

CLIMATE & ENERGY
POLICY NEWS
FROM EUROPE

Climate Action Network Europe Hotspot

In this issue

p.1

EU NEEDS A TWO PRONGED APPROACH

Emissions cuts must be accompanied by more public money for developing countries.

p.1

EU MOVES ON ENERGY EFFICIENCY

The potential benefits of energy savings - aka "negawatts" - are huge.

p.2

IS CARBON LEAKAGE A MONSTER?

Find out what the loch ness monster and carbon leakage have in common.

p.3

NUMBERS ON THE TABLE: TOO LITTLE BUT NOT (YET) TOO LATE

Why European Heads of State need to improve the Commission's proposal for climate financing

p.4

THE CAN-EUROPE SECRETARIAT IN BRUSSELS WELCOMES NEW STAFF!

Europe needs a two-pronged approach for Copenhagen

Brussels must both cut emissions by 40% by 2020 AND invest €35 bn in new public money for developing countries to halt dangerous climate change

BY ULRIKKA AARNIO, CAN-EUROPE SENIOR POLICY OFFICER

With under 50 days before Copenhagen, European leaders are doing their utmost to play down expectations about the December meeting. If they accomplish this, they will be able to label pretty much any result at all in Copenhagen a success. Meanwhile, at CAN-Europe we have been looking at recent scientific data, which means we have to ask for considerably more stringent terms to be built into any Copenhagen agreement. We have to do far more than was anticipated, urgently.

What we absolutely need in Copenhagen is an agreement that will keep global warming well below the dangerous level of 2°C.

More ambitious reduction targets than anything currently on the table are required, and greenhouse gas concentrations must urgently be reduced to 350 ppm CO₂e and not include natural sinks such as forests and agricultural land. It is essential that global emissions should peak at the latest by 2015.

The EU, along with all other developed countries, has the dual obligation of reducing its own emissions and supporting developing countries. These countries need help to make a radical move away from their current 'business-as-usual' rate of emissions growth and to adapt themselves to the adverse effects of climate change, which have already been created by developed nations like the EU.

To achieve these obligations, the EU must first commit to reducing its own emissions by 40% below 1990 levels by 2020. Of that total, domestic emissions reductions must amount to well over 30%, with the balance being achieved by offsetting. Some NGOs consider even that goal to be inadequate. Several CAN-Europe member organisations, among others, insist that the 40% cut be achieved entirely domestically.

Second, the EU's fair share of international climate financing for adaptation and mitigation measures in developing countries, which is based on its own historic emissions and its financial

capacity, is around €35bn per year by 2020. This money must be in addition to existing payments for offsetting EU emissions and also be in addition to existing EU commitments to Official Development Assistance.

To be successful, any agreement at Copenhagen must be a legally binding treaty with common accounting rules and compliance. A merely political agreement with vague targets might produce good headlines for politicians, but it won't save our planet. ■

EU moves on Energy Efficiency

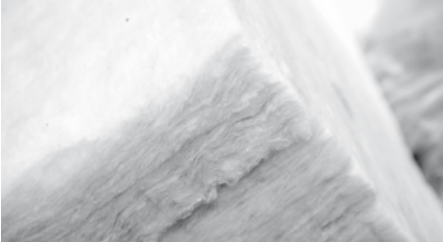
BY ERICA HOPE, CAN-EUROPE SENIOR POLICY OFFICER

It's a busy autumn in Brussels for energy efficiency, which is slowly moving onto centre stage in the EU's policy agenda – thanks in no small part to the high priority given to it by the Swedes in their Presidency programme. This, of course, is as it should be: energy efficiency represents the lowest of the low-hanging fruit for achieving emissions reductions – buildings alone account for more than one third of the EU's CO₂ emissions. The potential benefits of "negawatts" in terms of broader environmental improvement, energy security, competitiveness and job creation are also huge.

Reaching agreement on the recast of the Energy Performance of Buildings Directive, on which trialogue discussions – i.e., those between the current and future presidencies - commenced on 30 September, is a top priority for both NGOs and the Presidency. European buildings currently have such high levels of energy waste that an ambitious outcome on this Directive alone could reduce EU energy use by 10 percent.

The road towards such an outcome will be far from easy, with Member States strongly resistant to many of the excellent





The **EU Ecodesign directive** provides coherent EU-wide rules for eco-design of Energy Using Products. The Directive does not introduce directly binding requirements for specific products, but does define conditions and criteria for setting requirements regarding environmentally relevant product characteristics.

amendments adopted by MEPs in May. Controversial issues include the timing and scope of applying new performance standards and the definitions of renovations, "zero net energy" or even "low energy" buildings. The role of public buildings, as well as enforcement and financing, are all points that must be resolved if the Council is to agree outcome in December.

We also need a conclusion to the saga of the revised A-G Energy label by the end of the year, as implementing measures for key product groups under the Ecodesign Directive will only be decided once the labelling question is resolved.

Finally, the Commission is expected to publish a draft revision of the 2006 Energy Efficiency Action Plan by the end of November. This is a vital chance to tighten up the EU's approach to energy efficiency, including introducing a binding energy savings target and charting a clear path to its achievement. If sufficiently far-reaching, it could also be a very helpful signal at the climate negotiations in Copenhagen about the EU's seriousness about genuinely taking concrete steps to reduce emissions. ■

the EU Emissions Trading Scheme (ETS). Newspapers warned of horrifying product price increases resulting from allowance auctioning, which would cause companies and jobs to flee Europe. These things did not come to pass.

So can we prove the existence of carbon leakage? In December 2008, when approving the reviewed EU ETS, EU leaders devised a clever trick. They agreed to introduce 'thresholds' to determine the risk of carbon leakage to different manufacturing sectors. If product prices in a given sector exceeded this threshold because companies had to pay for their carbon emissions, that sector was deemed to be exposed to carbon leakage. A similar threshold was established to account for the level of trade each sector had internationally. However, EU leaders set those limits low so that companies will not have to pay for carbon emissions any time soon.

In September, European countries approved a list of manufacturing sectors, drawn up by the European Commission using the thresholds, which are ostensibly exposed to carbon leakage. The numbers reveal that over 90 percent of EU ETS sectors will see only marginal price increases. However,

most sectors are still deemed to be exposed if the trade intensity criterion is applied. EU leaders must be relieved to have hit the right figure last year and have kept their free pollution promise to big business.

But there is more to worry about. The results do not include a proper carbon efficiency assessment of installations (i.e., the amount of carbon an activity creates during production) in non-EU countries. These are the rivals to which the exempt sectors are supposedly exposed. However, the same directive EU leaders agreed upon - the ETS Directive - clearly states that the assessment must occur before the list of exposed sectors is determined. This implementation of EU law is at best incomplete, perhaps even illegal. The European Parliament will need to tackle this issue in deciding on the list of sectors proposed by the Commission.

It is essential in a year when crucial climate negotiations must deliver a comprehensive global deal, that these assessments are done properly. Incomplete or inaccurate assessments might produce a monstrously unpleasant whiff of protectionism around EU climate change policy. ■

Is carbon leakage a monster?

BY TOMAS WYNS, CAN-E SENIOR POLICY OFFICER

The Loch Ness monster is a mysterious, dinosaur-like water creature that ostensibly lives in a lake in Scotland. Carbon leakage is what reportedly happens when companies shift work outside the EU to countries with fewer emissions restrictions. What could these two disparate things possibly have in common? They are both allegedly out there but hard evidence is sorely lacking. We remember the heated debate on allocating allowances under



HOTGOSSIP

We have read the European Commission's recent climate finance communication with great interest. The communication informed us that the carbon market will pay for most of the financial support needed for mitigation in developing countries. Thus, the carbon market is further having its name established as a multi-purpose, Swiss army knife of climate policies. We are amazed by the amount of things this humble tool is able to achieve. For example, it can replace domestic emission reductions in the EU by creating cheaper offsets, it helps developing countries to deviate from business as usual pollution, it generates a lot of financial spin-offs which the financial sector greedily absorbs (now that sub-prime lending has gone out of fashion), and at the same time it pays for mitigation, adaptation, and technology transfer in developing countries. It might even be the instrument which makes achieving the development millennium goals a piece of cake. Hey, and if you are worried about rainforests disappearing, according to some, this tool is just what the doctor ordered. Why stop there - generate carbon credits for producing wooden chairs and tables! Imagine what a nice and comfy carbon sink they could be. Hey, and if you are worried about rainforests disappearing, according to some, this tool is just what the doctor ordered. Why stop there - generate carbon credits for producing wooden chairs and tables! Imagine what a nice and comfy carbon sink they could be.

Whoever said there is no such thing as free lunch?

**HOT AIR:****ASSIGNED AMOUNT UNITS (AAUS) EXPLAINED**

AAUs refer to one tonne of CO₂-eq emissions, introduced under the Kyoto protocol. The targets under the Kyoto protocol are expressed as AAUs. Countries which emit less than their assigned amount of AAUs can sell the surplus emission rights.

Numbers on the table: Too little but not (yet) too late

BY TIM GORE, EU CLIMATE CHANGE POLICY ADVISER, OXFAM INTERNATIONAL

Under the headline, 'Less than 300 days', in February of this year NGOs from four continents published an open letter to EU Heads of State and Government. The letter called on EU leaders to commit to concrete figures for climate action in developing countries under a Copenhagen Agreement to be signed in December on the order of EUR35bn per year in new and additional public funding by 2020. The call was unfortunately not heeded, and NGOs had to endure another 200+ days of impasse in the global negotiations before the European Commission (COM) finally saw fit to make proposals to EU Member States on the EU's climate financing obligations for a post-2012 climate regime.

The COM published its new Communication on climate financing on 10th September, proposing an EU contribution of €2-15bn per year by 2020. Short of the ambition needed for a global deal in Copenhagen with a decent chance of keeping global warming well below 2C; full of clever numerical trickery; and missing key areas of the financing debate, the hope was that the proposals would nonetheless spur a bold EU offer on financing at the end of October. Millions of people in the world's poorest countries are depending on such a breakthrough.

Firstly, leaders must be realistic about the scale of needs for additional public finance in developing countries. On mitigation, the COM estimates total public needs in developing countries to be €56bn per year by 2020. But this estimate assumes that the profit earned through the sale of offset credits by companies operating in developing countries (an estimated €15bn per year) will be spent on further mitigation measures. There is no guarantee whatsoever that this will be the case. EU leaders should recognise that total mitigation needs are EUR71bn per year by 2020.

On adaptation, the Commission works from the UNFCCC estimate of €23-54bn per year by 2030, extrapolating backwards to arrive at a range of €10-24bn by 2020. Yet the COM also references the recent work by IPPC (Martin Parry et al) and its new estimates in excess of \$200bn (€137bn) per year. There is little justification for recognising the legitimacy of this estimate, and still including a range starting at just €10bn. EU leaders should recognise total needs for adaptation of at least €54bn per year.

Secondly, EU leaders must over-turn the Commission's suicidal proposal that developing countries can be expected to cover the lion's share of these additional costs themselves. The COM suggests that a vast majority of the mitigation measures required in the energy and industry sectors of poor countries are profitable in the long run. On this basis, the COM claims that up to 90% of the costs in these sectors should be met by poor countries themselves. EU leaders should remember the principle of common but differentiated responsibilities and respective capabilities and recognise in their finance offer that it is rich countries that overwhelmingly responsible for existing atmospheric emissions and the effects of climate change we are already seeing today.

Thirdly, EU leaders must fill a missing gap in the COM's proposals and show how climate financing under a Copenhagen agreement can be predictably raised. Building on the EU's welcome support for mechanisms addressing emissions from aviation and shipping, EU leaders must give their support for a mechanism such as that proposed by Norway, for the international auction, sale or levy of AAUs. Only such a mechanism can reliably generate the scale of resources necessary.

And finally, if the EU wants to avoid the accusation that its finance offer in October will simply divert money that has already been promised for schools and hospitals in poor countries, the EU Council must clarify, beyond any doubt, that "new and additional" public finance means additional to the commitment already made to developing countries to provide 0.7% of national income as aid – i.e., beyond existing Official Development Assistance (ODA) commitments. Anything less than this will mean that all the efforts the EU has made over the past weeks to agree a position on climate financing will count for nothing.

Although the EU is late in agreeing on a climate finance offer, by strengthening the Commission's proposal, EU leaders can still avoid the charge "too little, too late. There can be no excuses this time – by the time the EU Council meets next week, there will be less than 40 days left to sign a fair, ambitious and binding Copenhagen agreement. ■

EU POLICY FOCUS

The new **European Parliament** is now in place, and **President Barroso** has been confirmed for a second term of office. All that is left now is for the new Commissioners to be appointed, which will be done this year still and not in January 2010. Still no news on the new DG Climate or Energy, this seems to have fallen off the radar... The Swedish Presidency looks to be a busy and ambitious one, with the Energy Efficiency files hot on the agenda. Trialogue discussions on the Energy Performance of Buildings directive began at the end of September. This autumn promises to be full of **Energy Efficiency** activities, (See article page 1). September 2009 also saw the presentation from the European Commission entitled "*A European blueprint for the Copenhagen deal*". The **Commission communication** puts forward proposals on how to generate and manage financial support for climate action in developing nations under a future Copenhagen climate treaty, to be agreed in December. See more on this in the lead article of this issue.

HOTLINKS

<http://www.traintocopenhagen.org/>

Climate Express (Train) website. Take the train to the United Nations Climate Change Conference 2009 in Copenhagen. Info on this organisation's aim to bring people to Copenhagen and Copenhagen to the people.

The Institute for Public Policy Research, which acts as the secretariat for the Global Climate Network, has launched the Global Climate Network website www.globalclimatenetwork.info



Welcome to new staff at CAN-Europe!

The CAN Europe secretariat is bristling with new energy and talent, just in time for Copenhagen! Please join us in welcoming several new members to the Brussels team.

ERICA HOPE

Senior Policy Officer on Energy Efficiency

Erica joined CAN-Europe in August as our new Senior Policy Officer for Energy Efficiency, making CAN-Europe once again able to ramp up its activities in this important field. Erica joins us after working five years in the European Parliament as assistant and adviser to UK MEP Caroline Lucas, leader of the Green Party for England and Wales, and has done work related to EU ETS, sustainability, EU energy policy and forestry. Erica will act as both a point of coordination for CAN-E members and by providing additional capacity to help shape the EU's legislative framework on energy efficiency. When not working at CAN, Erica has been known to spend holidays digging peat in Iceland.

ULRIIKKA AARNIO

Senior Policy Officer on Post-2012 issues

Ulriikka joined CAN-E in May as our new Senior Policy Officer for post-2012 issues, which includes the challenging job of coordinating the CAN-Europe network's participation in UN climate negotiations. Ulriikka arrived after working in the European Parliament, where she was a policy adviser on climate and energy legislation and worked with Finnish MEP Satu Hassi. Ulriikka is also a substitute member of the Finnish Parliament and she is planning to get a puppy when the deal is done.

MECHTILD VON KNOBELSDORFF

Research Assistant

Mechi also joined CAN-Europe in May as a research assistant. Mechi provides research and logistical assistance to just about everybody in the CAN-Europe secretariat. Mechi completed a degree in environmental policy in Cambridge, England and is currently involved with the European Youth Climate Movement. When not attending negotiations or working in the office, Mechi braves the rats while rowing in the Brussels canal, goes running and swims. Mechi is German by birth and European by life.

VANESSA BULKACZ

Communications Manager

Vanessa joined CAN-Europe as our new Communications Manager in July and will be coordinating communications work for the CAN-Europe network as well as the secretariat in Brussels. Vanessa comes from a background in both environmental studies and media and has been working in an NGO environment for a number of years. She completed her master's studies in environmental planning at the University of California at Berkeley and now lives in Brussels, where she believes the quality of the chocolate almost makes up for the less-than-California-style weather.

Hotspot

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CAN-Europe promotes action to limit human-induced climate change to ecologically sustainable levels. It represents over 100 organisations in over 25 European countries including most EU Member States.



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CALENDAR

For more details on these events check out our calendar on our website

29-30 Oct.: EU Council

2-6 Nov.: Resumed 9th session of AWG-KP and the 7th session of the AWG-LCA

10 Nov.: ECOFIN - meeting of Finance Ministers

7-18 Dec.: COP 15 and COP/MOP 5 Conference of the Parties (COP), Fifteenth session and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), Fifth session and sessions of the Subsidiary Bodies Copenhagen, Denmark

10-11 Dec.: EU Council

22 Dec.: Environment Council

HOTDOCS

<http://www.unep.org/compendium2009/>. The Climate Change Science Compendium 2009 is a report which reviews some 400 major scientific contributions to our understanding of Earth Systems and climate.

http://www.oecd.org/document/56/0,3343,en_2649_34361_43705336_1_1_1_1,00.html. The Economics of Climate Change Mitigation: Policies and Options for Global Action Beyond 2012 by the OECD is a book which explores feasible ways to abate Climate Change mitigation at minimum cost. Through quantitative analysis, it addresses the key climate policy issues.

<http://www.globalclimatenetwork.info/publicationsandreports/publication.asp?id=701>
An ongoing study from the Global Climate Network of think tanks suggests that if governments are bold and ambitious in developing markets for low-carbon technologies, then they will maximise the economic benefits and stand a greater chance of creating more jobs.