

Consultation on the preparation of a legislative proposal on the effort of Member States to reduce their greenhouse gas emissions to meet the European Union's greenhouse gas emission reduction commitment in a 2030 perspective

(This consultation addresses the Effort Sharing Decision. A separate public consultation "Addressing greenhouse gas emissions from agriculture and land use, land use change and forestry in the context of the 2030 EU climate and energy framework" is organised at the same time.

Fields marked with * are mandatory.

Introduction

The European Commission today launches a public consultation on the preparation of a legislative proposal on the effort of Member States to reduce their greenhouse gas emissions to meet the European Union's emission reduction commitment in a 2030 perspective. It concerns the continuation in the period 2021-2030 of the current Decision 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020 (Effort Sharing Decision, ESD) (http://ec.europa.eu/clima/policies/effort/index_en.htm)

The Effort Sharing Decision sets greenhouse gas emission reduction targets for each Member State for the sectors not covered by the EU Emissions Trading System. Its scope currently covers some 55 % of total greenhouse gas emissions in the EU and includes greenhouse gas emissions from sources such as CO₂ emissions from road transport, heating of buildings, small-scale industry and so-called non-CO₂ emissions from agriculture and waste. The ESD does not include emissions or removals from land use, land-use change and forestry (LULUCF). Each Member State has an emission reduction or limitation commitment for 2020 under this Decision which varies between -20% and +20% as compared to its 2005 GHG emissions. Taken together, these commitments correspond to an EU-wide reduction in 2020 of around 10% compared to 2005 for the sectors covered by the ESD.

The objective of the ESD is to achieve its contribution to the EU's overall 20% reduction target in 2020 and to promote reductions of greenhouse gas emissions (GHG) within its scope in a cost-effective manner.

In addition to the 2020 targets, the ESD establishes binding annual GHG emission limits — so-called annual emission allocations (AEAs) — for all Member States for the period 2013–2020 with annual reporting obligations and compliance checks.

At the European Council meeting in October 2014, EU leaders expressed their wish to continue the ESD approach for the period 2021-2030, with the aim to reduce emissions in the non-ETS sectors by 2030 by 30% compared to 2005 as the contribution in implementing the overall economy-wide emission reduction target of at least 40% in 2030 as compared to 1990. (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145397.pdf)

The consultation launched today aims to collect evidence, experiences, suggestions and opinions related to the post-2020 design of the ESD itself and focuses on several issues, including:

- 1.) the flexibility mechanisms foreseen in the ESD to ensure overall cost efficiency,
- 2.) monitoring, reporting and compliance,
- 3.) the approach to setting the national greenhouse gas reduction targets in the ESD, and
- 4.) complementary EU-wide action to achieve the reduction targets.

It also asks for stakeholder feedback on the ongoing implementation of policies and measures in Member States to achieve their targets set out in the current Effort Sharing Decision that sets national targets until 2020.

This consultation addresses citizens, authorities and other stakeholders and seeks input on questions concerning the policy alternatives to be considered by the European Commission in its preparation of a legislative proposal to revise and maintain the ESD after 2020. It complements earlier consultations that the European Commission has conducted recently, notably the Consultation on the Green Paper on a 2030 framework for climate and energy policies (<http://ec.europa.eu/energy/en/consultations/consultation-progress-towards-2020-http://ec.europa.eu/>)

Based on a questionnaire, the online consultation will run until 17 June 2015. Earlier replies are encouraged.

This consultation is launched in parallel with the consultation "Addressing greenhouse gas emissions from agriculture and land use, land use change and forestry in the context of the 2030 EU climate and energy framework" (http://ec.europa.eu/clima/consultations/articles/0026_en.htm), which addresses questions on how to integrate Land Use, Land Use Change and Forestry into the 2030 Climate and Energy Framework, on how this integration will relate to agricultural non-CO2 emissions and on the relation between such changes and the Effort Sharing Decision.

Background:

On 24 October 2014, EU leaders expressed their wish to work towards a domestic EU greenhouse gas emissions reduction target of at least 40% by 2030 compared to 1990 together with other building blocks for a 2030 policy framework for climate and energy (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145356.pdf), following the policy proposals in a European Commission Communication of January 2014 (http://ec.europa.eu/clima/policies/2030/documentation_en.htm). The 2030 framework aims to make the EU's economy and energy system more competitive, secure and sustainable and also sets a target of at least 27% for renewable energy and energy savings by 2030, respectively.

The Commission has indicated in its February 2015 Roadmap for the Energy Union annexed to its Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy that it intends to present a legislative proposal on the Effort-Sharing Decision for the period 2021-2030 and on the inclusion of LULUCF into the 2030 Climate and Energy Framework in 2016. (http://ec.europa.eu/priorities/energy-union/docs/energyunion-annex_en.pdf)

0. Registration

*0.1. What is your profile?

- International administration
- National government or national administration
- Regional government or association of regional governments
- Local government or association of local governments
- Academic/research organisation
- A small or medium-size enterprise
- Business other than small or medium-size enterprise
- Trade association representing business
- Finance sector institution
- Non-governmental organisation
- Citizen
- Other

*0.2 Please enter the name and contact details of your organisation (address, e-mail, website, phone)

Transport and Environment (European Federation for Transport and Environment)
Carlos Calvo Ambel
2nd floor, Square de Meeus, 18, 1050 Brussels - Belgium
+32 (0) 2 851 02 13
www.transportenvironment.org
carlos@transportenvironment.org

0.3. Register ID number (if you/your organisation is registered in the Transparency register)

58744833263

*Please indicate your principle country or countries of residence or activity:

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom
- Other

Please specify what other country:

50 character(s) maximum

EU overall

*How do you prefer your contribution to be published on the Commission website, if at all?

- Under the name indicated (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication.)
- Anonymously (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication.)
- Not at all – keep it confidential (My contribution will not be published, but it may be used internally within the Commission.)

1. Flexibility mechanisms

In order to provide for flexibility for Member States in implementing their commitments and as a means to enhance the overall cost-effectiveness of reaching the EU-wide 2020 target, the Effort Sharing Decision (ESD) provides a number of so-called flexibility mechanisms that can be used in the period 2013-2020 to comply with their annual targets. Should the greenhouse gas emissions exceed the annual emission allocations (AEAs) for the relevant year Member States are allowed to borrow 5% of their AEAs from the next year, buy AEAs from other Member States or use international project credit rights in order to fill any deficit for compliance. Should a Member State reduce its emissions by more than needed, thus exceeding its target for a given year, it can bank the surplus AEAs for use until 2020 or transfer it to other Member States. It is also possible for a Member State to transfer to other Member States up to 5% of its AEAs for a given year before compliance have been checked for that year. Member States are obliged to report on concluded agreements of AEA transfers among each other, but are otherwise free to decide on whether and how to engage in such transfers. As of early 2015, there were no known concluded agreements of AEA transfers between any Member States.

For the 2030 perspective the European Council has expressed its desire that *"the availability and use of existing flexibility instruments within the non-ETS sectors will be significantly enhanced in order to ensure cost-effectiveness of the collective EU effort and convergence of emissions per capita by 2030."* Flexibility instruments should be simple, transparent and easy to manage for Member States. The intention that international project credits will not be allowed in the ESD after 2020 means that a stronger emphasis on the two existing internal flexibility mechanisms will be needed:

1) Banking and borrowing of AEAs during the compliance period

As explained above, Member States already have flexibility in managing the use of their AEAs over the whole commitment period to cover any AEA shortage in specific years. Different levels of borrowing than the current 5% limit could be envisaged for the period after 2020 to help Member States achieve their annual targets by managing their own AEAs, bearing in mind that a higher level of borrowing early in the commitment period could increase the risk of individual Member States not meeting their targets later in the period.

2) Transfers of AEAs between Member States

There are several possible ways to stimulate AEA transfers among Member States. These include creating a more transparent market for AEA transfers, being less restrictive in how much Member States can transfer among each other before the compliance checks, and more direct measures to enhance availability of AEAs, such as project-based mechanisms or auctioning of a number of AEAs.

Market transparency could be enhanced by requiring Member States to report more openly and frequently on AEA transactions and prices or by encouraging transfers to pass through certain trading platforms.

The current 5% limit for AEA transfers before the compliance check could be increased, however, it should be noted that increasing this limit could also increase the risk of individual Member States not meeting their targets later in the commitment period 2021-2030.

Different kinds of project-based mechanisms for cost-efficient compliance within the ESD could be considered. Such an approach could attract targeted investments in ESD sectors prioritised by the host Member State and ensure more certainty that AEAs will become available for transfers by potentially allowing private sector initiatives. However, a verification and certification system would need to be established to guarantee the environmental integrity and validity of the credits which would entail upfront administrative costs.

Auctioning of a certain percentage of AEAs could ensure that an annual supply of AEAs becomes available for MS to acquire.

For all above aspects, alternative solutions might also be possible.

Question

1. How can the availability and use of the two existing internal flexibility instruments under the ESD be enhanced to ensure cost-effectiveness of the collective EU-effort in 2021-2030:

a) for banking and borrowing; and

b) for AEA transfers among Member States, respectively?

4000 character(s) maximum

Flexibility instruments must be designed to enable member states to meet the climate targets in the most cost-effective manner possible. However, flexibility mechanisms must under no circumstance lead to a reduction of the overall ambition level for the non-ETS sectors or increase the risk of non-compliance.

Banking: The possibility to bank unused annual emission allocations (AEAs) within the 2021-2030 period should remain unchanged, since it encourages early action.

Borrowing: We recommend that the borrowing rules are reduced from 5% to 2% to limit borrowing to approximately one year's worth of reduction efforts. (The annual reduction path "with existing measures" (WEM) is about 2.2% and for "with additional measures" (WAM) 1.9%.) Borrowing capabilities beyond 2% would enable countries to delay mitigation and increase the risk of compliance problems at the end of the ESD period. Borrowing should not enable countries to postpone significant mitigation action to later years. The earlier mitigation actions are implemented the better.

Transfer of AEAs: The transfer of surplus AEAs is already unlimited and cannot be further enhanced. We are against increasing the current 5% limit for AEA transfers from the following year as it can lead to compliance problems later in the commitment period.

Banking to new commitment period: Carry over from 2020 to 2021 could lead to a very significant weakening of the 2030 targets and must be rejected. According to EEA estimates Member States will have a total surplus 700 - 2000 Mt CO₂e. A very significant proportion of the surplus AEA's were also obtained through doubtful international credits. Therefore, the AEA surplus that will accumulate until the end of 2020 should be cancelled. Cancelling the carry over does not make it more difficult for member states to meet the 2030 targets. Indeed, member states that have overachieved their 2020 targets will also be closer to the 2030 targets. Any surplus that may accumulate by the end of 2030 should also be cancelled.

Moreover, carry-over would have no legal or political grounds since:

- 1) The Directive clearly states that this mechanism is only valid until 2020 and therefore does not apply to a carry-over between ESD periods.
- 2) The idea of a carry-over between ESD periods was discussed prior to the October 2015 Council but was discarded by EU leaders and is consequently not included in the Conclusions.

With respect to the latter, is there need for more transparency in how Member States engage in AEA transfers? Could the current rules be further enhanced through more transparent reporting, the use of trading platforms, project-based mechanisms, auctioning, or through other means? Are there examples from other areas that could provide useful experience in designing a post-2020 transfer system?

4000 character(s) maximum

To date there has been no information on the details and prices of AEA transactions. After 2020 all auctioning should be public and be announced in advance. Sales and purchases should be reported.

LULUCF: Emissions sinks and reductions from the LULUCF sector should not be eligible for compliance in the ESD sectors. The monitoring and accounting rules governing LULUCF are insufficiently robust to ensure LULUCF reductions are real world and sustainable emissions cuts. The EU should first further strengthen the regulatory framework governing LULUCF before setting LULUCF targets and if targets are set, these should ensure additional emission cuts are made so as to avoid that existing emission sinks are simply added to the EU climate framework. Therefore the LULUCF sector should currently remain outside the ESD. Because of the uncertainty surrounding the monitoring and accounting, offsets from projects in the LULUCF sector must not be eligible for compliance under the ESD. Furthermore, LULUCF emissions credits would not 'fit' in the ESD framework which is based on annual reduction trajectories. For LULUCF annual trends are not relevant.

If a land pillar would be included (e.g. LULUCF plus non-CO2 agriculture emissions), it should be ensured that the level of ambition (-30%) for the remainder of the ESD (transport and building) is unchanged. This would not only ensure the integrity of the 2030 package and the credibility of the 2050 trajectory but also ensure Europe reaps the significant economic and energy security benefits associated with reducing gas and oil consumption/imports.

Project-based mechanism: A project-based mechanism should be established that would function similarly to the current Joint Implementation (JI) Track 2. Such a mechanism would involve the private sector (project developers) and may therefore lead to more mitigation actions, e.g. in the building sector. Such a mechanism would enable buyer countries to purchase offsets from specific projects which may be more attractive to buyer countries than purchasing AEAs. In a year a country is in non-compliance with its ESD requirements it should not be able to issue offsets.

For each offset issued the host country would need to cancel an AEA. Offset projects in sectors covered by the ETS should be prohibited (as is currently the case with JI). These measures would avoid double claiming. Offset projects would need to be additional and not over-credited.

In order to ensure such environmental integrity, the projects should be

validated and verified by an accredited, independent third-party auditor. Projects should be implemented based on EU-wide agreed methodologies.

Offsets could be discounted:

- Host countries should be able to apply a discount factor (e.g. 10%): to issue fewer offsets than emissions reductions that were achieved by the offset project. The not credited emissions reductions would then be counted towards the ESD target of the host country and therefore make it easier for the host country to meet its target.
- Host or buyer countries should be able to cancel a certain percentage of offsets after they have been issued. This would lead to a net atmospheric benefit: additional emissions reductions that go beyond the 30% ESD target.

Auctioning: Putting a clear price on carbon introduces the polluter-pays concept in the ESD and increases the visibility of the costs of climate emissions in the national budgets. While such an increased liquidity allows richer Member States to offset part of their emissions, it could also provide revenues to lower-income Member States to reduce more emissions domestically.

A share of all annual AEAs could be auctioned by a central institution. An auction reserve price must be introduced to avoid a price that is too low to incentivize mitigation action in the non-ETS sectors. In years when the auction reserve price is not met and the auction is cancelled, the respective AEAs must be cancelled.

2. Monitoring, reporting and compliance

The Effort Sharing Decision (ESD) and the Monitoring Mechanism Regulation (Regulation (EU) No 525/2013, MMR) have established an annual reporting and compliance cycle requiring an annual review of Member States' greenhouse gas inventories to ensure that compliance with the ESD is assessed in a credible, consistent, transparent and timely manner. The reviewed inventory data are used to check Member States' compliance with their annual emission limits. If a Member State's emissions exceed its annual emission allocation even when the flexibilities are taken into account, it will need to take corrective action in addition to the likelihood of the Commission launching regular infringement procedures. The corrective action includes a penalty of 1.08 times the Member State's excess annual emissions adjusted for the following year and temporary suspension of its right to transfer AEAs to other Member States.

The first annual inventory review will be carried out in 2015 and will concern Member States' inventories for the year 2013.

It needs to be considered whether more flexible rules for banking and borrowing and enhanced AEA transfers under the ESD will be possible with less frequent compliance checks.

Question

2. On the basis of experience with the present set of rules on reporting, monitoring, and corrective actions, which aspects should be maintained and which should be changed after 2020?

Please select one of the following:

- a) Keep it as it is: Annual reporting and annual compliance checks with existing corrective action (explain your reasons);**
- b) Annual reporting with biennial compliance checks with existing corrective action (explain your reasons);**
- c) Biennial reporting with biennial compliance checks and enhanced corrective action (explain your reasons and possible additional corrective actions); or**
- d) Other (with explanation).**

Please explain your selection:

4000 character(s) maximum

Annual reporting [and compliance] are/is important to ensure that countries are on track with meeting their target. It also provide a yearly and public benchmarking of member states efforts.

In addition, there should be biennial reporting of greenhouse gas emission projections and policies and measures in the 2021-2030 period, in line with the current rules as set out by the Monitoring Mechanism Regulation. This is essential to check if Member States are on track to meeting their ESD targets in the 2021-2030 commitment period, or if additional policies and measures at EU or national level are required. Biennial reporting on projections and policies and measures is also necessary to estimate the expected supply and demand for AEA transfers.

Corrective measures should be enhanced and penalties should be above the marginal costs of reducing ESD emissions. This is also the approach taken in other regulations (e.g. car, van CO2 standards) and is very effective in ensuring compliance. It should be noted here that the ESD 2030 framework is likely to include significantly enhanced flexibility for member states and so the penalty should reflect this.

The EU should consider the use of the semester process to steer member states towards better national policy making. Member states that follow the EU recommendations and take structural measures towards meeting the 2030 goals could be granted postponed additional time or reduced penalties. Member states that do not follow the Commission recommendations could also be refused access to existing flexibility mechanism. So for example, a country with very low fuel taxes would not be allowed to use the one-off ETS-non-ETS flexibility until it has increased its fuel tax to the EU average.

3. Setting national targets for GHG emissions not covered by the EU Emissions Trading System

The Effort Sharing Decision sets Member State targets for GHG emissions between -20% and +20% by 2020 compared to 2005 based on economic capacity, with reduction targets for countries with higher GDP per capita than the EU average, and emission increase limits for countries with lower GDP per capita. This provides a distributive element among Member States. Various flexibility mechanisms, including AEA transfers between Member States (see question 1) enable cost-effective target achievement in principle.

The Commission impact assessment for the 2030 framework for climate and energy policies (Commission Staff Working Document SWD 2014/15, section 5.9, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014SC0015>) reconfirmed evidence that cost-effective mitigation potentials to reach the GHG emission reductions in ESD sectors in line with a 40% overall GHG reduction target continue to differ across Member States. The assessment noted that realising these potentials implied higher effort compared to GDP by lower income Member States. It also noted that a similarly large spread in targets for 2030 as established in legislation for 2020 would lead to very high ambition levels for some higher-income Member States whose domestic potential for making such reductions is relatively limited.

The October 2014 European Council on this issue expressed its wish that that "*the methodology to set the national reduction targets for the non-ETS sectors, with all the elements as applied in the Effort Sharing Decision for 2020, will be continued until 2030, with efforts distributed on the basis of relative GDP per capita.*" The European Council also expressed its wish that the applicable target range be as follows: "*All Member States will contribute to the overall EU reduction in 2030 with the targets spanning from 0% to -40% compared to 2005.*" This means that the methodology to set targets for Member States with a GDP per capita below the EU average in principle would not require modification. However, the European Council expressed a desire for a new element concerning higher income Member States, requesting that the "*targets for the Member States with a GDP per capita above the EU average will be relatively adjusted to reflect cost-effectiveness in a fair and balanced manner.*" This would address concerns of higher income Member States by foreseeing the creation of a new flexibility for a limited number of Member States "*through a limited, one-off, reduction of the ETS allowances*" that can then be used for compliance in the ESD.

Question

3. How can cost-effectiveness be reflected in a fair and balanced manner in adjusting individual ESD targets for Member States with a GDP per capita above the EU average? What can be the role of the one-time reduction through a limited amount of ETS allowances in achieving these Member States' ESD targets, while preserving predictability and environmental integrity?

4000 character(s) maximum

We are concerned about the use of ETS allowances in the ESD because it:

1) Delays mitigation action in non-ETS sectors such as transport, housing and agriculture. Meeting the 2050 targets will require significant emissions cuts in the non-ETS which already accounts for 55% of EU emissions.

2) Does not lead to additional abatement in ETS sectors: as the ETS suffers from a large surplus of allowances. Hence, the removal of ETS allowances is unlikely to have an impact on the carbon price and hence ETS emissions. And even this negligible effect would be offset by the newly created Market Stability Reserve.

3) Reduces demand for EU projects that could spur the low-carbon transformation of lower-income MS that have post-2020 ESD targets below their cost-effective potential.

The European Council agreed that there could be a limited, one-off use of ETS allowances for member states that are significantly above the EU average and their cost-effective potential. In light of this we advocate a mechanism that:

- Must be limited in scope:

- The flexibility was created to accommodate a handful of member states that would receive very high targets but have more limited cost-effective potential. In light of this, we advocate that only Member States with targets that are significantly, i.e. >33% above the EU average and their cost-effective potential should be eligible. A broader interpretation would risk making all member states except Germany eligible for this flexibility and increase the risk of seriously undermining the 2030 ESD targets.

- It must be limited in volume

- The flexibility should be limited to max. 5% of the 2021 AEA or max. 5% of the cumulative deficit in the 2021-2030 period compared to constant 2020 emissions

- Must preserve environmental integrity:

- A discounting factor should be applied so that the number of ETS allowances used to offset one AEA equates to a price that is significantly, e.g. 25%, above the above the marginal abatement cost in the non-ETS sector. The cost-effective potential in the non-ETS sectors is based on a price of EUR 40 per tonne of CO₂e mitigated. Given that current ETS prices are well below EUR 10, such discounting would ensure that on average implementing mitigation measures in the ESD sectors is more cost effective than purchasing ETS allowances. It is also justified to add a premium to this since the member states using the flexibility have a lower than average cost effective potential and thus higher marginal abatement costs.

- Must preserve predictability:

- ETS auctioning volumes should be reduced one-off (in a single year) with the exact amount communicated before 2020

4. Further evidence and studies on implementation of the Effort Sharing Decision at Member-State level and at regional level

In accordance with Article 14 of the Effort Sharing Decision (ESD), and to establish a solid knowledge-base for the 2030 proposal and its impact assessment, the European Commission is conducting an ex-post evaluation of the current ESD. Member States report their greenhouse gas emissions and on progress towards their 2020 commitments annually; the results of these reports are published each year by the European Environment Agency and the Commission. ([Report from the Commission to the European Parliament and the Council: Progress towards achieving the Kyoto and EU 2020 objectives](#) and [Annex; Trends and projections in Europe 2014: Tracking progress towards Europe's climate and energy targets for 2020](#))

In the context of the European Semester, the European Commission also publishes annual reports on Member States' progress with respect to their 2020 targets. (http://ec.europa.eu/europe2020/pdf/themes/16_energy_and_ghg_targets.pdf and http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

To support the evaluation process, the Commission would welcome any additional studies and evidence from stakeholders.

Question

4. Do you have studies on:

- ***the implementation of the ESD at the level of Member States and at regional level;***
- ***how the ESD incentivises greenhouse gas reductions in the different sectors concerned;***
- ***good practices of policies and measures that are of particular interest for sharing with other Member States; and***
- ***other benefits apart from greenhouse gas emission reductions***

that you think the Commission should be aware of?

In your view, what are the key lessons learned of these studies relevant for the European Commission and other Member States, and what other benefits does ESD implementation bring (e.g. in terms of job creation, energy security, health benefits, ...)?

4000 character(s) maximum

Transport is currently the biggest ESD sector (34%). The ESD proposal provides a unique opportunity to align EU transport policies with climate goals. A recently published study by T&E proves that additional EU action is needed to achieve both ESD and White Paper targets. The study main outcomes are:

1) CO2 standards for new cars, vans and trucks are essential to meet the 2030 targets; depending on assumptions, they can close around half of the gap between targets and 'business as usual' trends. The standards need to kick in well ahead of 2030 in order to be effective.

2) Apart from the stringency of the standards, the year in which they are introduced is key: the earlier the better. It takes time for better new vehicles to make an impact on total fleet emissions. Standards need to be introduced in 2025 at the latest; introduction by 2030 renders them much less effective for meeting 2030 ESD targets.

3) Heavy-duty vehicle emissions need to be tackled - inaction on trucks would mean truck emissions would further increase (or at best remain stable) by 2030.

Additional measures such as road charging and e-mobility should also be considered. All these measures would not only help meet the 2030 targets but would also create jobs and deliver big economic and energy security benefits.

(file too large, it can be found at:

http://www.transportenvironment.org/sites/te/files/2015%2006%20ESD%20Paper_June.pdf)

Two reports by Cambridge econometrics assess the economic (2013) and energy security impacts (2015) of increased vehicle efficiency. The reports show how the shift in spending from imported oil to home grown technology and consumption increases GDP and employment. They also demonstrate how efficiency standards for cars, vans and trucks would enable EU member states reduce oil imports by over €50BN per year in 2030.

(one of the files is too large, it can be found at:

<http://www.ricardo-aea.com/cms/assets/MediaRelease/Economic-Assessment-Vehicles-FINAL2.pdf>

Please upload your file

- **962418f9-7517-4cd4-9025-88d6f82d8fe2/2015 06 esd briefing_FINAL_June.pdf**
- **5939b644-0ce5-491a-a5d0-0481ecb6ded0/The Effects of Vehicle Fuel Efficiency Improvements on Energy Dependency - Final Report.pdf**

5. Complementary EU-wide action in the sectors covered by the Effort Sharing Decision

Member States are responsible for implementing policies and measures to meet their obligations under the Effort Sharing Decision (ESD) according to their national situation. These may include a variety of national actions ranging from economic instruments, such as tax regimes to support specific low-carbon fuels, information campaigns to promote public transport, integrated urban and transport planning, supporting improved energy performance in buildings and switching to renewable energy for district heating.

To a certain extent these national measures are also supported by other EU-wide climate and energy policies, including on CO₂ emission standards for light-duty vehicles ([cars](#) and [vans](#)), [non-CO₂ gases](#), energy efficiency (e.g. [Energy Performance of Buildings Directive](#) , [Energy Efficiency Directive](#)) and on renewable energy sources ([Renewables Directive](#)).

Question

5. Is the current scope of EU-wide action and legislation OTHER than the ESD to support Member States' emission reductions in ESD sectors sufficient, or should it be enhanced?

- a) *The current scope is sufficient; or*
- b) *The current scope should be enhanced.*

Please explain your selection:

4000 character(s) maximum

Member states (MS) are dependent on EU measures to reduce non-ETS emissions in the most cost-effective manner. It is key to accompany the ESD proposal with EU-wide policies and measures to reduce GHG emissions in the ESD sectors. This will provide MS and industry with planning certainty and increase MS confidence that the targets can be met without excessive flexibilities.

Transport is currently the biggest ESD sector (34%). The ESD proposal is a unique opportunity to align current and planned EU transport policies with the 2030 targets. A recently published study by T&E demonstrates that EU measures are essential to achieving the 2030 ESD targets. The EC should propose an ambitious package of EU transport measures to accompany the ESD. Many of these initiatives are already planned in 2016-2017 (vehicle CO₂ standards, road charging, decarbonisation strategy, white paper (WP) review). Combining them into a comprehensive package would help MS meet the 2030 targets and yield significant economic, employment and energy security benefits.

It should consist of:

- Ambitious CO₂ standards for new passenger cars & light-duty vehicles, for the year 2025 and a clear timeline and estimated level of ambition for truck fuel efficiency standards, to be introduced post-2020.
- A reviewed EU transport WP and a strategy on the decarbonization of transport. This would provide a long term policy framework and ensure

the proposed specific measures put the EU on a path towards the 2050 target of reducing transport emissions by 60% compared to 1990.

- A road package that includes a review of the EU road charging rules for heavy duty and light duty vehicles. As announced in the 2011 WP the proposals should aim to mandate infrastructure charging, move towards the full internalization of external costs, phase out time based charges (vignettes) and enable CO2 differentiated charging for light and heavy vehicles.

- A comprehensive strategy on the electrification of surface transport. It should ensure the roll out of the necessary infrastructure as well as harmonized EU standards for charging services. It should be broader than e-vehicles alone and focus on multimodal solutions that connect today's biggest electric mode - rail - with other public transport solutions, (e-)bikes as well as electric cars. Particular attention should be given to the potential of car sharing, ride-sharing and other possibilities created by the internet, mobile phones and digitalization.

- Focus TEN-T resources on low-carbon transport modes to facilitate cross-border operation of the most energy-efficient and lowest-emissions modes.

- Robust post-2020 rules to reduce the carbon intensity of Europe's transport fuels. They should take into account all the GHG emissions of biofuels, including ILUC emissions, and the higher carbon intensity of certain fossil fuels, such as tar sands. Eventually such policies should support only low carbon alternatives such as sustainable advanced biofuels or renewable electricity.

Shipping is the only transport sector and one of the very few of the EU economy not contributing to the EU emission reductions despite concrete commitments in the EU climate legislation in 2009, the EC 2011 WP on Transport and the EC 2013 Communication setting out a strategy for maritime emissions. The EU's climate & energy policy set a deadline of 2011 for all sectors of the economy to contribute to achieving emission reductions. The 2011 Transport WP calls for 2005 level emissions from maritime transport to be cut by at least 40% by 2050.

Since European maritime transport activities are expected to increase by 8% in 2020, by 15% in 2030 and by 39% in 2050, the EU should now make clear how it intends to deliver shipping reductions for 2030 by establishing an EU reduction target and measures. We propose that international emissions generated in EU journeys, i.e. from ships which depart from EU ports and call at EU ports, should be covered by the revised ESD

6. Capacity building and other support to implementation at national, regional and local level

The EU and the European Commission are supporting the implementation of the current Effort Sharing Decision through, inter alia:

- Projects financed through the European Structural and Investment Funds, as well as other initiatives to build capacity and exchange best practices;
- Regional workshops on implementation, to facilitate exchange of best practice and experience with national policies and measures among Member States; and
- Annual guidance to Member States in the European Semester.

The European Commission's Climate Change Committee and its Working Groups is an important forum for exchange with Member States' administrators and experts on implementing measures at national level.

Question

6. Is there a need for additional EU action in terms of capacity building and similar support targeted at the regional and local level to facilitate national policies and measures under the ESD after 2020?

- a) Yes**
- b) No**

If you selected answer a), what kind of additional support do you have in mind?

4000 character(s) maximum

Yes, there is a need for more capacity building and support to increase awareness about the benefits of national policies and measures to reduce emissions in the transport, buildings, agriculture and waste sector after 2020. In addition, the annual guidance to Member States in the European Semester must also give recommendations for policies to meet the 2030 climate goals, e.g. by requiring the phasing out environmentally harmful subsidies, such as subsidies to company cars. Similar to how the semester process works the EU recommendations should become binding for member states that fail to meet their targets.

Contact

✉ CLIMA-ESD-2030@ec.europa.eu
