

Europe's Low-Carbon Transition

Climate Change Commission New Zealand

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EU Green Deal: economic strategy

- **Covers all economic sectors**

- Energy/Transport/Industry(circular)/Construction
- Agriculture and Forestry
- Innovation: R&D and deployment of investments

- **Moving political attention from targets to policies**

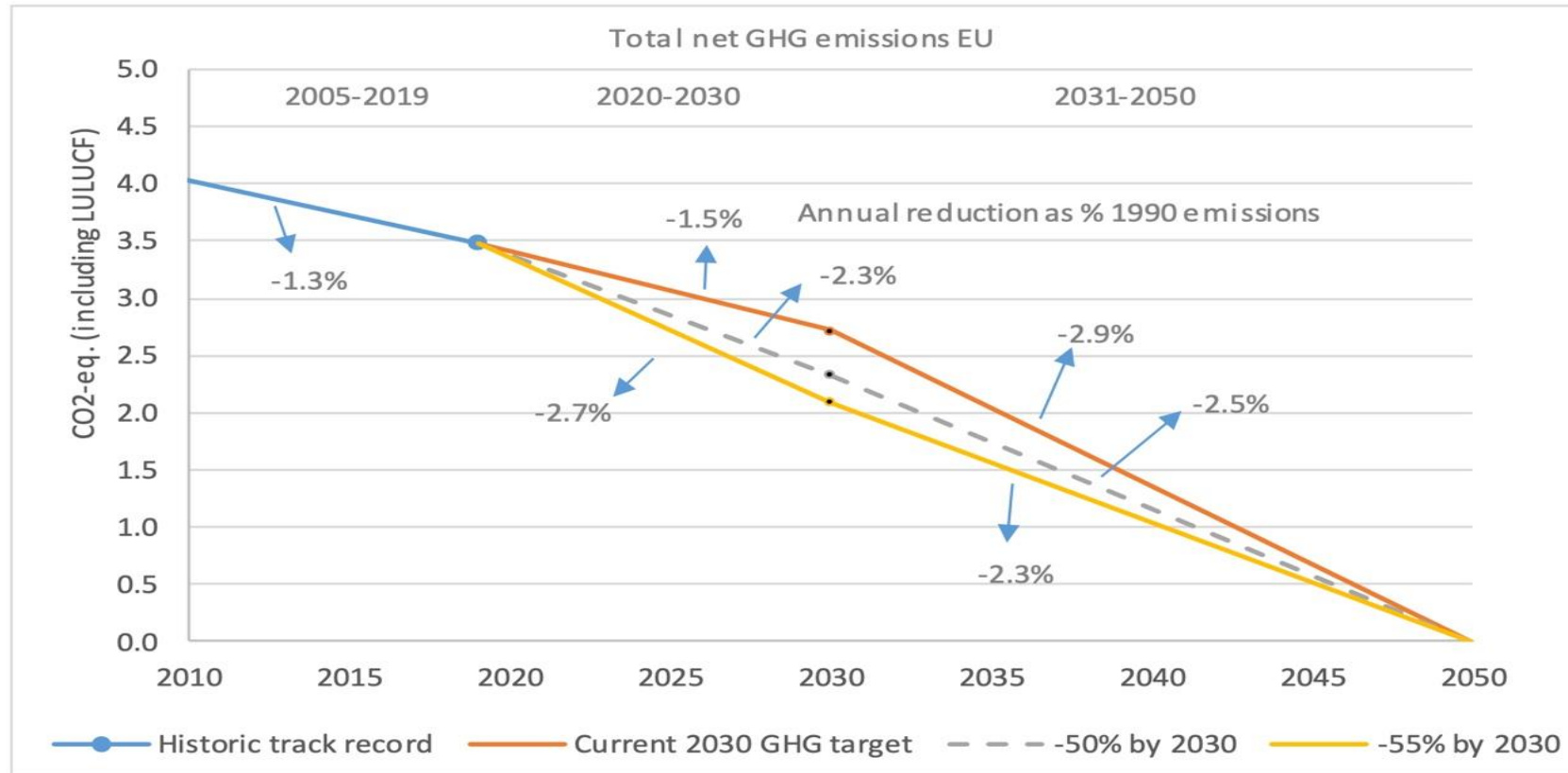
- regulations are key: roll-out is gradual and takes time

- **Major Investment program**

- €350bn **additional** annual investment in 2021-2030 (compared to 2011-2020)

2030 Target: 55% reduction compared to 1990

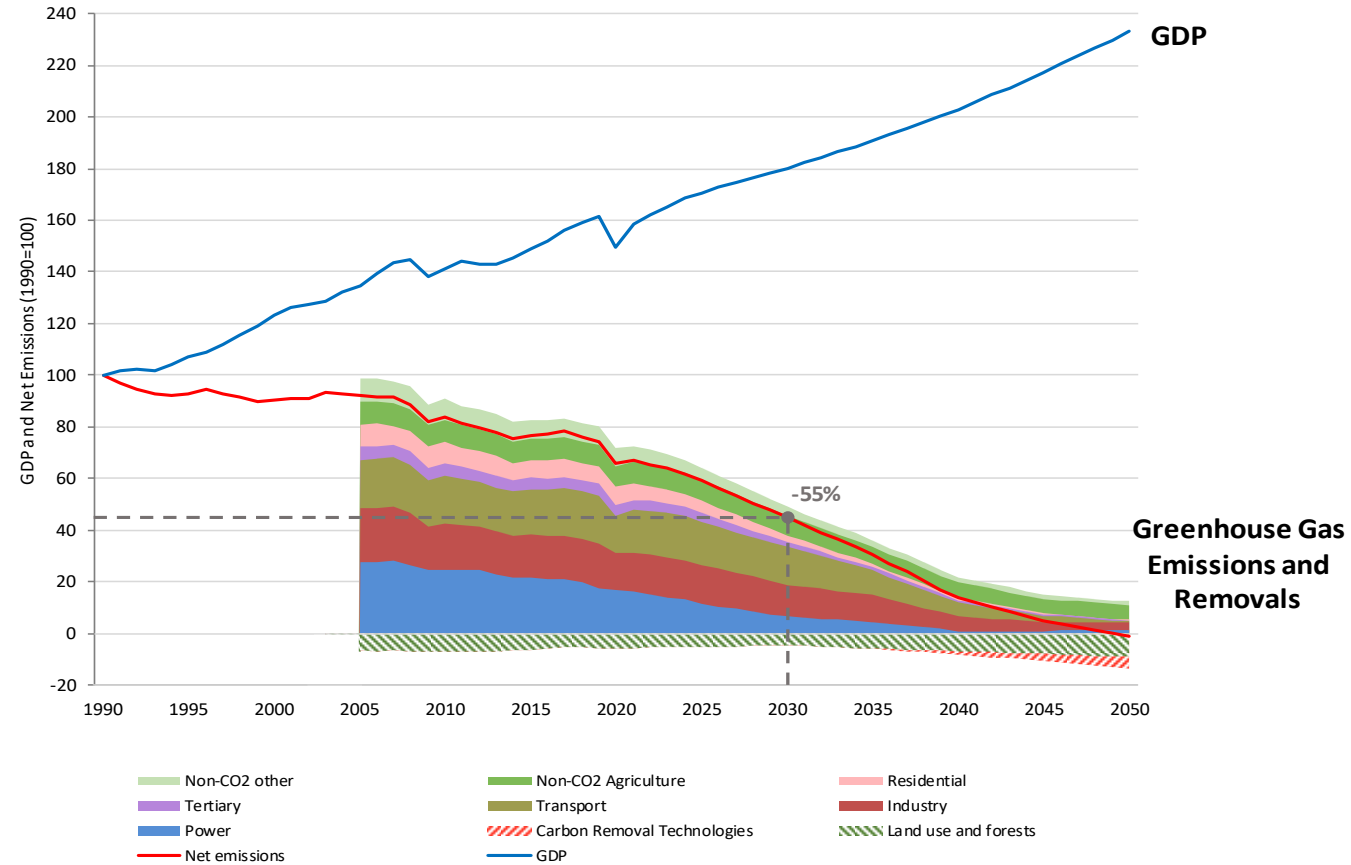
Figure 1: Stylised representation of future net GHG emission pathways compared to historic reduction rate since 1990



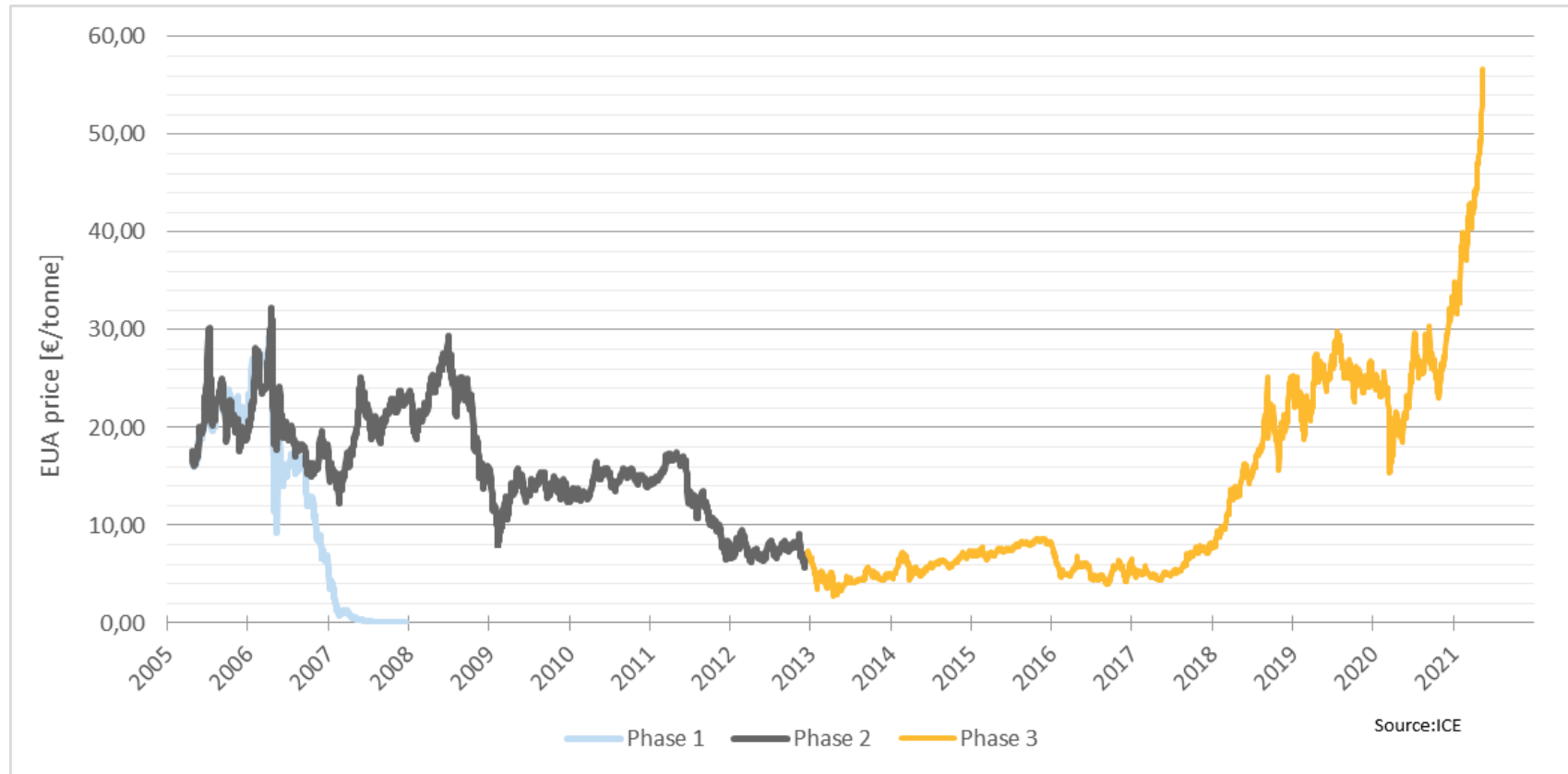
Combining Climate Policy instruments

- **Market-based** approach: flexible and cost-effective
 - ETS: putting a price on carbon (since 2005)
 - Disclosure of climate/sustainable information by private companies (since 2018)
- Mandatory **technological standards/benchmarks**: administratively more complex
 - Car emissions
 - Renewables
 - Fluorinated Gases
 - ...
- **Governance**
 - Member States have targets for non-ETS emissions
 - MRV and National Energy and Climate Plans
 - ...

De-couple economic growth from emissions



1. EU ETS: prices around €50 per tonne CO₂



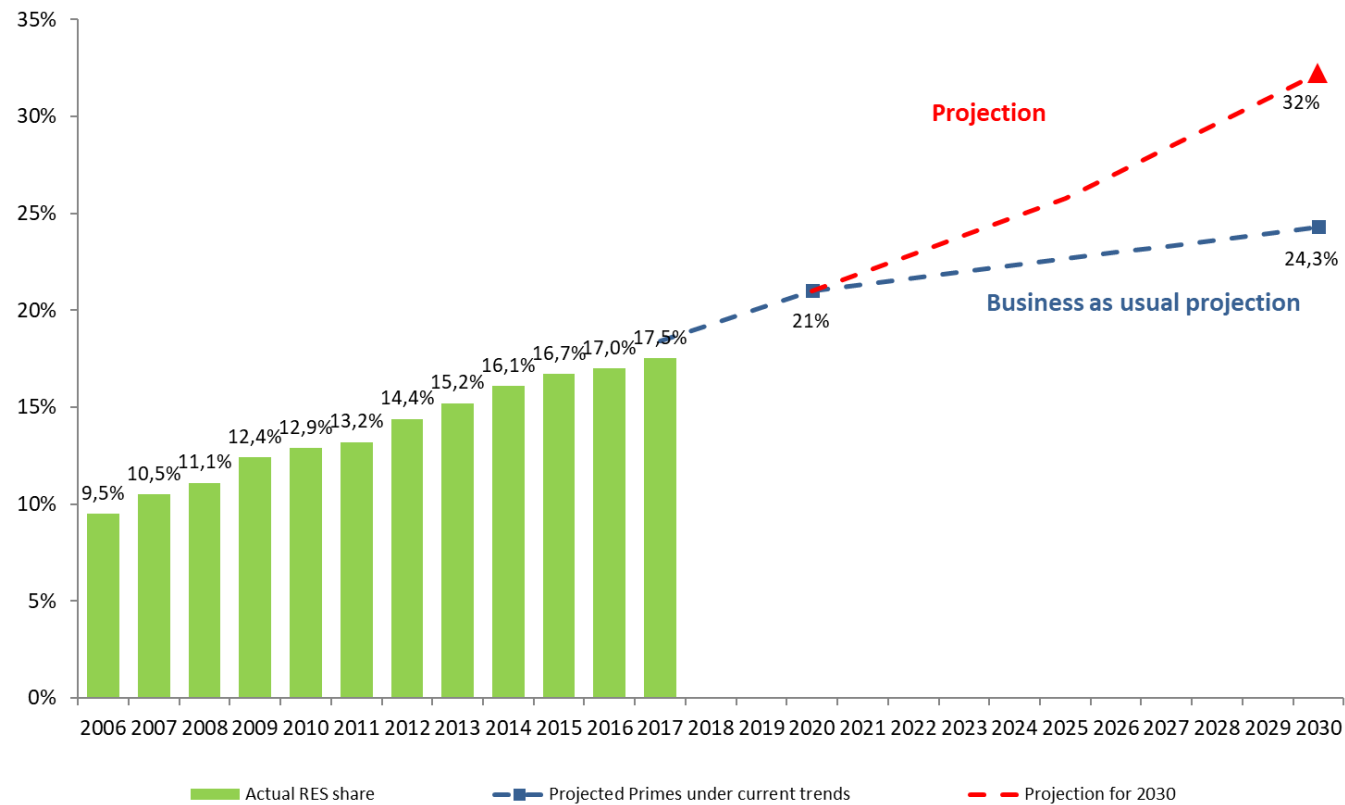
EU ETS emerging issues

- **Carbon Price** becomes significant:
 - 61% reduction of emissions by 2030 (based on 2005)
- **Carbon Leakage:**
 - Carbon Border Adjustment Mechanism vs internal policies (free allocation)
- **Larger Scope:**
 - Maritime, international aviation
 - Road and heating fuels in separate (adjacent) system
- **Importance of Revenues:**
 - Low-carbon innovation/investment
 - ‘Just transition’: social impact

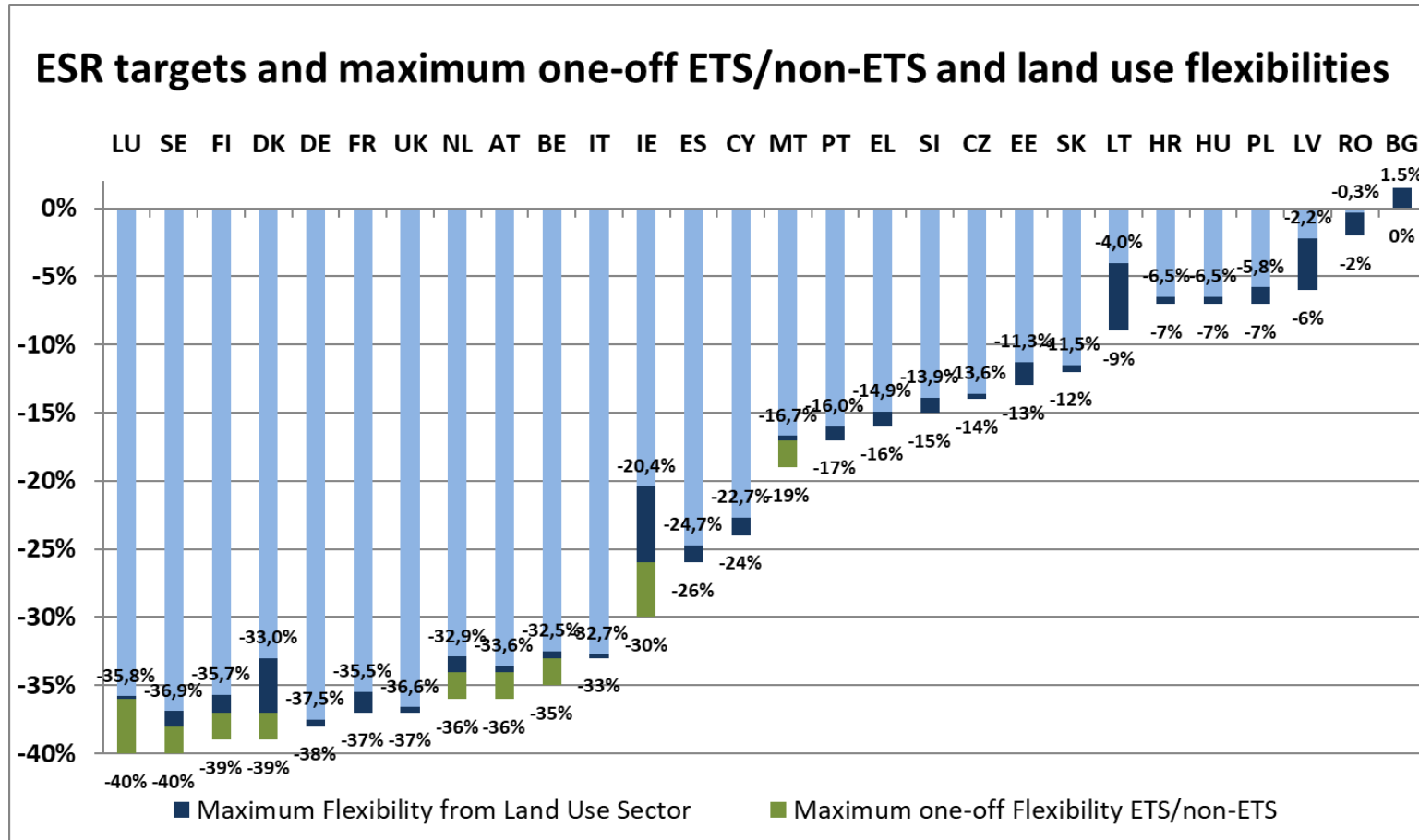
2. EU Sustainable Finance

- **Taxonomy Regulation:** which activities are ‘green’?
 - Climate Delegated Act enters into force from 1.1.2022
- **Sustainable Finance Disclosure Regulation (SFDR):** for all financial companies
 - applicable as of 10.3.2021
- **Corporate Social Reporting Directive (CSRD):** applicable to all major companies (50000)
 - Sustainability information that investors and other stakeholders need
 - Proposal by the EU Commission, but Non-Financial Reporting Directive (NFRD) in place since 2018

3. Renewable energy: up to 40% by 2030

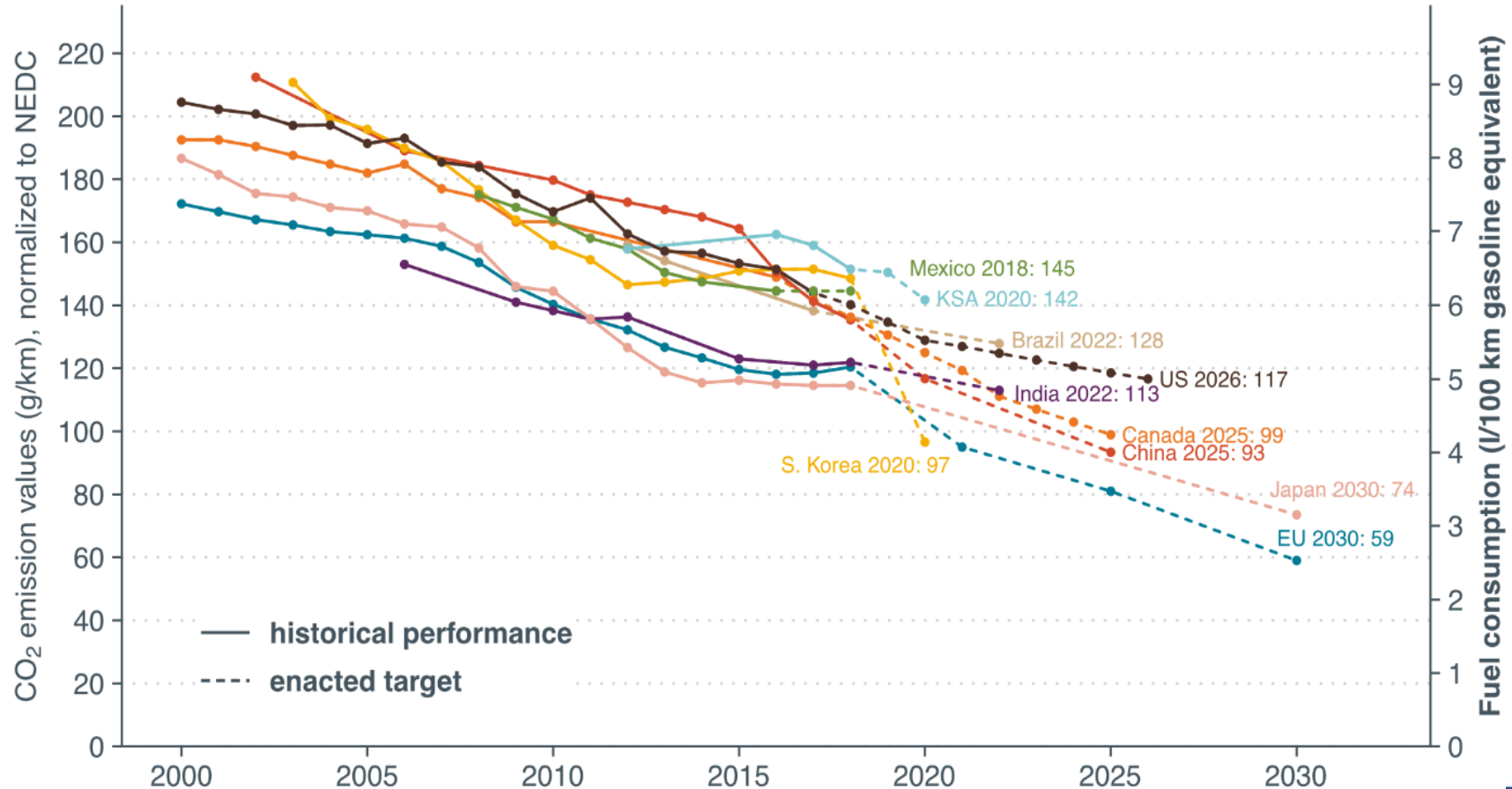


4. Effort Sharing Regulation



5. CO₂ standards for passenger cars

Passenger car CO₂ emission and fuel consumption values, normalized to NEDC



Thanks and more to read



- Available by Routledge:
- <https://www.routledge.com/Towards-a-Climate-Neutral-Europe-Curbing-the-Trend/Delbeke-Vis/p/book/9789276082613>
- Free downloadable through open access:
- <https://www.taylorfrancis.com/books/towards-climate-neutral-europe-jos-delbeke-peter-vis/e/10.4324/9789276082569?context=ubx&efld=5f0a85c0-4f7f-4e3e-9c32-8c9cb53c4deb>