



A global view on a moving sector – The International and the EU's response to climate change

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Content

1. *Paris Agreement: Stepping up international climate action*
2. *EU energy and climate policy framework 2030*
 - **Regulatory "Pull"**
 - **Enabling "Push"**
3. *Conclusions*



The Paris Agreement

- Legally binding, universal agreement: 4 November 2016 entry into force
- Long-term goal
- 5-year ambition cycle
- Transparency and accountability
- Support for developing countries



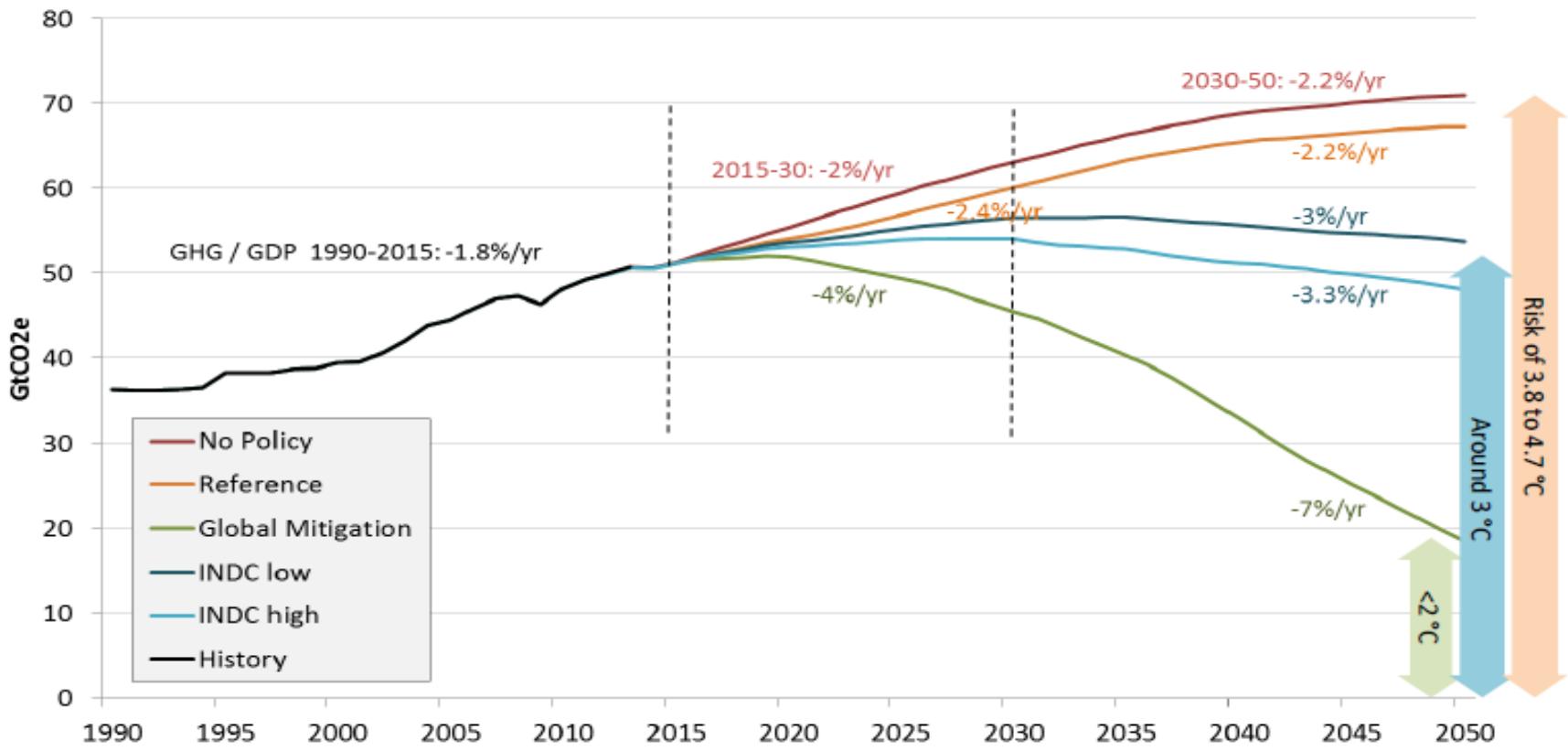


Since Paris

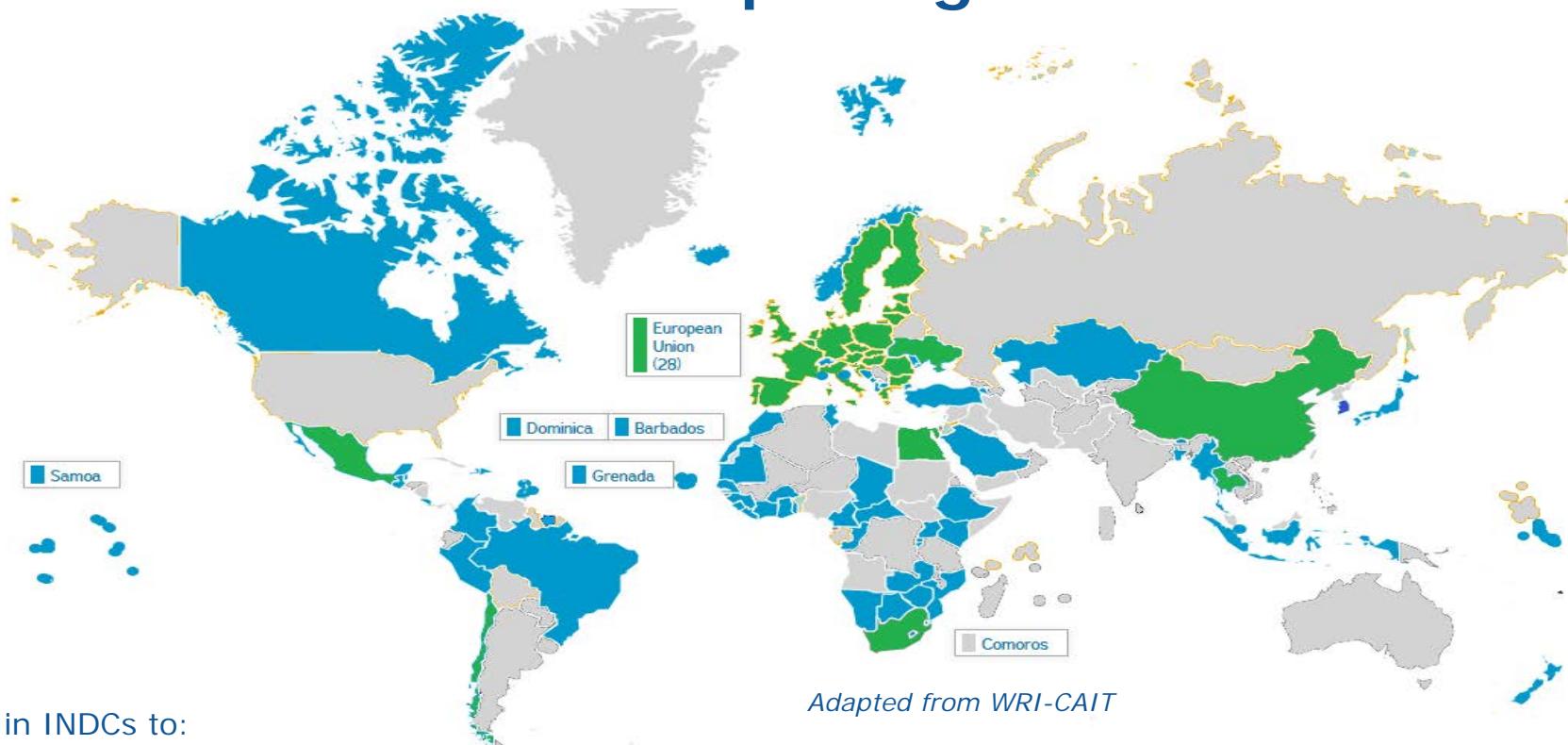
- **ICAO:** *From 2021, flights between 65 states will be covered by a Global Market-Based Measure to offset CO2 emissions; Mandatory as of 2027. Around 80% of the emissions above 2020 levels will be offset between 2021 and 2035.*
- **Montreal Protocol:** *"Freeze, Reduce, Bottom out HFCs" => more than 80 Gt CO2 saved until 2050 including savings from destroying HFC by-production*
- **IMO:** Agreed mandatory global monitoring system, and GHG emission reduction strategy by 2018

Impact of national contributions on global emissions

(GtCO₂e, total excluding sinks and percent change in emission intensity per unit of GDP)



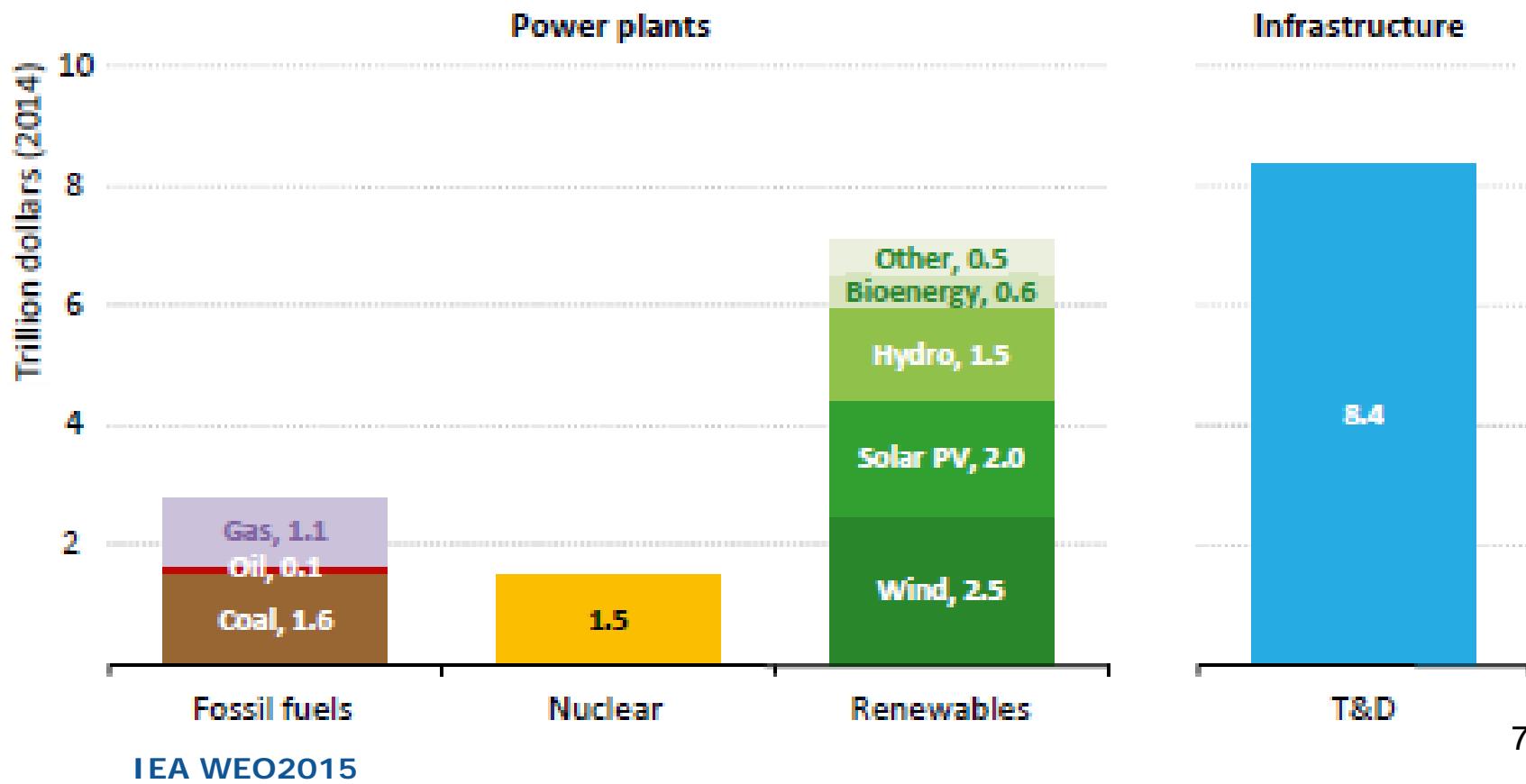
Potential impact of INDCs on explicit carbon pricing



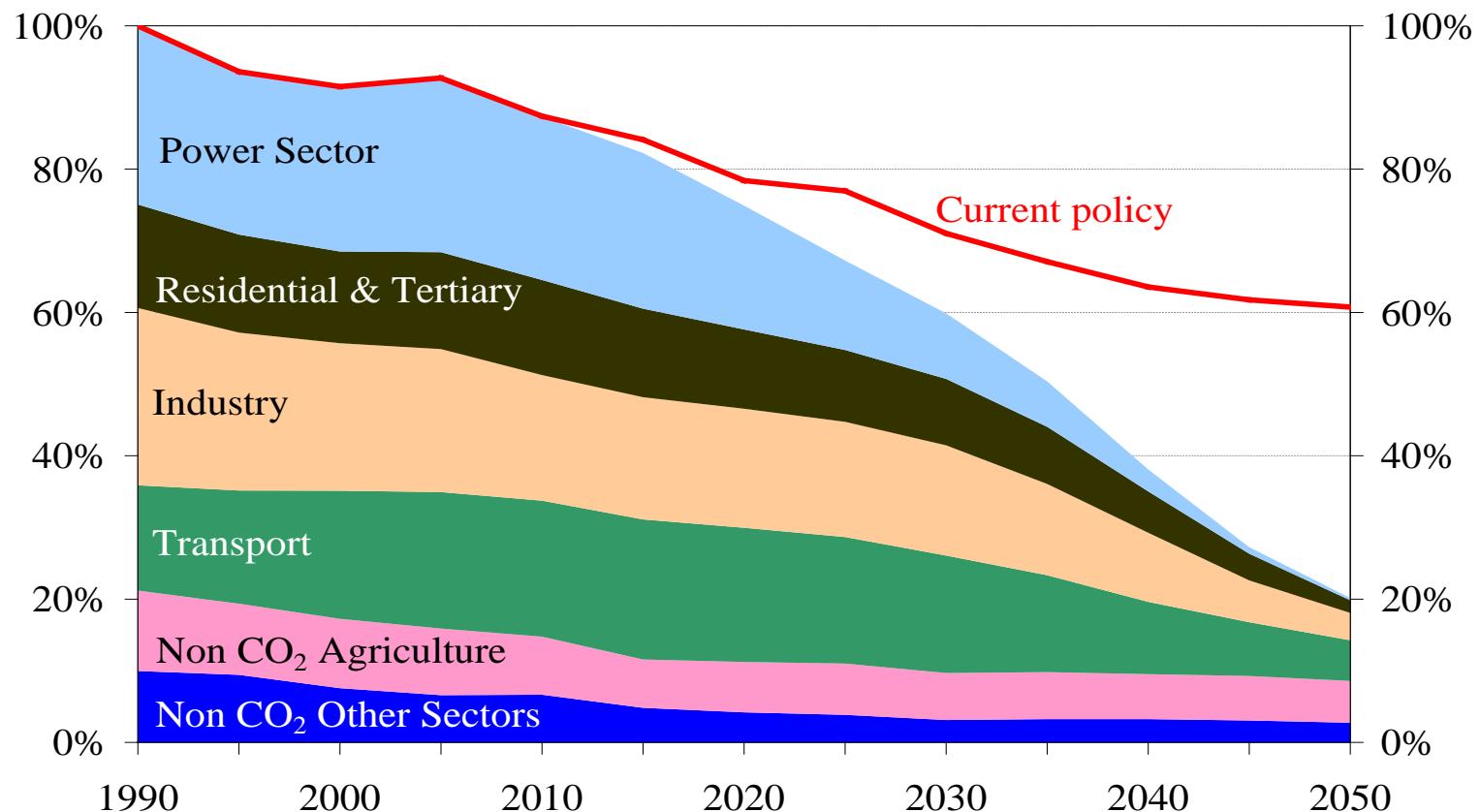
Ref. in INDCs to:

- Domestic ETS and carbon taxes
- Planned / possible use of int'l market mechanisms
- No specific references or no INDC yet

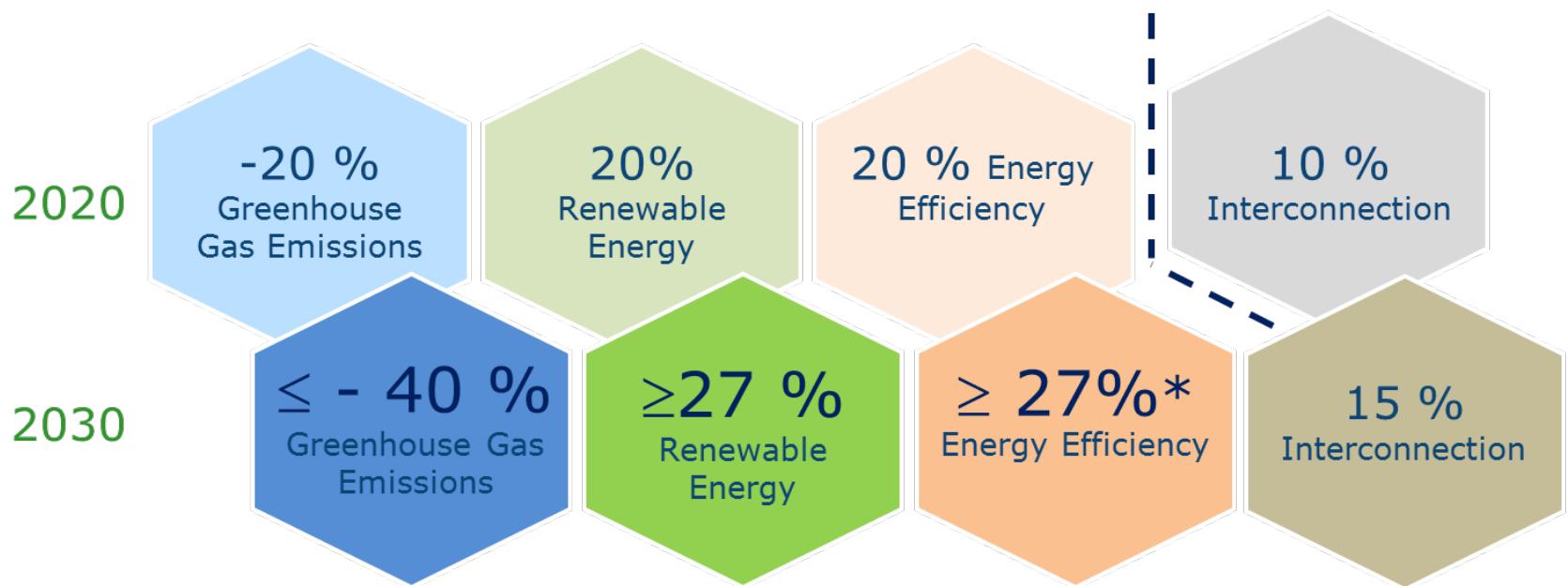
Potential impact of INDCs on global cumulative investment in the power sector, 2015 – 2040



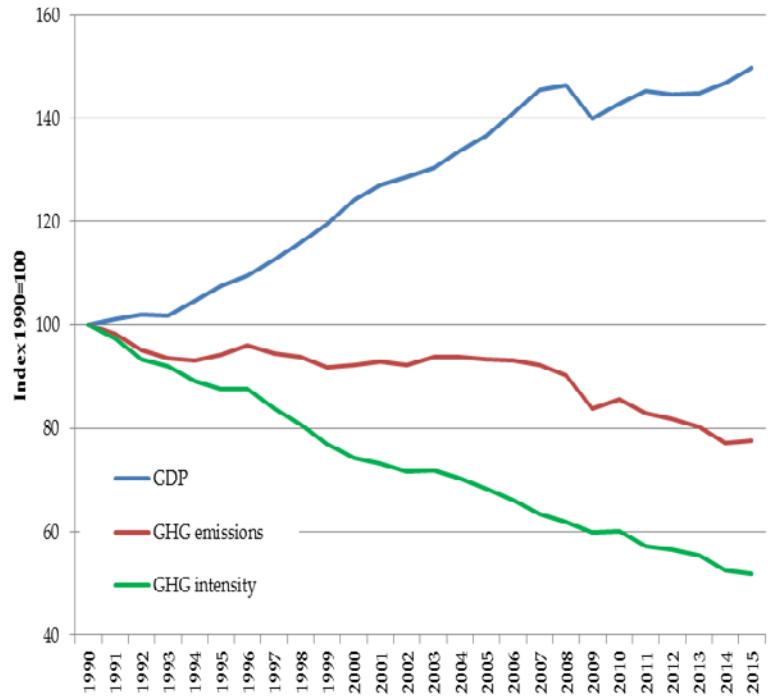
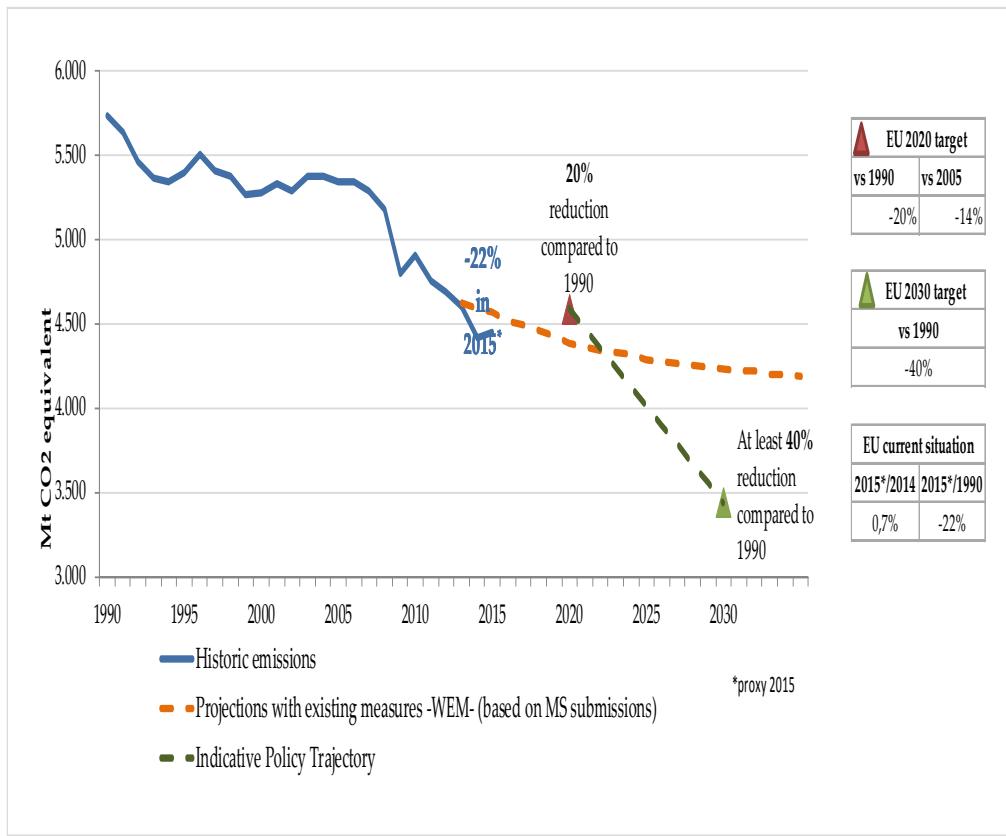
EU low emission roadmap until 2050



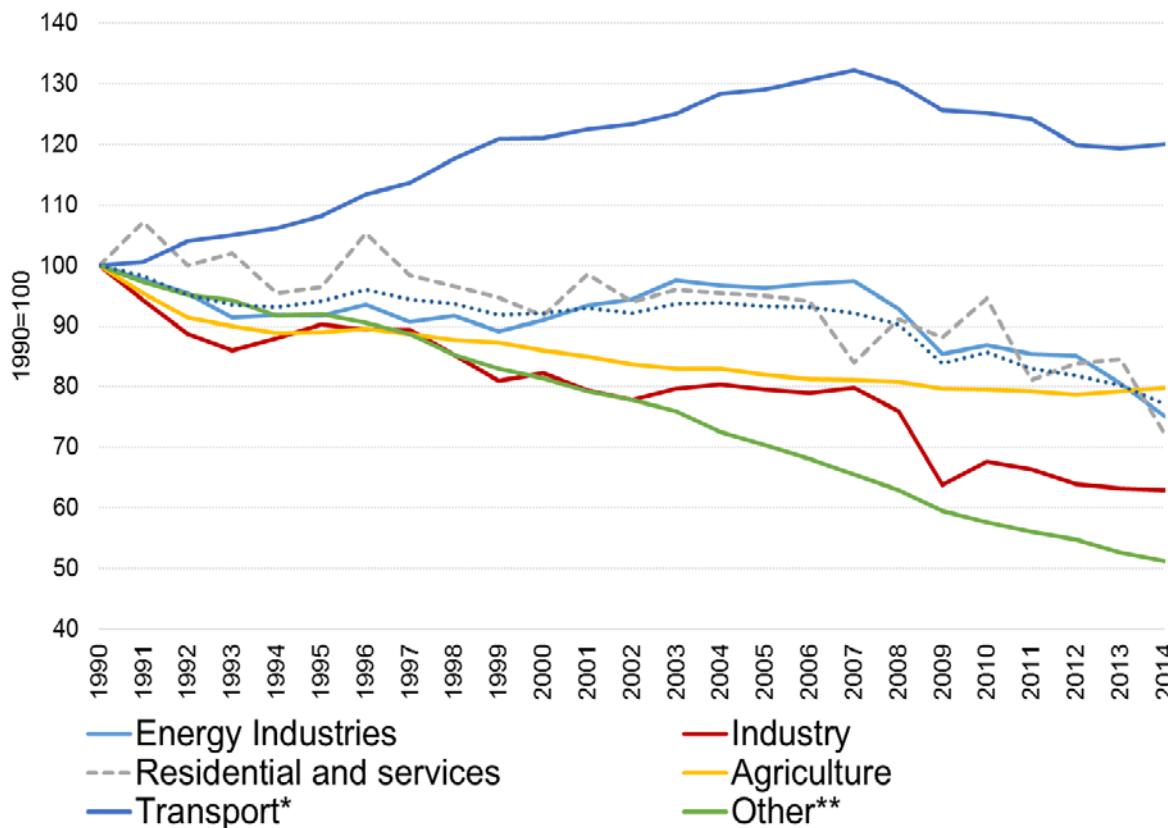
2030 Climate and Energy Framework



The development of EU GHG emissions since 1990, future projections until 2030



Sectoral development of GHG emission in the EU, 1990-2014





EU commitment: at least -40 % domestic GHG emissions reductions by 2030

ETS
-43 %

Including: Power/Energy Sector and Industry, Aviation

Max 100
MtCO₂eq

ESR
-30 %

Including: road transport, buildings, waste, agriculture non CO₂

Non-ETS
-30 %

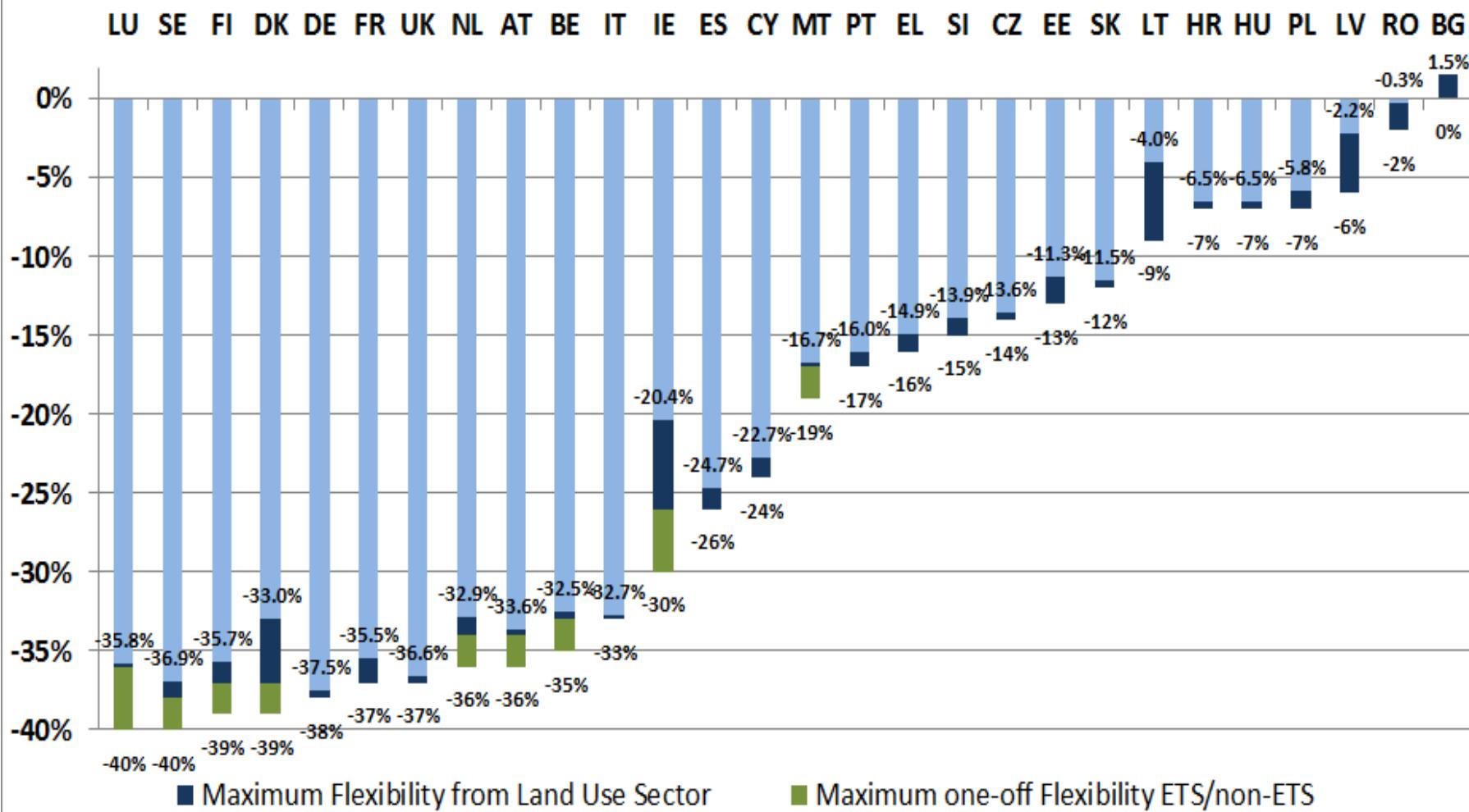
Full
flexibility

Max 280
MtCO₂eq

LULUCF
"No-Debit"



ESR targets and maximum one-off ETS/non-ETS and land use flexibilities





Enabling environment

- *Fostering investment*
 - **EFSI, Structural Funds**
 - **InnovFin, Connecting Europe Facility, NER300**
 - **EU ETS revenue**
 - **Modernisation and Innovation Fund (after 2020)**
- *Promoting Energy Union*
 - **Energy efficiency, renewables, market design**
- *Towards Capital Markets Union*
- *Circular Economy*



Conclusions

- *Paris Agreement: After rapid entry into force, implementation needs to put into "fast forward".*
- *Global transition to low emission economy comes with it huge business opportunities, especially in the energy sector – if managed well.*
- *Accomplishing EU commitment of at least 40% reduction requires an optimum blend of regulatory and enabling measures.*
- *Transition will need to create growth, jobs and competitiveness.*



Thank you!

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