



# FREEZING CLIMATE CHANGE

## WWF SUMMARY POSITION PAPER ON THE EU CLIMATE & ENERGY PACKAGE PROPOSALS

April 2008

This briefing summarises WWF's response to the Climate and Energy package of four legislative proposals<sup>1</sup>, which propose concerted EU actions to reduce EU greenhouse gas emissions by 2020. It also responds to the related proposal on emissions of CO<sub>2</sub> by cars. Individual position papers are available on each legislative proposal.

### 20% EMISSIONS REDUCTION TARGET IS TOO LOW

The package represents a very important step forward towards a serious EU climate policy, with significant emission reductions, the start of the renewable energy revolution and putting a real price on carbon.

The 20% EU emissions reduction target by 2020 is, however, not enough: it does not reflect accepted science, and it falls short of the EU's existing international commitment to tackle climate change. In practice it means an EU reduction target of only 12% from now until 2020, since EU emissions have already declined by about 8% since 1990.

This weak target is further diluted by allowing industry and Member States to meet a large part of their 'reductions' by buying emission reduction credits from developing countries –which at best only cancel out the increases in EU emissions, and do not contribute to a net reduction in emissions.

### WWF therefore calls for:

An overall emission reduction target of 30% below 1990 levels by 2020 to be achieved within the boundaries of the EU; and

The financial equivalent of an additional 15% emission reductions<sup>2</sup> to be invested in adaptation and emission reduction activities in developing countries, which also provide sustainable development benefits.

WWF urges MEPs and governments to support an overall 30% reduction in EU emissions, and show real global leadership and vision for future generations on this planet.

### EU INTERNATIONAL COMMITMENTS BASED ON SCIENCE

- In order to limit global warming substantially, all EU Member States endorsed the international objective<sup>3</sup> for developed countries to reduce emissions by between 25% and 40% below 1990 levels by 2020.

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<sup>1</sup> Emissions Trading System (revision of); Effort Sharing (MS domestic reductions); Renewable Energy; Carbon Capture and Storage

<sup>2</sup> With an indicative carbon price of up to €60 per ton of CO<sub>2</sub>-eq the financial equivalent of a 15% cut would equate to around €51 billion per year by 2020

<sup>3</sup> at the UNFCCC in Bali (end 2007)

- The range of 25%-40% reductions by 2020 is based on scientific calculations by the Nobel Laureate of 2007, the IPCC, and is of absolute necessity to keep the global average temperature rise below 2°C compared to pre-industrial temperatures.
- The EU Heads of State agreed in March 2007 to reduce emissions by 30%, unless all international efforts fail. Thus the current EU proposals, focussing on only 20%, already assume failure in international negotiations. This is a poor global leadership position for the EU.

### 30% EU EMISSION REDUCTIONS: ACHIEVABLE AND BENEFICIAL

An overall 30% reduction in EU emissions by 2020, compared to 1990 levels, is achievable, affordable and will boost the EU economy. Achieving these reductions depends on political will. The necessary clean and innovative technologies are there – political will is needed to remove the countless barriers to their use in practice.

Economic benefits for the EU:

- an energy efficient economy with cost-savings across all sectors;
- increased energy security, via reduced dependence on foreign energy sources (savings of €200+ billion in decreased imports and based on recent oil prices of \$US 100/bbl<sup>4</sup>);
- increased contributions of renewable energy sources, which boost the EU technological lead, creating large export potentials and EU jobs<sup>5</sup>; and
- health benefits and reduced health costs through improved technology and cleaner energy sources.

Political benefits for the EU:

An EU target of a 30% reduction presented to the United Nations climate change conference in Poland in November 2008 will provide proof that the EU is willing to take real action. Without it, the EU will lose its leadership in pushing for a strong post-2012 global climate deal, which must be agreed in Denmark at the end of 2009.

### HOW TO GET A 30% REDUCTION IN EU EMISSIONS?

1. EU ETS and 'Effort Sharing' systems: set an overall cap on total emissions which represents a 30% cut below 1990 levels by 2020.
2. Renewable energies: fulfil the target of 20% of total use by 2020
3. Energy efficiency: make the target of 20% energy consumption reduction by 2020 legally binding. This will boost investments and policies in energy efficiency and conservation. This is the 'missing link' in the current package and the Spring Council 2008 failed to do this.
4. CCS: stop all new "business as usual" coal-fired power stations. Set strict emission ceilings for new and old power stations well before 2020.
5. CO2 and cars: strengthen the proposals and set strict targets for 2020.
6. Revised Buildings Directive (proposal by Commission this fall): speed up revision of the efficiency in buildings Directive, with legally-binding energy conservation standards for all buildings. This could reduce emissions by about 450 million tonnes of CO2 – about 9% of all EU GHG emissions.

<sup>4</sup> See Wuppertal-Institute report for WWF "Target 2020 – Policies and measures to reduce GHG emissions in EU", 2005.

<sup>5</sup> For example, over 60,000 jobs created in Germany alone between 2004 and 2006 in renewables sector, based on German government information

## SHORT ASSESSMENTS OF INDIVIDUAL LEGISLATIVE PROPOSALS

### European Emissions Trading System (EU ETS) - revision

The EU Emissions Trading System (EU ETS) will deliver about 65% of the total EU greenhouse

gas emission reduction effort. It covers almost half of EU emissions, the largest polluting sectors ranging from power generation to heavy industrial polluters like cement, steel and chemicals. Aviation will be included through a separate Directive. The Commission's proposal is to strengthen the environmental effectiveness and operational efficiency of the existing system.

#### Assessment:

<p><b>Good:</b></p> <ul style="list-style-type: none"> <li>√ Setting a harmonised overall cap on total EU-level emissions from 2013. This replaces the present 27 'National Allocation Plans' – which were subject to gaming and manipulation by industries and governments.</li> <li>√ Inclusion of all large carbon polluters in the EU ETS, representing about half of all EU GHG emissions.</li> <li>√ Possible support measures for energy intensive sectors are only to be considered if an international agreement is NOT reached.</li> </ul>	<p><b>Bad:</b></p> <ul style="list-style-type: none"> <li>X: 21% reduction target (below 2005 emissions) is too weak.</li> <li>X: Too many pollution permits given for free - 100% auctioning for all postponed until 2020.</li> <li>X: Loopholes for polluters to buy 'extra' pollution credits from developing countries – by off-setting through "external credits" such as CDM (Clean Development Mechanism).</li> <li>X: A maximum of only 20% of auctioning revenue goes to climate measures!</li> <li>X: Overall European emission reductions will be undermined by the inclusion of Domestic Offset Projects.</li> </ul>
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#### WWF top recommendations:

- Set the cap on emissions to a 36% EU emission reduction target based on 2005 values and amend the year on year linear reduction percentage accordingly;
- Full auctioning of emission permits for all sectors – meaning all polluters must buy permits, and cleaner companies can benefit;
- ALL auctioning revenues earmarked for climate protection measures; at least 50% invested in decarbonisation and adaptation in developing countries; the rest in the EU;
- Ensure the EU ETS sectors deliver a fair proportion of the financial equivalent of an additional 15% emission reduction in investing in adaptation and emission reduction in developing countries;
- Close loophole for industry to off-set EU emissions via external credits in developing countries under the overall 30% EU reduction target;
- Only approve external credits from the Clean Development Mechanism (CDM) projects which meet the 'Gold Standard' or equivalent quality criteria for the additional 15% reduction effort;
- Exclude Domestic Offset Projects, surface transport, land use, land change and forestry (LULUCF) and the buildings sector from the EU ETS as they will undermine the effectiveness of the system and hamper overall emission reduction activities.

## Effort Sharing by Member States

This covers the measures by MS to reduce emissions from areas of the economy not covered by the ETS:

buildings, transport (except aviation), agriculture, waste, households. These represent around 60% of current EU Greenhouse Gas emissions, but only ca. 35% of the reduction effort under the Commission's 20% scenario.

### Assessment:

<p>Good:</p> <p>√ Central cap setting at EU level, not at Member State level</p>	<p>Bad:</p> <p>X: 20% overall reduction target below 1990 (or ca. 10% below 2005) by 2020 is too low.</p> <p>X: Sharing formula does not take account of the potential to reduce emissions – it is only linked to GDP/capita.</p> <p>X: Allows several MS to INCREASE emissions up to 20% from 2005 levels – bad example.</p> <p>X: Limits overall reduction effort by MS to a maximum of 20% GHG emissions reductions by 2020.</p> <p>X: MS can offset their emissions by buying large amounts of external credits from developing countries.</p> <p>X: No strong compliance obligations for MS – only normal infringement procedure (in contrast to ETS).</p>
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### WWF top recommendations:

- 30% domestic reduction target by 2020 - from the start (not only in case of international agreement in UN);
- Financial equivalent of an additional 15% emission reductions as EU's share of support for developing countries' emission reduction and adaptation measures;
- External credits based on environmental and additionality criteria – equivalent to "CDM Gold Standard", on top of EU 30% reductions;
- Introduce strong monitoring and compliance regime with automatic penalties for MS;
- Ensure the adoption of stringent EU wide policies and measures to ensure the non-ETS sectors deliver results in a coherent and non-distortionary manner.

## Renewable Energy

This Directive mandates that, by 2020, 20 % of EU energy will come from renewable sources. 10 % of transport fuels should be derived from renewables. For biofuels the focus has shifted and needs to

contribute to a certification regime which guarantees that the production of all bioenergies does ensure emission reductions with strict environmental and social sustainability criteria. Offshore wind power and sustainable biomass are the most likely and largest source of cost-effective and reliable renewable power

### Assessment:

<p>Good:</p> <ul style="list-style-type: none"> <li>√ 20% target for energy from renewable sources by 2020.</li> <li>√ Inclusion of all primary energy consumption – enhancement of greening the often overlooked heating/cooling sector.</li> <li>√ 10% target for renewables use in transport sector.</li> <li>√ Mandatory sustainability criteria for biofuels.</li> <li>√ Preferred grid access for renewable power.</li> </ul>	<p>Bad:</p> <ul style="list-style-type: none"> <li>X: Weak biofuels certification system.</li> <li>X: No quality control for renewable energy trading.</li> </ul>
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### WWF top recommendations:

- Ensure adoption of the 20% target with truly sustainable renewables;
- Strengthen certification system for biofuels to ensure solid social and environmental criteria;
- Expand certification to all bio-energies;
- Fast financial support for creation of a large network of offshore wind power in the Atlantic;
- Establish harmonized load and grid management across EU borders to compensate for some variable power fluxes.

## Carbon Capture Storage

This is a support measure to provide a method of capturing those carbon emissions which continue to be emitted, for example from coal power stations. It is mainly targeted at coal power plants

and would ensure they operate with significantly lower emission levels of CO<sub>2</sub> (and other gases). It represents a pragmatic compromise between the reality of power generation, the importance of coal in certain countries and the overarching target to reduce emissions.

Assessment:

<p>Good:</p> <ul style="list-style-type: none"> <li>√ Relatively solid legal framework for dealing with the technicalities and liability of CCS.</li> <li>√ Plan for 12 DEMO projects.</li> </ul>	<p>Bad:</p> <ul style="list-style-type: none"> <li>X: No mandatory cap on emissions from new power plants.</li> <li>X: No retrofitting of highly polluting old power stations.</li> <li>X: No mandatory, independent verification of storage safety.</li> <li>X: No independent public funding for selection, oversight and monitoring of carbon STORAGE.</li> </ul>
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### WWF top recommendations:

- Mandatory 'in time' and real monitoring for all storage sites to ensure geological safety and binding remediation plans in case of leakage;
- Set emission ceilings for all new, and later all existing, power plants at 350g CO<sub>2</sub>/kWh;
- Mandatory assessment, before building any new power plant, of potential for other ways to meet energy needs - via demand side measures, supply efficiency (such as Combined heat and Power) and renewable energy;
- Public funding for safe storage site evaluation

## CO2 emissions from cars

This proposal for reduction targets of CO2 emissions from cars addresses about 12% of total EU emissions and one of the fastest growing emission sources. This proposal is key to the success of the

non-ETS reduction targets, although not directly part of the climate and energy package. However, vehicle emissions need to be more than just stabilised by 2020 as foreseen by this proposal, in order to ensure the success of the targets set in the non-ETS sector.

### Assessment:

<p><b>Good:</b></p> <ul style="list-style-type: none"> <li>√ Setting legally binding targets for reducing emissions, instead of voluntary actions.</li> </ul>	<p><b>Bad:</b></p> <ul style="list-style-type: none"> <li>X: Manufacturers are not directly responsible for achievement of 2012 target of 120g CO2/km.</li> <li>X: Penalties for non compliance too weak.</li> <li>X: "Flexible fuel vehicles" contribute to target.</li> <li>X: No 2020 or 2025 targets.</li> <li>X: "Weight"-approach allows too much space for "gaming".</li> </ul>
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### WWF top recommendations:

- Car manufacturers should be held responsible for improving the energy efficiency of their vehicles to 120gCO2/km by 2012. This means no special treatment or credits with respect to flexible fuel vehicles, since fuel decarbonisation is the responsibility of fuel suppliers;
- Set binding long-term targets (2020 and 2025) to give manufacturers the regulatory certainty necessary to make long-term investment decisions. The equivalent of maximum 80g CO2 /km is needed by 2020 and 60g by 2025 in order to meet overall CO2 emissions reductions of 30% by 2020 and much more by 2050;
- Express 2020/2025 targets as an efficiency parameter which is neutral with respect to energy carrier and drives an improvement in the overall efficiency of vehicles, e.g. kilowatt-hours per kilometre (kWh/km);
- Any utility differential should be based on the vehicle footprint (e.g. area between the wheels), as EPA mandates for light trucks in the USA, not vehicle weight;
- Set penalties of €150 per gram of CO2 exceeded, per car.

#### FOR FURTHER INFORMATION:

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