



Lessons from the 2020 Climate and Energy Package



A large, stylized text graphic reading "enabling energy". The letters are filled with a blurred image of a city skyline at night, showing numerous lit windows and buildings.

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The Climate and Energy Package

- 20% emissions reductions on
- 20% of all energy from renewable sources
- 20% improvement in energy efficiency

The Context for the Climate on Energy Package

- Pre ‘emailgate’ and Copenhagen so Climate still high on the agenda
- Europe going ahead of the pack but
 - US (Waxman Markey passed in the H of R in 2009) and Australia following on behind
- Climate change had moved out of Environment Ministeries and had started to become more mainstream
 - In the UK DECC formed 2008
 - Finance, overseas aid and industry departments becoming more interested in climate change and decarbonisation – but hadn’t taken control Yet

- **The ‘lessons learned’ in developing phase III**
 - Greater simplicity
 - More auctioning to avoid windfall profits to generators
 - Real scarcity – using verified emissions as baseline
 - Benchmarks rather than historic emissions
 - Greater restrictions on international credits
 - Single cap and one set of rules for all MSs

- The International Climate negotiations
- Shale Gas in the US
- The Eurozone crisis
- The economic downturn
- Cheaper coal
- Colder winters in North America and Europe
- ETS in China
- Delay to aviation in the EU ETS following international pressure

The Challenge 1

- **Sufficient scarcity – political will**
- **Future proof –**
 - for technological breakthroughs
 - changing economic circumstance
 - Carbon leakage
 - to deal with unintended consequences

The Challenge 2

- Interaction with other measures – less competition between regulating authorities
- Credible – we need to believe you mean it
- Simple and transparency
- Linkable – not overcomplex

- DG Energy and Climate?
- Additional sectors added only when linking with systems that include those sectors
- Supported European economies – finance and decarbonisation
- Impact of other policies included in cap setting
- Improve the link between carbon consumption and cost – BTAs?
- Scarcity – bold and ambitious targets



Thank you