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Greenpeace draft position paper on the European Commission legislative proposal on Effort Sharing of the EU-27 climate targets for 2020.

Introduction

In January 2008, the European Commission presented new legislation on climate and energy as a follow-up to the relevant objectives set by the 2007 Spring European Council. These laws, when finally adopted, will demonstrate to the world the extent of Europe's commitment and leadership in the global effort to prevent dangerous climate change.

In this position paper we present some first recommendations by Greenpeace on how to strengthen the environmental effectiveness and climate ambition of the Commission's proposal for a "Decision on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020" (COM 2008 17 final).

The 'Umbrella Issue' – the magnitude of the EU Climate Target for 2020

The backbone of the climate targets within the proposal is the internal EU agreement struck in spring last year in which the EU promised it would reduce its greenhouse gas emissions by 30% by 2020 (compared to 1990 levels) as part of a new global deal. The 2007 Spring Summit also agreed that until the new deal is concluded, the EU would only commit to reducing its emissions by 20%.

Greenpeace believes that this 20% cut is a political and scientific mistake which needs to be rectified by amending the legislation for the following two reasons:

- Firstly, as the Commission has already recognised¹, this target is inconsistent with the EU objective of keeping mean temperature increase below 2 degrees Celsius compared to pre-industrial levels. The EU committed to this temperature threshold over a decade ago with the intention of preventing the most devastating impacts of climate change. Only if the EU commits to reducing its emissions by at least 30% domestically will it respect its own objective; this -20% target is a purely arbitrary number.
- Secondly, this cut is weaker than what was agreed for developed countries during the international climate negotiations in Bali in December 2007. There, the range agreed for developed country reductions was set at 25-40% by 2020².

In light of recent political agreements reached within the Kyoto Protocol post-2012 discussions and the scientific evidence consistent with the 2-degree objective, Greenpeace asks for the unilateral commitment to be revised so as to ensure that the EU cuts its domestic emissions by 30% by 2020, compared to 1990 levels.

¹ January 2007, European Commission Communication, *Limiting Global Climate Change to 2 degrees Celsius. The way ahead for 2020 and beyond*, COM (2007) 2 final.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0002:FIN:EN:PDF>
² December 2007, *Conclusions adopted by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol at its resumed fourth session held in Bali, 3–11 December 2007*.
http://unfccc.int/files/meetings/cop_13/application/pdf/awg_work_p.pdf

Additionally, this legislation should have a longer-term emission horizon. Therefore, Greenpeace is calling for a 2050 target – an EU emission cut of at least 80% by 2020, compared to 1990 levels.

Other Cross-Cutting Issues – External credits & Reinforcing the post-2012 UN framework

In the proposal, the Commission has failed to acknowledge the continuation of the United Nations Framework Convention on Climate Change (UNFCCC) and of the Kyoto Protocol after 2012. This is particularly startling given that the EU is fully engaged in the ongoing UN post-2012 framework negotiations, which were officially launched over two years ago and should be ideally completed in Copenhagen in the end of 2009. Instead, the text vaguely refers to '*a future international agreement*'.

- Greenpeace believes that the 'trigger' for increasing the ambition of the EU climate targets (for both the ETS and the non-ETS sectors) should be explicitly linked to the UNFCCC process.

We are also gravely concerned about the provisions on use of external credits after 2012. They currently allow for a significant use of external credits which can count towards the fulfilment of the EU target.

Most importantly, there are no safeguards whatsoever on the quality of projects that would qualify after the conclusion of an international agreement.

This *de facto* acceptance of a large volume of external credits poses two significant risks. Firstly, it reduces the EU's weight in the global negotiations on the post-2012 shape of the Clean Development Mechanism and Joint Implementation (or of any new form of flexible mechanism). It declares that EU governments and industry will be prepared to purchase a great deal of external credits, no matter what shape or form they take. Secondly, it precludes the outcome of these negotiations. Within the post-2012 Kyoto framework, the EU should reserve the right to select which overseas projects governments - and EU industry through the ETS - should be giving priority to and which ones, if any, they want to exclude.

- A more logical approach would be for EU countries to first secure an adequate level of domestic effort by 2020 (an overall 30% cut compared to 1990 levels). Then, external credits should only be eligible for use if they come on top of this minimum effort and if they fulfil strict criteria (verifying their climate benefit and guaranteeing their environmental integrity).

Greenpeace believes that external credits from certain projects should be explicitly excluded in the future: sinks³, carbon capture and storage, large hydroelectric projects and, of course, nuclear power generation. Project-developers should also need to provide evidence on whether projects are additional and environmentally friendly.

The simplest way of ensuring this would be to only allow credits from sustainable and additional renewable energy and energy efficiency and conservation projects.

Finally, we are fully aware that the reasons for using the year 2005 as the baseline for setting EU targets for the ETS and non-ETS sectors are purely technical (i.e. data availability).

³ Claiming credit for carbon stored in forests and other vegetation ('sinks') is one of the most contentious and problematic issues in the Kyoto Protocol. Sinks are not permanent and they can very easily turn into a carbon time-bomb. They are also very difficult to monitor.

- In the interest of consistency with the current UNFCCC targets, as well as of continuity and comparability, the overall EU target must continue to refer to a baseline of 1990. The distribution of this target across countries and sectors through this legislation is an internal EU matter. But it is of paramount importance that in the external context of the global negotiations, the EU should always refer to and seek to maintain the 1990 baseline.

Deatiled comments on the Commission's proposal

As explained above, Greenpeace's first criticism is on the magnitude of the total non-ETS emission cap, given that it has not been set to match a total 30% reduction by the EU by 2020, but is instead derived from the inadequate 20% cut.

- ❖ The overall, unconditional emission commitment by the EU should be a 30% domestic cut by 2020 compared to 1990 levels. The Member State targets must therefore be revised to match this level of ambition.

In the current text, there is a stated limit on the maximum emission cut for any individual Member State. In our view, each Member State would need to reduce its emissions so that it adequately contributes to meeting a 30% domestic cut by the EU as a whole. In certain cases, this will mean setting reduction targets that are considerably more ambitious than the maximum cuts set in the current draft. Furthermore, there is no real justification for including this limit in the Decision, even if it is only mentioned in the preambular text.

- ❖ The limit capping the maximum emission cut by any given Member State should be deleted from the preambular text of the proposal.

Furthermore, the draft decision already announces the number of credits from external projects that can be used towards fulfilling each national climate target, such as those currently obtained through the Kyoto Protocol's Clean Development Mechanism.

- ❖ As stated earlier, Greenpeace is asking for a strict quality check on any external credits that will then be used on top of a total 30% domestic emission reduction effort.

The Commission's decision is also allowing for trading⁴ between Member States of any 'leftover' external credits.

- ❖ The legal text allowing for the trading between Member States of their unused quotas of external credits should be deleted.

As mentioned earlier, another concern arises with respect to the use of a 2005 baseline for emission reductions instead of using 1990, the year mostly used for the Kyoto Protocol commitments set for 2008-2012. EU countries that have shown little climate progress by the year 2005 towards their existing Kyoto commitments will have more lenient targets (than the ones they would have been allocated had they done more). This applies to all the EU climate laggards, like Spain, Italy, Luxembourg, Austria, Ireland, Denmark, Portugal, Slovenia, Greece....

- ❖ This unwelcome consequence from the change of baseline to 2005 needs to be corrected when setting individual 2020 targets.

One of the drawbacks of the Kyoto Protocol was that the individual country targets were set in 1997 for 2008-2012, i.e. there was over a decade between the setting of the target and the target date itself. What happened in practice was that many governments failed to adopt the

⁴ See Articles 4.4 and 6.4

necessary climate policies, with the expectation that their successors would do so. We now need to learn from the existing Kyoto experience and improve its second commitment period by setting both short and medium term targets.

- ❖ The EU and the Member States should also adopt intermediate targets for 2015.

Finally, there is no compliance mechanism included in the Decision, which is needed to specify the penalties that countries would face if they do not respect their individual climate commitments. This is a critical oversight that needs to be corrected.

- ❖ Penalties should be defined for Member States failing to meet their individual targets (for 2015 and 2020), similar to the ones set through the Emissions Trading Directive.



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