



Article 3.14: The EU's implementation and reporting Part II: Emissions trading and relations with 3rd countries

Jürgen Lefevere

Policy Coordinator

Unit C.1: Climate Strategy, International Negotiations and Monitoring of EU Action

Environment Directorate General

European Commission, Brussels



Outline

- **EU's implementation of Article 3.14**
 - **Part I: Domestic Action**
 - **EU emissions thus far**
 - **European Climate Change Programme (ECCP)**
 - Review implementation phase I
 - CO₂ and cars
 - Carbon Capture and Geological Storage
 - Aviation
 - Adaptation
 - **Part II: Emissions trading and relations with 3rd countries**
 - **EU emissions trading scheme**
 - **Relations with 3rd countries**
 - **Reporting methodologies**
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EU's implementation of Article 3.14

“Each Party included in Annex I shall ***strive to*** implement the commitments [...] in such a way as to ***minimize adverse social, environmental and economic impacts on developing country Parties***, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention”.

EU implementation through:

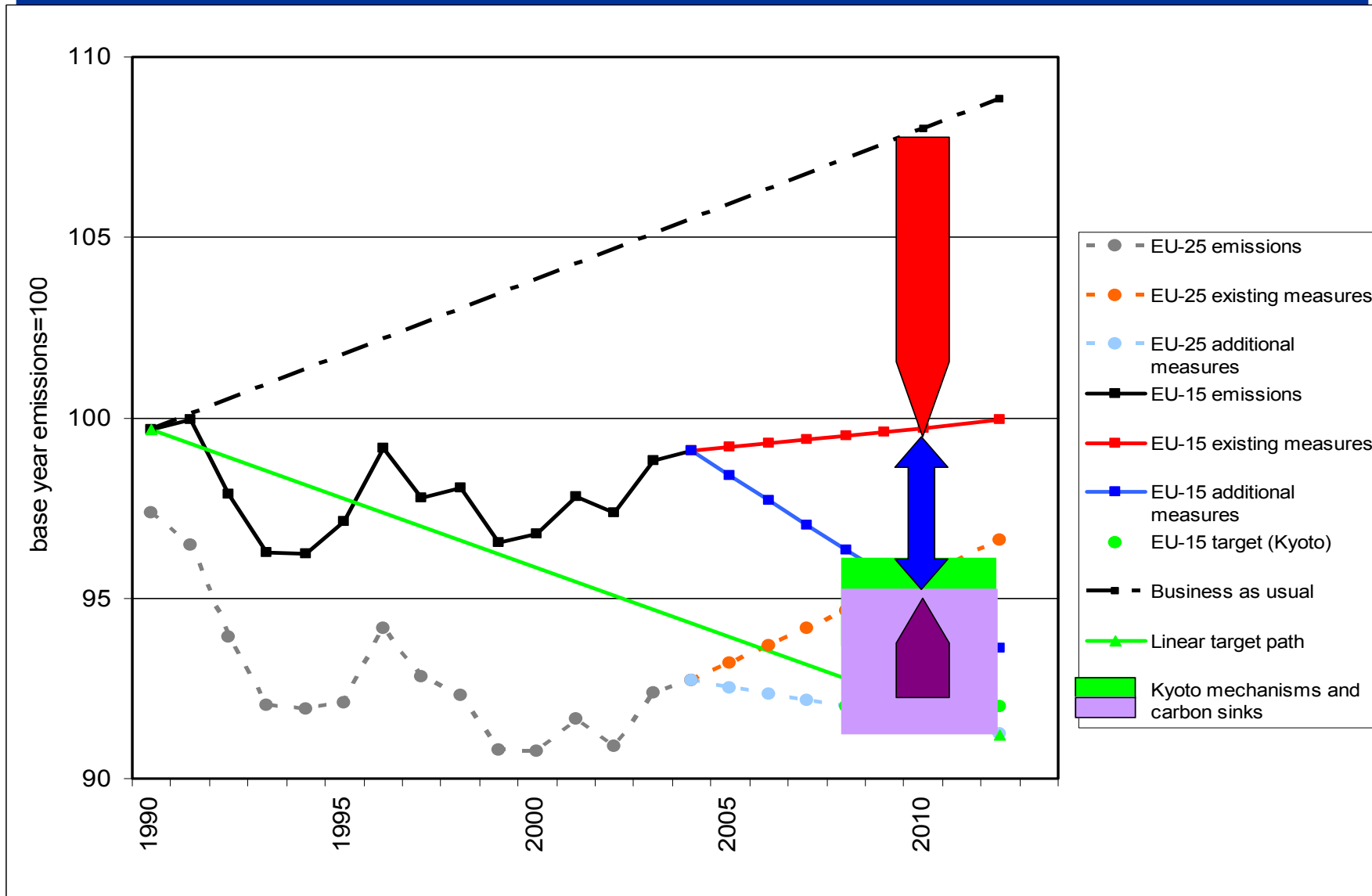
- Targeting multiple gases
- Targeting multiple sectors
- Use of (Kyoto) market-based mechanisms
- Cooperation and dialogue with developing countries (mitigation and adaptation)



EU ETS & impacts on 3rd countries



EU Progress towards Kyoto target





The EU Emissions Trading Scheme

- **>10,000 installations monitoring & reporting CO2 emissions**
 - **Culture change: a financial issue**
 - **Modern environmental tool: least-cost solution promoting energy efficiency/operational changes, take-up and improvement of clean technologies over time**
 - **Contributes towards fulfilment of the Kyoto Protocol**
 - **World's largest emissions trading scheme: nucleus of international carbon market**
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Global Carbon Market and the EU ETS

Volumes and Values

Volumes & Values 2005:

- Total: 799 Mt, €9.4 billion
- EU ETS: 362 Mt, €7.2 billion

- CDM: 397 Mt, €1.9 billion
- JI & other: 36 Mt, €147 million

Source: Point Carbon

Volumes & Values 1st half 06

- Total: 684 Mt, €12 billion
- EU ETS: 440 Mt, €9.9 billion

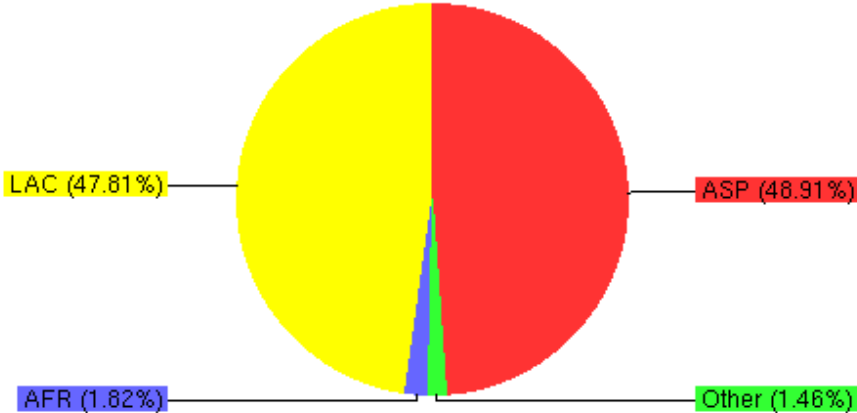
- CDM: 193 Mt, €1.5 billion
- JI & other: 48 Mt, € 304 million

Source: Point Carbon



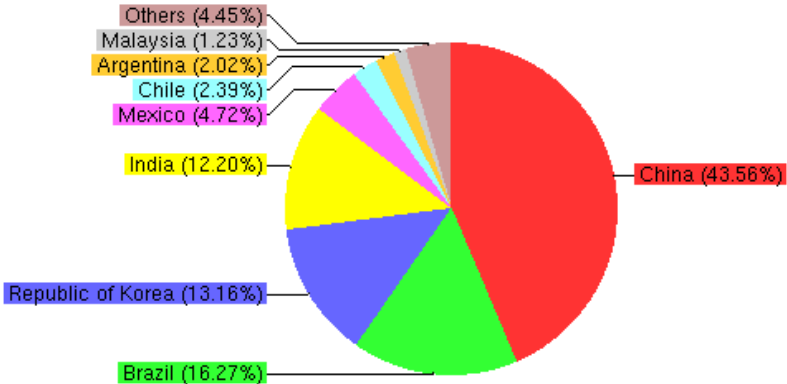
The Global Carbon Market

Registered projects by region. Total 274



EU ETS value:
 2,200 million tonnes * €16/tonne
 = €35,200 Million/year

Expected average annual CERs from registered projects by host party. Total: 84,170,670



CDM Market Value:

85 million tonnes * €12/tonne
 = €1,020 Million/year

Adaptation Fund:

2% = €20.4 Million/year



Cooperation with 3rd countries



Winning the Battle Against Global Climate Change.... Concrete steps:

- **Commission Communication “Winning the Battle Against Global Climate Change”, February 2005**
- **Eur. Council Dec 2005 & Env. Council March 2006**

Stronger co-operation with 3rd countries



Focus so far on:

Russia, India, China

Regional (ACP, ASEM, ASEAN, LAC, OPEC, GCC)

Preparations for South Africa, Brazil and Korea



Climate Change in the EU's development portfolio

- **EU is the world's largest donor, providing more than half of all global ODA, over €30 billion in 2003**
 - **Monterrey conference (2002): ODA increase from 0.33% to 0.39% by 2006 (+ €7 billion/year)**
 - **EU contribution to Bonn Commitment to deliver US\$ 410 million/year in climate change funding by 2005**
 - **EU Action Plan for climate change in the context of development cooperation**
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Climate Change in the EU's research portfolio

- **7th Framework Programme for Research**
- **Third country participation encouraged:**
 - **Total FP-7 budget: €32.37 billion**
 - **Energy: €2.30 billion**
 - **Environment (incl. climate change): €1.90 billion**
 - **Transport: €4.18 billion**

Recent Major EU-Funded Projects

In addition to 9 Specific Targeted Research Projects
total EC funding of 13.5 M EUR

Project Acronym	Title	EU funds (M€)	Coord.	Duration / months	Start	No of Partners	No of countries
CO2SINK	In-situ laboratory for capture and sequestration of CO ₂	8.7	Postdam Research (DE)	60	1/4/04	14	8
ENCAP	Enhanced capture of CO ₂	10.7	Vattenfall (DE)	60	1/3/04	33	9
CASTOR	CO ₂ from capture to storage	8.5	IFP (FR)	48	1/2/04	30	12
CO2GEONET	Network of excellence on geological sequestration of CO ₂	6	BGS (UK)	60	1/4/04	13	7
CACHET	CO ₂ capture and hydrogen production from gaseous fuels	7.5	BP (UK)	36	1/4/06	29	18 (4 Third countries)
DYNAMIS	Preparing for large scale H ₂ production from decarbonised fossil fuels with CO ₂ geological storage	4	SINTEF (NO)	36	1/3/06	30	14
CO2REMOVE	The monitoring and verification of CO ₂ geological storage	8	TNO (NL)	60	1/5/06	27	10 (1 Third country)



EU & Developing Countries: Cooperation Initiatives

Ongoing initiatives

- Asia Pro Eco (2002-2007)
- JREC (Johannesburg Renewable Energy Coalition) (2002-)
- REEEP (Renewable Energy and Energy Efficiency Partnership)
- EU-India Initiative on Clean Development and Climate Change (Sept 2005)
- EU-China Partnership on Climate Change (Sept 2005)
- European Commission member CSLF, IPHE

New developments:

- EU - Latin America (May 2006)
 - EU - African Caribbean & Pacific (ACP) (June 2006)
 - EU - OPEC & EU-GCC
 - EU - South Korea: policy dialogue on climate change (8 Sept 06)
 - ASEM 6: cooperation on climate change (10-11 Sept 06)
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EU - African, Caribbean and Pacific Group of States

- **ACP- EU Energy Facility (June 2006)**
 - €220 million ACP-EU energy facility, call opened in June 2006 (financing delivery of modern energy services to rural areas of Sub-Saharan Africa, energy efficiency and renewable energy in Caribbean and Pacific Island States)

- **ACP-EU Council of Ministers (June 2006):**
 - Declaration on Climate Change and Development
 - Agreement on 10th European Development Fund (€24 billion, 2008-2013)



India-EU Strategic Partnership (Sept 05)

- **EU-India Initiative on Climate Change**
 - Focus on: clean technology cooperation, CDM, adaptation and policy dialogue
 - Framework, steering specific cooperation activities of Commission and Member States
 - **EU-India Energy Cooperation**
 - 1st EU-India Industrial Conference On Energy, New Delhi, Apr 2006
 - Energy Panel with working groups:
 - Energy efficiency and renewable energies
 - Coal and clean coal conversion technologies
 - Fusion energy including India's membership in ITER.
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Cooperation with China

- **EU-China Energy Conference (since 1996)**
- **EU-China High Level Working Group on Energy**
 - **EU-China Action Plan on Clean Coal Technologies (March 2005)**
 - **EU-China Action Plan on Energy Efficiency and Renewable Energies (March 2005)**
- **EU-China High Level Dialogue on Energy and Transport Strategies (2005)**
- **EU-China Partnership on Climate Change (2005)**



EU-China Partnership on Climate Change (Sept 2005)

Partnership on climate change:

- Policy dialogue
- Low-carbon technologies
- Adaptation
 - EU-China Workshop on Vulnerability and Adaptation (Sept 06)
- Market-based mechanisms
 - Asia Carbon Expo, Beijing (Oct 06)

Key results:

- EIB-funded €500 million financing facility: investment projects in China that mitigate climate change in support of the Climate Change Partnership (under development)
 - “Near Zero Emissions Coal”, construct plant by 2014
 - Phase 1: ~ € 10M, MoUs signed, kick-off conference (July 06)
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EU-OPEC & EU-Gulf Cooperation Council

- **EU-OPEC Energy Dialogue (since 2005)**
 - Proposal to establish EU-OPEC Energy Technology Centre
 - Joint Conference on Carbon Capture and Storage (Sept 2006)
 - Round Table on Energy Policies (Nov 2006)(focussing on policies adopted or envisaged relating to energy, environment and energy transportation)
 - **EU-GCC working group on environment**
 - Expert meeting on climate change (Oct 2006)
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Reporting methodologies



Reporting methodologies agreed in December 2005

- **15/CMP.1**
 - Para. 23: “provide information relating to how it is striving...”
 - Para. 24: “incorporate information on how they give priority [...] to the following actions”
- **31/CMP.1**
 - Para. 11: “workshop on reporting methodologies on ways...”
- **How to apply this methodology?**



Conclusions from experiences so far

- **Importance of dialogue to complement policies**
- **Broad spectrum of activities requires:**
 - **Balance between mitigation needs and mitigation impacts**
 - **“Narrative” reporting**
 - **Assessment of overall impact of measures taken, where relevant individual measures (across sectors, gases and using KP flexibility)**
 - **Assessment of dialogue and stakeholder processes with 3rd country involvement**
- **Methodologies only agreed December 2005, application from 2010, learning by doing!**



**YOU CONTROL
CLIMATE CHANGE.**



TURN DOWN. SWITCH OFF. RECYCLE. WALK. CHANGE

**More information on EU climate policy:
http://ec.europa.eu/comm/environment/climat/home_en.htm**