

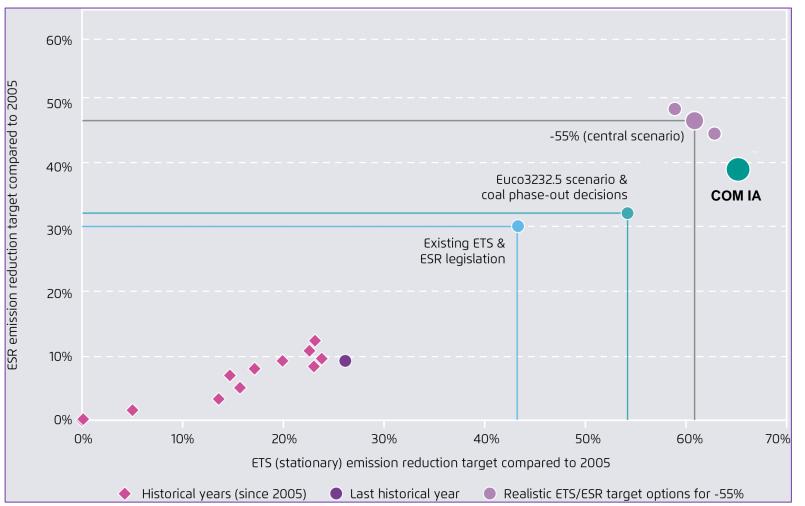
How to raise Europe's climate ambition for 2030?

Implementing a -55% Target in the EU Policy Architecture

Jakob Graichen | Berlin | 23 November 2020



ETS & ESR contributions towards a 55% target



	ETS	ESR	GHG (current scope)			
Öko-Institut Vision Scenario						
Max ESR	- 59%	- 49%	-55%			
Max ETS	- 63%	- 45%	-55%			
Central Case	- 61%	- 47%	-55%			
COM Impact Assessment						
MIX55/REG /CPRICE	- 65%	- 39%	52.0%			



Options to implement a more ambitious EU ETS cap (for stationary installations)

Linear Reduction Factor

- changes between ~1 and ~1.3 pts by each 150 Mt rebasing
- changes depend significantly on the start year for new LRF

Cumulative new allowances

- decrease between 7 and 8% by each 150 Mt rebasing
- decrease between 1 and 3% for LRF adjustment from 2023 instead of 2025

	Rebasing in Mt CO2 ₂	LRF adjustment from onwards	New LRF	Total new EUA in million EUA (2021-2030)
"EU ETS cap	0	2023	4,60%	12.030
(for stationary	0	2025	5,41%	12.405
installations)	152	2023	3,64%	11.189
61% below 2005	152	2025	4,11%	11.412
(805 million	300	2023	2,69%	10.370
EUA)"	300	2025	2,86%	10.446



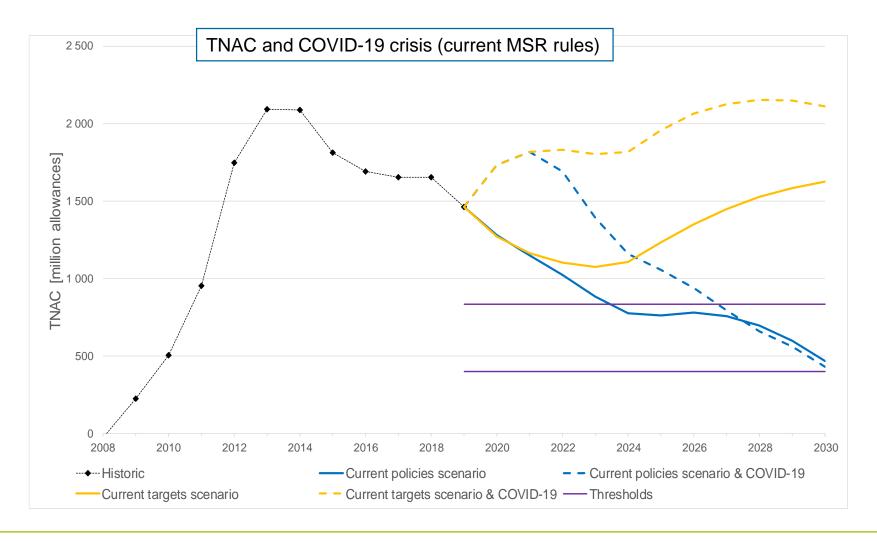
Extending the scope of the EU ETS

- Impact assessment 5 options for buildings & transport
 - Current treatment
 - Inclusion in EU ETS
 - Inclusion in EU ETS and application of ESR
 - Separate EU-wide ETS
 - MS carbon trading scheme
- In addition different options for aviation and shipping

- Significant pros and cons exist for each option, assessment depends essentially on views/core beliefs on
 - policy mix and cost-efficiency considerations
 - distributional and competition effects
 - necessary political & administrative efforts/vulnerabilities or compliance considerations
 - Pathway towards climate neutrality
 - Generic debates lead to nowhere, its all about specific provisions



MSR is crucial element but needs to be strengthened

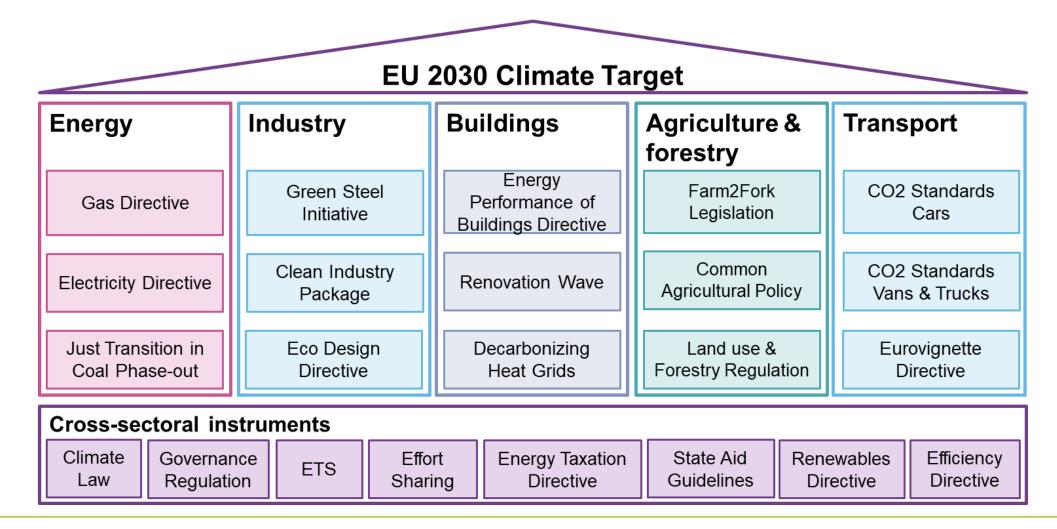


Low emission scenarios: MSR is not able to cope with surplus even without COVID-effects

High emission scenario: MSR delivers as intended even with COVID- effects



A policy mix will be necessary to achieve the 2030 target





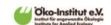
How to Raise Europe's Climate Ambitions for 2030

Implementing a -55% Target in EU Policy Architecture

IMPULSE







Thank you for your attention

Link to study:

Öko-Institut and Agora Energiewende (2020): How to Raise Europe's Climate Ambitions for 2030: Implementing a -55% Target in EU Policy Architecture

https://www.agora-energiewende.de/en/publications/how-to-raise-europes-climate-ambitions-for-2030/