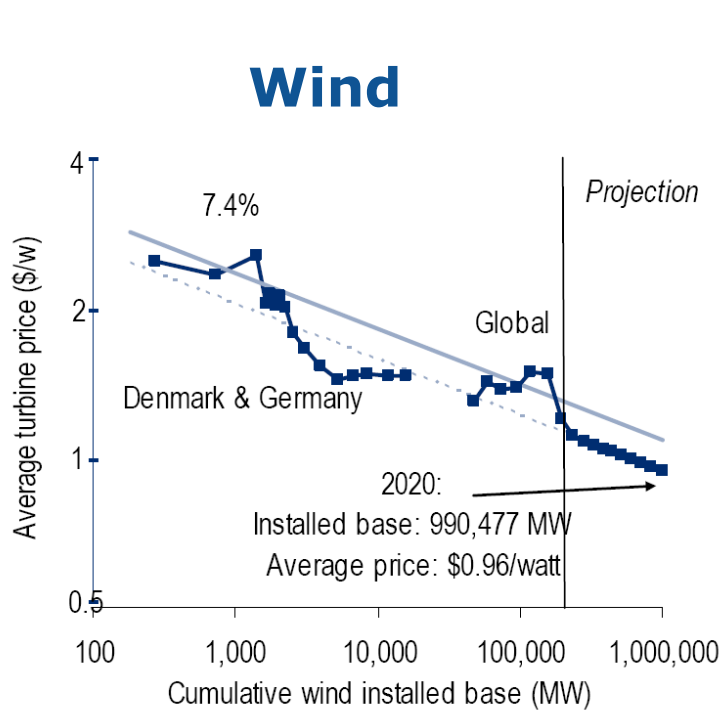
Source: Eurostat

Renewable sources accounted for 14% of the EU final energy consumption in 2012



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Renewables policies contribute to reduce technology cost and substitute fossil fuels



Challenges :

Integration in electricity system market
investments in grids and
interconnections

cost-efficient support schemes

Source: Bloomberg New Energy Finance, Citi Research

20 % energy efficiency improvement

- Energy Efficiency Directive
 - Appliances labelling – consumer awareness
 - Complexity of financing : small scale actions, high upfront costs, split incentives, missing organisational and administrative structures...
- review of Energy Efficiency Directive in Autumn 2014

EU car CO₂ Regulation

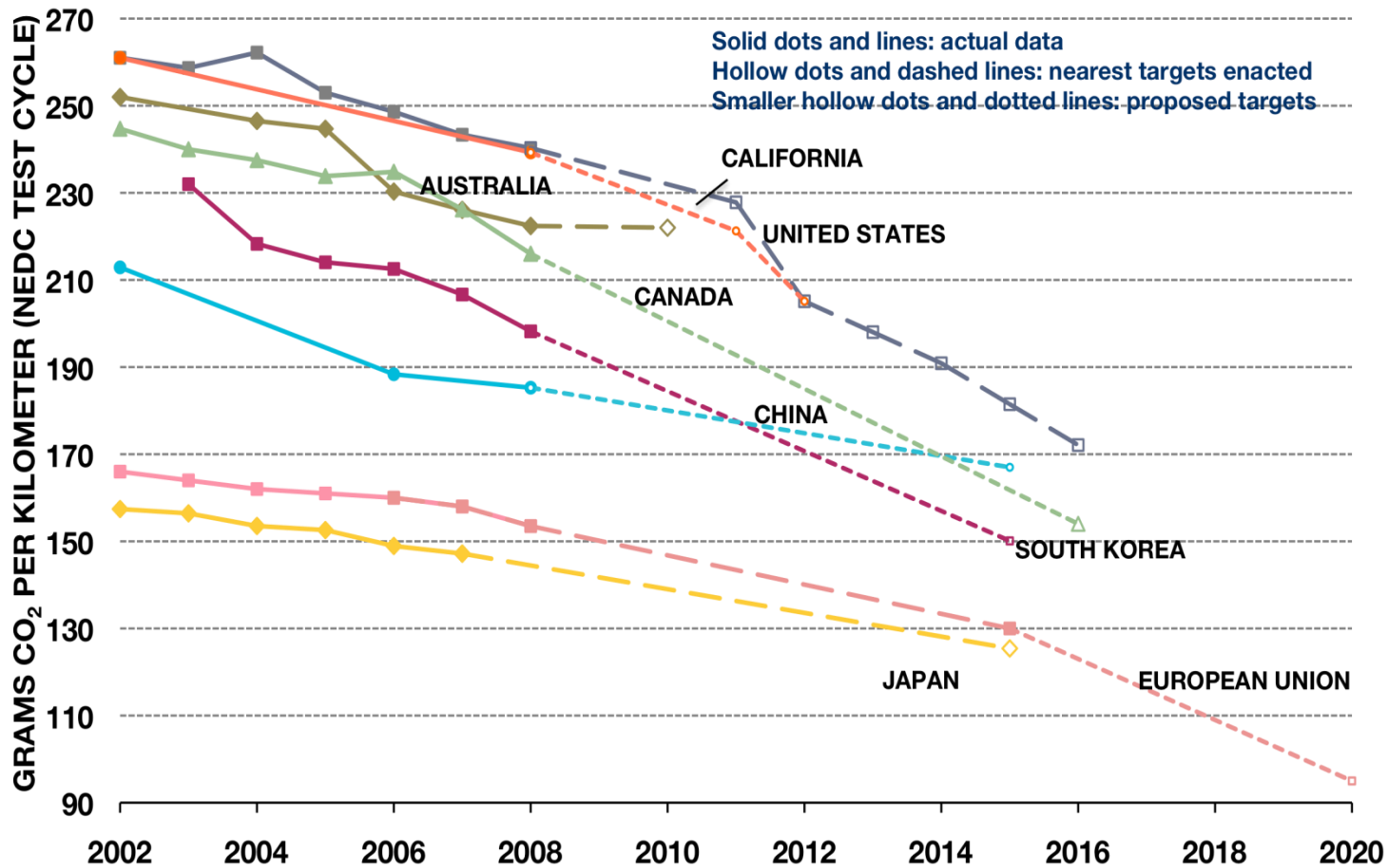
- *130 & 95gCO₂/km targets*
 - New car fleet average targets of 130 and 95g/km
 - Each manufacturer has specific target based on their fleet

Evolution of CO₂ emissions from new passenger cars

1996	186g
2012	132g
2013	First indications : less than 130g
2015	130g
2021	95g

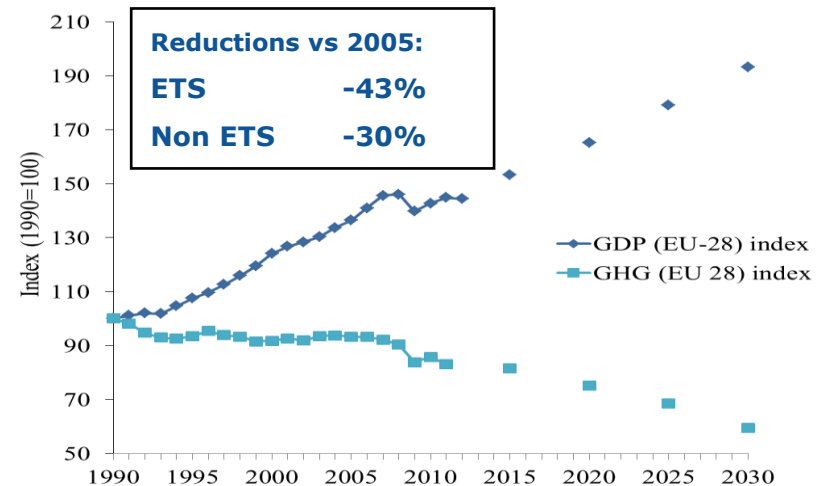
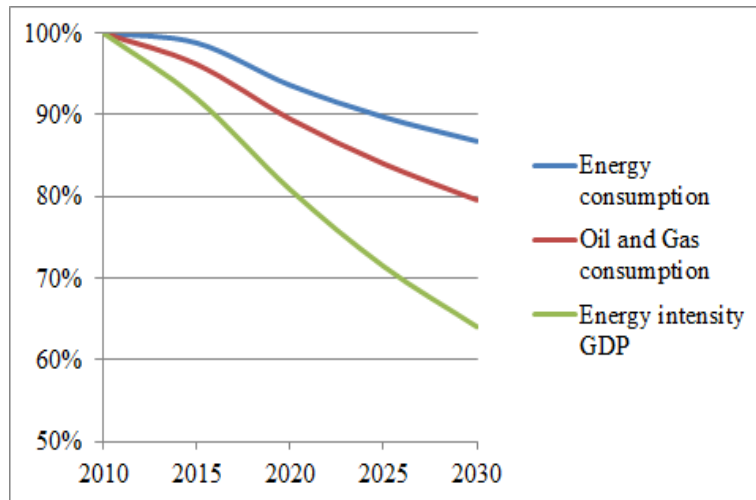
- *Phase-in of targets*
 - 95g/km applies to following proportion of new cars: 95% in 2020, 100% from 2021 onwards.

PASSENGER VEHICLE GHG EMISSIONS FLEET AVERAGE PERFORMANCE AND STANDARDS BY REGION



Benefits

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



- **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

Next steps

At **European level**

- **October 2014: European Council – confirming timeline**
- **European Parliament**
- **Energy Efficiency Directive: 2014 Review and proposals**
- **Emissions Trading System proposal: co-decision procedure**
- Development/implementation of new governance structure
- Competitiveness and energy security indicators

And at **international level**

- 2014: Ban Ki-moon Climate Summit of World leaders
- 2015: contributions from Parties; Paris conference adopts **international agreement**



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THANK YOU!

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