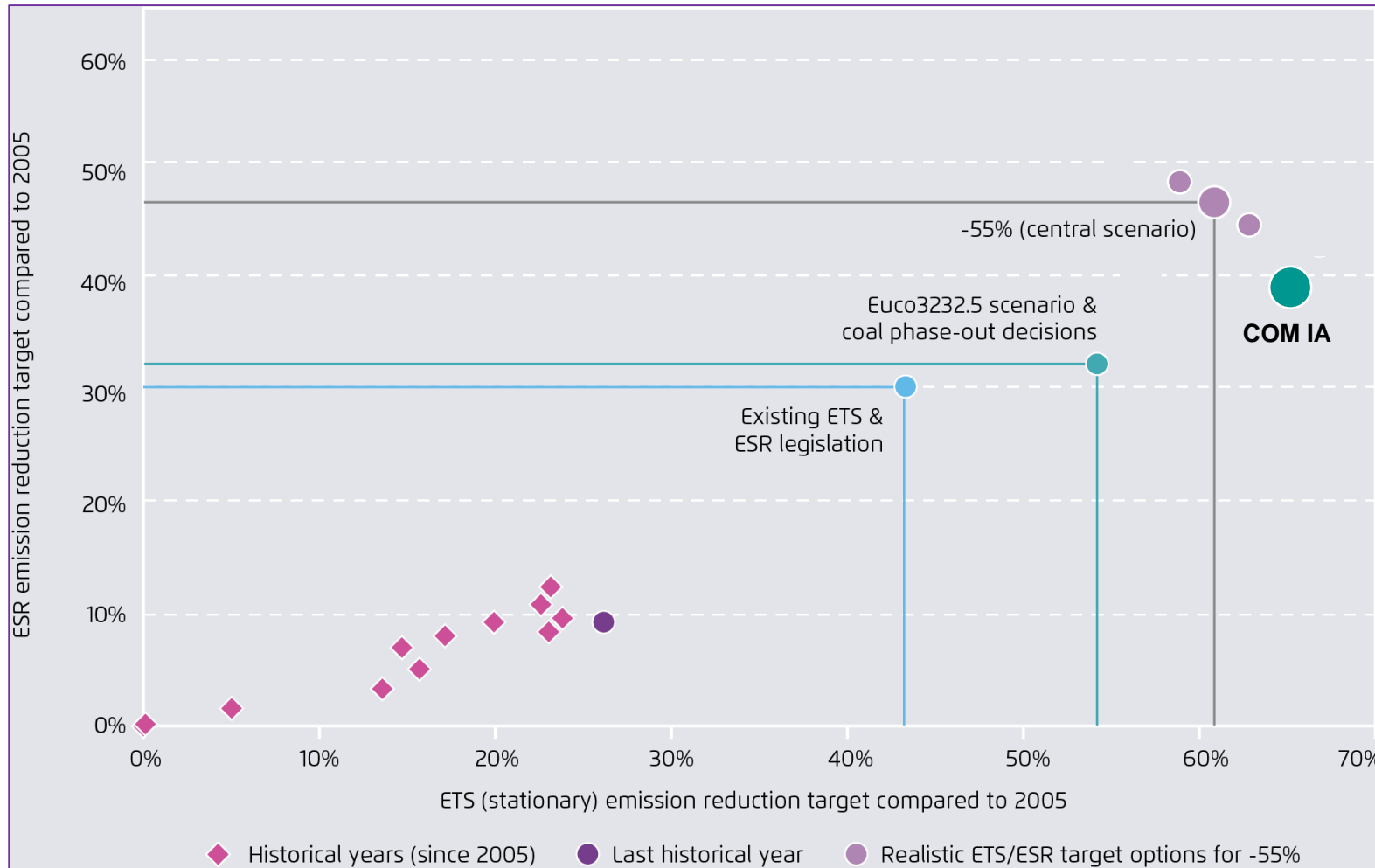


How to raise Europe's climate ambition for 2030?

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

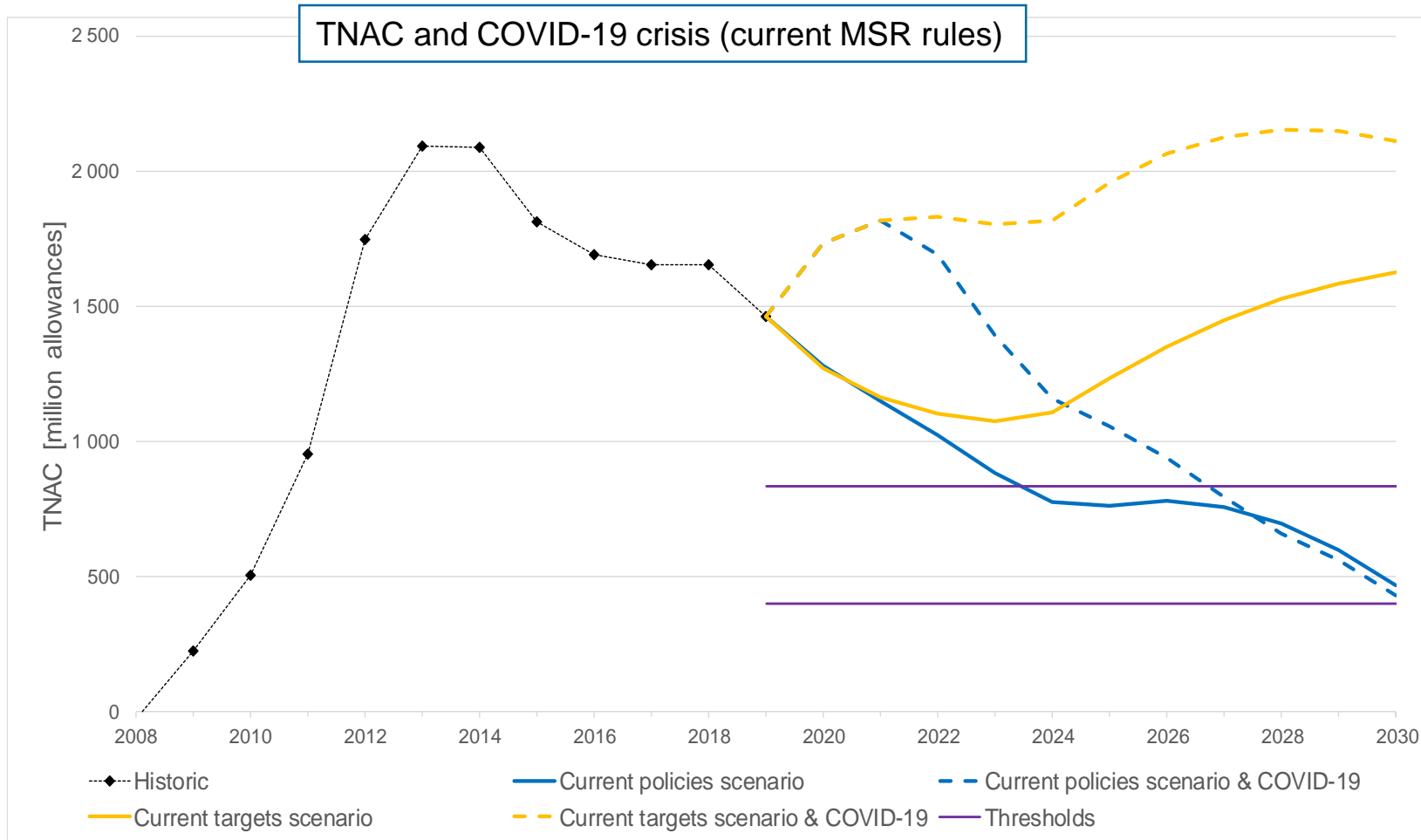
- decrease between 7 and 8% by each 150 Mt rebasing
- decrease between 1 and 3% for LRF adjustment from 2023 instead of 2025

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

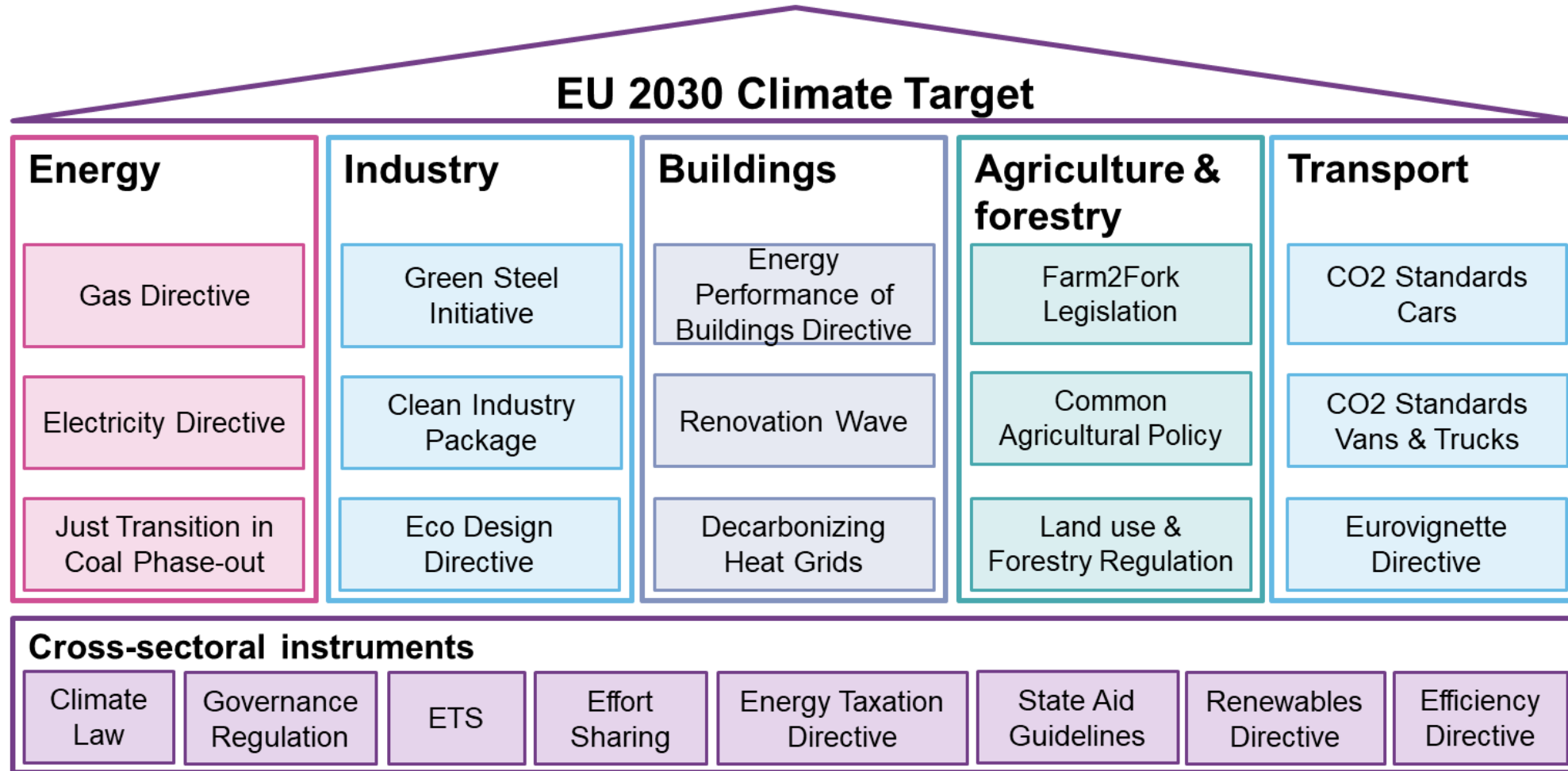
MSR is crucial element but needs to be strengthened



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

Agora
Energiewende



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/>