

CLIMATE & ENERGY
POLICY NEWS
FROM EUROPEClimate Action Network Europe
Hotspot**In this issue**

p.1

**THE EU CAN BUILD
MOMENTUM IN DURBAN**

p.2

STICKY FINGERS

p.3

NEW ALLIES?

p.4

**US LAWMAKERS FIGHT EU'S
RIGHT TO TACKLE CO₂ FROM
AVIATION****The EU can build momentum
in Durban**

BY ULRIKKA AARNIO, CAN EUROPE SENIOR POLICY OFFICER

As the delegates to the UNFCCC are packing their suitcases for two weeks of climate talks at the Conference of Parties (COP) number 17, at the same time the International Energy Agency has released a report warning that if the world does not have an international agreement effectively in place by 2017, the door to limiting temperature rise below 2°C will be closed forever. [1]

Durban outcome expectations are varied, but the IEA report underscores one thing that is has been clear to us for a while already: the world is not on track for limiting global warming below dangerous levels. Currently, there is a screaming gap between science and political will. Nature's limits have long been known and the urgency is evident, but the negotiations have nonetheless moved into the slow lane.

Durban is not expected to be the Big Bang that would put the UNFCCC talks and science on the same page again. Most governments seem to have accepted a step-by-step approach. For Durban this means that this COP is expected to advance on three sets of issues:

1. Further elaboration of the Cancun Agreements; e.g. on transparency measures operationalising the Green Climate Fund, the Adaptation Framework and the Technology Mechanism;
2. Things that were left unresolved in Cancun must be addressed, mainly mitigation ambition and sources for delivering the agreed \$100 billion of climate finance; and
3. The most difficult of them all: reaching agreement about the future of the Kyoto Protocol and the legal form of the future climate treaty.

As there currently is no political will to increase emissions reduction targets, mitigation ambition can be tackled by clarifying the assumptions and potential loopholes built into the reduction pledges currently on the table. In Durban, governments need to come to a joint understanding of the size of the gigatonne gap, i.e., the gap between what has been pledged and what science deems necessary in order to avoid dangerous warming,

and identify options for how to bridge it. Mitigation can also be tackled by, for example, including new sectors that are not currently under any reduction target, such as emissions from international shipping and aviation, to join the battle. Further work on accounting loopholes (i.e., land use and forestry accounting, excess emissions permits or "hot air," double-counting of offsets) is also expected for Durban.

The first commitment period of the Kyoto Protocol expires at the end of 2012, which is intensifying negotiations on reaching agreement on legal form in Durban. Securing a second commitment period of the Kyoto Protocol has been named as the key outcome of Durban by most negotiating groups, as well as the incoming COP17 South-African Presidency and the UNFCCC executive secretary Christiania Figueres.

The EU, despite its smaller share of global emissions, can still be central in shaping the direction of the global climate change regime, but only when leading from the front. The Kyoto Protocol was a major success of European climate diplomacy, which took years to negotiate, refine and ratify and securing its continuation should be very much in the EU's own interest too. Agreeing to a second commitment period requires very little from the EU, as its own climate and energy legislation already covers the bloc's climate commitments until 2020.

In using the Kyoto Protocol as an effective lever, the EU can also shift the spotlight back onto the other big emitters. The

>> Continue on p.2



EU POLICY FOCUS The end of 2011 and early 2012 will be busy times for energy efficiency legislation in the EU. The Energy Council is to release a progress report on the Energy Efficiency Directive (EED) in late November. Parliament's ENVI committee is set to vote on the EED on December 20. ITRE, the lead Parliamentary committee on the Directive, is set to vote on the draft EED in late January 2012. However, this schedule may slip - a record 1,600 amendments to the EED were received by ITRE.

Sticky Fingers

BY NUŠA URBANČIČ, POLICY OFFICER AT TRANSPORT & ENVIRONMENT

Tar sands have recently come under the spotlight as the EU has begun work on implementing an obscure piece of legislation that aims at cutting the CO₂ emissions resulting from the extraction and processing of transport fuels.

But what are tar sands? In short, they are one of the most polluting ways of producing fuel on the planet. Rather than refining fuel from oil that flows out of the ground, tar sands are a mix of bitumen, sand and clay which must first be mined (using 400 tonne trucks) or steamed out (using massive amounts of water) and heavily processed before being sent to a refinery to be turned into fuel.

In the past, because of low oil prices, it was prohibitively expensive to extract and process tar sands. As prices have risen and demand continues to increase, however, the market for this dirty fuel is growing. Oil companies and countries with large reserves such as Canada are therefore investing heavily not just in tar sand extraction but also in lobbying against any regulation that might make their dirty fuel less attractive, including European climate legislation.

In 2008, the European Union revised a law known as the Fuel Quality Directive (FQD) adding a new section (article 7A) - which forces fuel suppliers to reduce the carbon intensity of transport fuels by 6% by 2020 compared to 2010 levels. This year the European Commission has been working on implementing that legislation and deciding how to account for the emissions associated with different types of fossil fuels.

In October 2011, after months of negotiations and despite heavy lobbying from Canada, the Commission sent its



Tar sands site in Alberta, Canada

proposal to member states for discussion. The proposal establishes a methodology for calculating the greenhouse gas emissions of different fuels, classifying them on the basis of their entire lifecycles. Thus, the carbon intensity assigned to tar sands is almost one quarter higher than conventional crude oil. [1]

However, the rules also state that any producer can obtain a lower value for their fuel if they can prove that they have a more efficient production process than the standard assigned value. The whole point is to encourage cleaner fuels and cleaner production processes.

The Commission's proposal is a smart idea. It makes fuel suppliers and producers understand that the value of their fuels in the market is connected to their carbon intensity. It provides a good incentive to foster cleaner fuels and discourage dirtier ones, by making the former much more attractive to be made and sold than the latter. Finally, if the EU sets standards

on low carbon fuels, other countries and regions will likely follow.

So is the Commission proposal a victory for environmental organisations? Not yet. The implementing measures need to be approved by a committee of experts appointed by member states and then examined by the Parliament, which has three months to decide to adopt the proposal in its entirety or to veto it. Needless to say, Canada and big oil will continue their unprecedented lobbying campaign against the plans with the aim of allowing dirty fuels full and free access to the European market. In a world already struggling to end its addiction to oil, the thought of being addicted to an even more dirty and polluting version should be a very scary one indeed. ■

[1] Tar sands are given a default value of 107 grams of CO₂ per megajoule of energy, 23% higher than the 87.5 g CO₂/MJ assigned to conventional crude oil.

>> Continued from p.1

Kyoto Protocol provides a benchmark for a global legally binding instrument for all, and abandoning it would put countries blocking progress in the driver's seat. At present there are increasing expectations by developing countries that the EU should be able to cooperate on a second commitment period. On the other hand, some developed

countries (Russia, Canada and Japan) have signaled that they would be unwilling to put forward targets for a second commitment period post-2012. Therefore, without an unambiguous and concrete commitment from the EU, the future of the Kyoto Protocol - and that of the multilateral system of the UNFCCC - is in danger.

Acknowledging that the Kyoto Protocol is the central piece in securing a pathway to any ambitious global future framework on climate, the EU can build momentum in Durban for a comprehensive global deal that sets the world on a pathway towards safer levels of global warming. ■

[1] http://www.iea.org/index_info.asp?id=2153



The new Danish government has set a goal of 100% renewable energy by 2050. Denmark is already world leader in wind energy - 1/5 of Denmark's power currently comes from wind. Denmark was a leader in wind energy research in the 1970s and now almost half the world's wind turbines are produced by Danish companies.

New allies?

BY ALEXANDER EGE, CAN EUROPE NETWORK OUTREACH COORDINATOR

On Thursday 15 September 2011, it was a good day to be a supporter of ambitious climate action in Denmark. The opposition had won - but their victory looked a lot different than they had anticipated. First of all it was a narrow victory – the four parties in the opposition managed to conquer 92 seats while the magic number for majority in the Danish Parliament is 90! Secondly, the power balance within the new government coalition changed with the election. Up until then the coalition had been dominated by the Social Democrats and the Socialists, with support from the Social Liberals (i.e., Left Liberals) and the Red-Green Alliance (Denmark's far left). But the Social Democrats and the Socialists took a beating and the new government could only be formed because both the Social Liberals and the Red-Greens did very well. In the end, the Social Democrats, the Socialists and the Social Liberals formed a minority government with the support of the Red-Greens.

This background is relevant in order to understand two things about the new government and its politics:

1. The new government is very fragile – there is a lot of internal disagreement within this disparate coalition; and
2. The Social Liberals are enjoying a lot more influence than anticipated. Therefore, policies - especially economic policies - have moved more to the right than was initially expected.

One of the things that the government can agree on is climate and energy, which is one of the highest profiled policy areas of the new government. In the "Government Declaration", an 80-page document detailing what the new government wants to do, you can find policies that outline:

- 40% domestic reduction in greenhouse gases (GHGs) by 2020 compared to 1990 levels;
- 50% of traditional energy consumption to come from wind energy by 2020;
- Electricity and heating to come exclusively from renewable energy by 2035 and 100% of energy consumption covered by renewables by 2050;
- Working towards EU binding targets on energy-efficiency while implementing the renewable energy targets should see the EU increasing its target from 20% to 30% GHG reduction by 2020 compared to 1990; and
- Working towards an ambitious and binding international climate agreement.

So it would seem that the new government is taking some serious steps in the right direction but we have yet to see how implementation will work. The government plans to secure broad agreement within the Danish Parliament on an energy law by the end of this year, followed by a climate law next year.

So everything is fantastic and the Danish government wants the same as many of the NGOs, and hallelujah? Well, the government has only been in power for a bit more than a month – let's not go all Obama on them. We need to see them deliver. We have already seen some worrying priorities – the latest is the drop of support for a Financial Transaction Tax (FTT), something they staunchly supported when in opposition. Finally, there is the economic situation of the Euro-zone in particular – climate may simply drown in 'fiscal responsibility' and 'austerity measures', as was last seen at the G20 meeting in Cannes.



Helle Thorning-Schmidt, new Danish Prime Minister

The new Minister of Climate Action has, to some extent, tried to prevent this from happening by consistently talking about the three crises that he sees as deeply interlinked and in need of a joint solution: financial/economic, resource pricing and climate. If he is successful in getting his counterparts throughout EU to go along with this, it might prevent climate from being dropped from the agenda.

This is the essence of the influence that this new government might have on climate issues, especially throughout their upcoming EU Presidency. While we hear some new, sweet tones coming from Denmark, it is a small country. It needs to show that having ambitious climate targets and investing in renewable and sustainable energy can actually be a way out of the financial crisis. This requires the Danish government to walk the walk and not just talk the talk and then get their neighbours in the EU to do the same. ■

HOTGOSSIP

As noted on page 4, the United States House of Representatives passed an "anti-EU ETS" bill to prohibit operators of US civil aircraft from participating in the EU ETS. With the EU ETS for the aviation sector set to take off on New Year's Day 2012, this move is seen by Europe as a cynical tool to sabotage climate action on aviation emissions.

The US lawmakers claim that climate measures that include aviation should only be considered under the International Civil Aviation Association (ICAO), which in the last decade has quite diligently done nothing to address this issue.

The European Commission responded quickly to the new US anti-EU-ETS bill by proposing an anti-anti-ETS directive. While the lawyers at DG CLIMA are figuring out the details, the new directive would create a NON-carbon price, consistent with the USA's non-ratification of the Kyoto Protocol and their non-binding commitments under the Copenhagen accord. The issue will be addressed in a non-paper in Durban.



US lawmakers fight EU's right to tackle CO₂ from aviation

BY WENDEL TRIO, DIRECTOR OF CAN EUROPE

Last month, the lower house of the US Congress passed a bill (HR 2594) which prohibits operators of civil aircraft of the United States from participating in the European Union's emissions trading scheme (ETS). It is still unclear how the US bill, if also passed by the US Senate, would be implemented, either by stopping flights from the US to Europe or by simply letting US airlines opt out of paying any additional fees.

In the meantime, the European Court of Justice (ECJ)'s Advocate General delivered an opinion earlier this month against the complaint from a number of US airlines against the inclusion of international aviation in the EU ETS from 2012 onwards. The ECJ's opinion confirmed that the EU ETS is compatible with international law.

Given the complete lack of progress in the negotiations on this issue in the International Civil Aviation Association (ICAO) and the urgent need for action, CAN Europe fully endorses the EU's approach to include

aviation in their regional trading scheme. CAN Europe calls upon governments to increase efforts to reduce greenhouse gas emissions from ALL sources and agrees that reducing emissions from international aviation and shipping is urgently needed.

US lawmakers claim the EU ETS would increase costs significantly in the industry by reducing consumer demand, rendering airlines unable to continue research into emissions-reducing technologies. They claim the EU has made no promise to reinvest any revenues from its ETS into aviation research and development, meaning U.S. operators would be simply filling the coffers of foreign governments.

CAN Europe urges all 27 EU member states to therefore ensure clarity on how the money would be spent and mandate that a fair part of the revenues raised through the auctioning of emission permits be dedicated to climate action, both domestically and in developing countries. ■



The A380: the world's biggest passenger jet

Hotspot

Published by Climate Action Network (CAN) Europe, the European office of CAN- a global coalition of over 750 NGOs working to halt the most dangerous effects of climate change.

CAN Europe promotes action to limit human-induced climate change to ecologically sustainable levels. CAN Europe represents 149 members in 27 European countries, including most EU member states.



CAN Europe gratefully acknowledges support from the European Commission

NEWSLETTER STAFF

Editor Responsible
Wendel Trio

Editor in Chief
Vanessa Bulkacz

Subscriptions
Email [vanessa\[a\]caneurope.org](mailto:vanessa[a]caneurope.org) or subscribe via the CAN Europe website at www.caneurope.org, or via mail:

HOTSPOT Newsletter
CAN Europe
Mundo B, 4th Floor
Rue d'Edimbourg 26
1050 Brussels
BELGIUM

HOTSPOT is also available online at www.caneurope.org

Photo credits
p.2 NRDC
p.3 Website of the Danish Prime Minister
p.4 Airbus

All other photos courtesy CAN Europe or creative commons licensing.

Layout: www.beelzePub.com

Views expressed do not automatically reflect the policies or positions of CAN-Europe

CAN EUROPE HAS A NEW DIRECTOR!

Since September this year, Wendel Trio has been the new Director of CAN-Europe. Wendel has worked for NGOs for his entire career, first as an indigenous rights' activist and lobbyist with the Flemish Support Group for Indigenous Peoples (11.11.11) and the European Alliance with Indigenous Peoples. After that, Wendel worked as a (fair) trade and commodities campaigner with Oxfam, before joining Greenpeace. Wendel started there as a campaign director at Greenpeace Belgium and then took on several management and climate policy positions at Greenpeace International. As part of this work, he took on several leadership functions in the Greenpeace delegations at the COPs in Bali, Copenhagen and Cancun, as well as intersessionals in Bonn and other places, and became actively involved in the work of CAN-International and its Political Coordination Group (PCG) in particular.



CALENDAR

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

Nov 18: IPCC SREX extreme weather report - Summary for Policy Makers release

Nov. 28 – Dec. 9: COP17, Durban

Dec. 13-14: EU (HoS) Council

Dec. 19: Environment Council

Dec. 20-21: EP Environment Committee vote on Energy Efficiency Directive