

EWEA Answer to the Consultation on a 2015 International Climate Change Agreement

Following the failure to agree to a meaningful post-Kyoto agreement the EU climate and energy framework should be decoupled from the international climate negotiations for a number of reasons:

- The EU climate & energy framework helps to price technologies at their true cost for society, a benefit in and of itself, disconnected from any international agreement;
- The EU climate and energy framework promotes technology leadership for European companies in key sectors, such as wind power;
- The EU climate and energy framework reduces import dependency and improves the trade balance by reducing fossil fuel imports;
- The EU climate and energy framework results in more investments in the EU, meaning more jobs and growth;
- The UNFCCC debate no longer reflects investments and policies put in place in most countries. While international discussions lack political drive, action is being taken by countries and the EU must prolong its ambitions beyond 2020 to avoid falling behind.

However, the EU should strive to get an ambitious, binding target-based agreement at COP21 in 2015 to get a 50% chance of avoiding dangerous climate change.

Question 1: How can the 2015 Agreement be designed to ensure that countries can pursue sustainable economic development while encouraging them to do their equitable and fair share in reducing global GHG emissions so that global emissions are put on a pathway that allows us to meet the below 2°C objective? How can we avoid a repeat of the current situation where there is a gap between voluntary pledges and the reductions that are required to keep global temperature increase below 2°C?

An agreement with science-based targets to keep global temperatures below 2°C

An international agreement needs to take into account all scientific evidence and aim at targets that have a real chance of helping the world limit runaway climate change. The IPCC Assessment Report 5, to be published in 2013-2014, will help in this regard ahead of COP21 in Paris. A science-based approach is the only way to avoid a gap between pledges and reductions.

An international agreement recognising the key role of renewables in reducing emissions

Economic development while reducing GHG emissions is entirely feasible, not least when economic development is underpinned and driven by the development and deployment of technologies such as wind energy. Significant technological developments and cost reductions in wind energy and other renewables have made emission reductions more achievable. Many countries benefit from good wind resources and therefore the UNFCCC

framework should create an enabling international framework so that these resources can be exploited. Renewable targets have proven very successful as part of the EU policy mix and should be promoted at UNFCCC level as well.

An internationally binding agreement including international monitoring and verification

A “pledge and review” system was what parties could agree on in Copenhagen and is already showing its limits. The US, which has officially announced they will miss their 2020 pledge, are a vivid example of the failure of this approach. While many countries already made significant investments to reduce emissions, there is a need for an overarching framework including internationally agreed targets and making actions comparable and parties accountable through sound monitoring, reporting and verification.

An equitable and fair share of emissions reduction opportunities for all parties

Historical responsibility, future emissions pathways, emissions per GDP or per capita must all be taken into consideration when agreeing future emissions reduction commitments for Parties. However, the largest share of responsibility for staying within the available carbon budget before 2050 rests with industrialised country Parties. These countries also have more advanced technology to reduce emissions and better financial means. As one of them, the EU countries should be ready to take on significant reductions objectives. These should in particular be focused on triggering a shift away from fossil fuel based electricity production.

New industrialised countries such as Singapore, Saudi Arabia or South Korea should equally take on binding emission reduction targets. Advanced developing countries such as China or Mexico must ensure that their development pathway remains as carbon-free as possible, while allowing their economies to grow, in line with the principle of common but differentiated responsibilities and respective capabilities.

As the host continent, the Europe has a key role to play in the run-up to COP21

The EU should come to the negotiating table with a 2030 climate and energy package including ambitious and binding targets for GHG emissions, renewable energy and energy efficiency. Such a package is likely to be considered by other negotiating parties as more ambitious than a framework based solely on decarbonisation targets. The EU will need to engage with all countries to prepare the most ambitious deal possible.

A new EU pledge must avoid conditionality clauses for its objectives

In 2009, the conditionality built into the EU pledge (20% in any case and 30% if an international agreement ensures comparable effort from other countries) failed to deliver incentives for other countries and left the EU at the lower end of its ambition, well below the 25%-40% reduction by 2020 advised by science for developed countries. A new pledge and package for 2030 must be ambitious from the beginning, in line with science and ensuring the EU's technological leadership by giving clear political signals for investments.

Question 2: How can the 2015 agreement best ensure the contribution of all major economies and sectors and minimise the potential risk of carbon leakage between highly competitive economies?

Political willingness to commit at UN level must better reflect the already significant actions undertaken in a majority of countries

Since the failure to agree on a binding post-2012 framework in Copenhagen in 2009, the UNFCCC negotiations have displayed a severe lack of political willingness to commit at international level. At the same time, many countries have launched ambitious programmes to reduce GHG emissions and to promote renewables. Over 100 countries now have

renewable energy targets¹, including some very ambitious one, such as in China, with a 100GW wind energy target by 2015 (the capacity the EU reached in 2012).

The discrepancy between the lack of political ambition at UN level and real actions, programmes and investments outside Europe puts the EU's technological advantage at risk

The EU cannot wait for an international agreement before agreeing to a continuation of its flagship climate and energy framework to 2030. The significant wind energy developments and deployments outside Europe highlight the potential risk for the EU's technological leadership. EU policy should not be dependent on an international agreement but rather be a pre-requisite to it.

Registries for national actions help spread information about actions on the ground

Registries for those actions will help disseminate technological potentials, best practices, costs and last but not least, the benefits of wind energy, renewables and energy efficiency measures. These should be an inherent part of a new agreement. They can also help identify existing levels of ambition not reflected in countries commitments.

Sectors in which emissions reduction technologies are already available should be prioritised

The power sector features easy to monitor emission sources (large power plants) and sufficiently available solutions such as wind energy or other renewables. This makes it a primary target for rapid and ambitious action backed by reliable monitoring of emissions reductions. Reduction targets should in particular be focused on triggering a shift away from fossil fuel based electricity production.

There is to date little evidence that carbon leakage has happened at all, with most companies passing all or most of the carbon price onto their customers². In the power sector specifically, carbon leakage is limited, as physical power lines are a bottleneck for importing electricity from outside Europe. At global level, including cross-border electricity trade into emission objectives or trading systems could avoid relocation of e.g. coal plants in countries without GHG reduction targets.

Question 3: How can the 2015 Agreement most effectively encourage the mainstreaming of climate change in all relevant policy areas? How can it encourage complementary processes and initiatives, including those carried out by non-state actors?

No EWEA response

Question 4: What criteria and principles should guide the determination of an equitable distribution of mitigation commitments of Parties to the 2015 Agreement along a spectrum of commitments that reflect national circumstances, are widely perceived as equitable and fair and that are collectively sufficient avoiding any shortfall in ambition? How can the 2015 Agreement capture particular opportunities with respect to specific sectors?

No EWEA response

Question 5: Adaptation - What should be the role of the 2015 Agreement in addressing the adaptation challenge and how should this build on on-going work under the Convention?

Mitigation is the only way forward as the costs of BAU adaptation will rapidly become unaffordable. Countries identified as already at significant risk from climate change should have access to international finance under the Convention.

¹ REN21, Annual Report, 2012

² CE Delft Report, « Carbon leakage and the future of the EU ETS market, April 2013

In 2012, the US government paid \$96bn to compensate the cost of extreme weather events³. US insurance companies also paid in excess of \$30bn. Investing in mitigating action to avoid future exponential increases in damages will be much cheaper in the long-run.

As highlighted by the IPCC AR4 and several more recent scientific studies, the impacts associated with climate change are real, severe, and non-linear: tipping points can quickly throw the world into a non-reversible climate crisis. Avoiding reaching these tipping points is key.

Question 6: What should be the future role of the Convention and specifically the 2015 Agreement in the decade up to 2030 with respect to finance, market-based mechanisms and technology? How can existing experience be built upon and frameworks further improved?

The CDM/JI have been instrumental in kick-starting new markets for wind energy but the minimal carbon price is threatening the system. Many wind energy projects have been built using the CDM, with many positive impacts on sustainable development, technology transfer, emissions, growth and local jobs.

Today, with a price for international carbon credits between one and 50 Euro-cents, some of the projects financed with help of the CDM are under-performing. This low carbon price is mostly due to lack of demand in the main buying market: the EU ETS. The surplus plaguing the EU ETS must be urgently addressed to re-establish incentives in the EU and developing countries.

Carbon price stability, and hence demand for carbon credits must be at the heart of any continuation of the CDM framework, or any other follow-up form of carbon pricing, such as e.g. sectoral agreements. Without the predictability and bankability of a stable price based on ambitious limits, projects will not be built.

Offsetting remains a short-lived policy surrogate for domestic action. Developed countries should focus on increasing their reductions domestically as developing countries will need the reduction potentials of the low hanging fruits currently covered by the CDM.

Any technology discussion within the UNFCCC should focus on helping setting up stable policy and market frameworks in the respective countries. It is crucial that Intellectual Property Rights (IPRs) be safeguarded as IPR are the main motivation behind the innovation that is still needed to further enhance our emission reducing technologies.

Question 7: How could the 2015 Agreement further improve transparency and accountability of countries internationally? To what extent will an accounting system have to be standardised globally? How should countries be held accountable when they fail to meet their commitments?

No EWEA response

Question 8: How could the UN climate negotiating process be improved to better support reaching an inclusive, ambitious, effective and fair 2015 Agreement and ensuring its implementation?

No EWEA response

³ Source: Bloomberg, based on a report by the Natural Resource Defence Council www.ndrc.org

Question 9: How can the EU best invest in and support processes and initiatives outside the Convention to pave the way for an ambitious and effective 2015 agreement?

Discussions in fora outside the UNFCCC such as the G20 or G8 can help bring the process forward, but are unlikely to change the existing political willingness of Parties. A comprehensive framework including all elements necessary to address climate change and Parties concerned can only be agreed as part of the UNFCCC process.

Leading by example – agreeing the continuation of EU climate and energy policy

The EU lead by example in the international negotiations ahead of the 2009 Copenhagen COP. To be able to drive the UN negotiations again, the EU must at minimum agree on targets for the next stage of its climate and energy legislation, and agree legislation ahead of the run-up to the 2015 COP.

The Climate & Energy package has proven a successful strategy and should be repeated for 2030 with three mutually supporting ambitious and binding targets for renewable energy, energy efficiency, and emissions reductions.

The EU economy benefits from climate legislation because of its technological advantage in renewable energy technologies

The EU holds a competitive advantage in technologies like wind energy: EU manufacturers will continue to benefit from an ambitious climate and energy framework that supports or helps renewable energy technologies independently from any international commitments.

The EU ETS brings benefits in itself and must not depend on international target setting

One of the purposes of the EU Emission Trading System is to price emitting technologies at their real cost to society, next to reducing emissions. For this reason, targets and cap-setting for the EU ETS should not be linked to or dependent on any international commitment. Without a carbon price, coal and gas have a comparative advantage compared to e.g. wind energy, as they do not pay for the costs they impose on society. HEAL recently estimated that cost for EU coal fired plants at €43bn/year⁴. The ETS is one available tool to re-allocate that cost to emitting technologies.

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⁴ HEAL, "The Unpaid Health Bill - How coal power plants make us sick", March 2013