The EU 2030 Framework on Climate and Energy – Implications for Norway

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European Council decisions, October 2014

- 40% emission reduction target compared with 1990 level
 - Binding
 - Emission reductions partly through the EU ETS: 43% reduction compared with 2005
 - The cap will be by 2.2% annually from 2021 onwards, instead of 1.74% up to 2020
 - Partly through the non-EU ETS sector: 30% reduction compared with 2005
 - Effortsharing decision in the non-EU ETS sector, based on GDP
 - Flexibility also within the EU ETS sector

27% renewable energy target

- Binding at the EU level, in contrast to the present renewable target which is binding at national level
- 27% energy efficiency target
 - An indicative target to be reviewed in 2020 with the 30% target in mind
- 15% interconnectivity target

Frontrunners and laggards

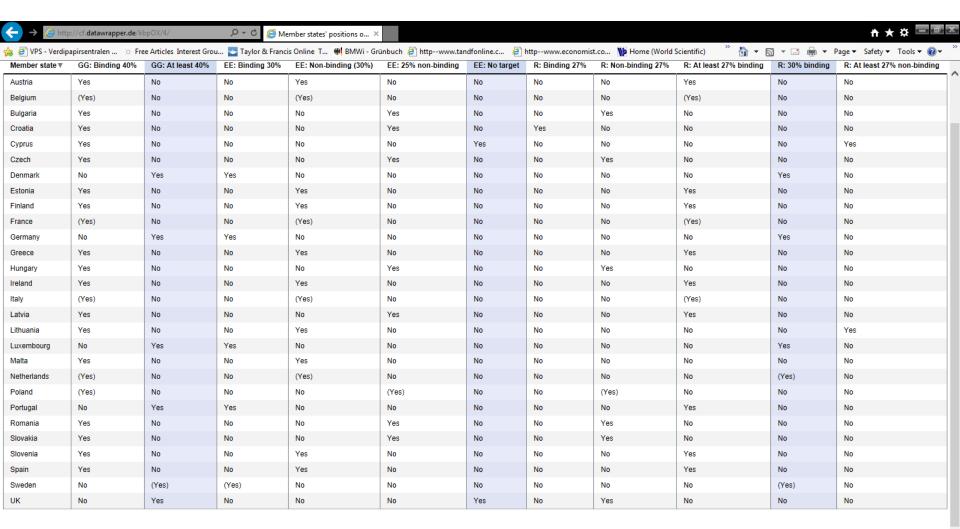
 Traditionally, North-South, East-West (New versus old member states)



Nordic countries, UK and Germany, but not consensus with regard to the number of targets + binding versus non-binding

vs. Poland - willing to veto





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Source: EurActiv, <u>Get the data</u>

100%

Implications for Norway

- Parts of the package is EEA relevant, and apply to the European Economic Area countries - Norway, Iceland and Lichtenstein - after negotiations with the EU
- EEA relevant?
 - The 40% emissions reduction target NO
 - The EU ETS YES
 - The effort sharing decision in the non-EU ETS sector NO
 - Renewable energy target YES
 - 67,5% by 2020
 - Only binding at EU level from 2020
 - Energy efficiency target YES
 - 15% interconnectivity target YES

The EU targets from October a challenge for Norway

- The level of ambitiousness politically difficult to be less ambitious than the EU
 - The Minister of Climate and Environment was not willing to confirm the 40% promise she gave earlier this year
- The type of targets
 - CDM not allowed in the EU ETS post-2020, nor other flexible mechanisms under UNFCCC
 - Only if EU commits to more than 40% reduction under UNFCCC
- A challenge to for Norway to reach 40% as the emissions have continued to rise since 1990
- The EU has decreased their emissions

The Norwegian targets – February 2015

- The Government chose the «EU solution» a bilateral agreement with EU
- Norway will reduce its emissions as if it was a full EU member
- 43% reductions compared with EU's emissions in 2005 within the EU ETS
- Non-EU ETS sector



- 30% reductions in the non-EU ETS sector compared with EU's emissions in 2005
- Norway will have to reduce its emissions by more than 30% - due to high GDP – probably 40%

Setting the targets

- Same methodology to set the national reduction targets for the non-ETS sectors, as for the 2020-targets
- Relative GDP per capita
- Spanning from 0-40% compared to 2005
- Relatively adjusted to reflect costeffectiveness
- 40% in non-EU ETS sector not enough to reach 40% compared to 1990 level in Norway

Flexibility

- Already exising flexibility will be significantly enhanced
 - to ensure cost-effectiveness of the collective EU
 - effort and convergence of emissions per capita by 2030
- New flexibility "through a limited, one-off, reduction of the ETS allowances, to be decided before 2020, while preserving predictability and environmental integrity"

Conclusions

- An interesting political compromise between H, Frp, V and KrF
- EU climate policy not enough
- UK, Denmark, Sweden, Germany: strong domestic energy and climate policies
- Challenges for Norway
- Photo: Gateavisa