



Lessons from the 2020 Climate and Energy Package

enabling
energy

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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 Changing World

- **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