

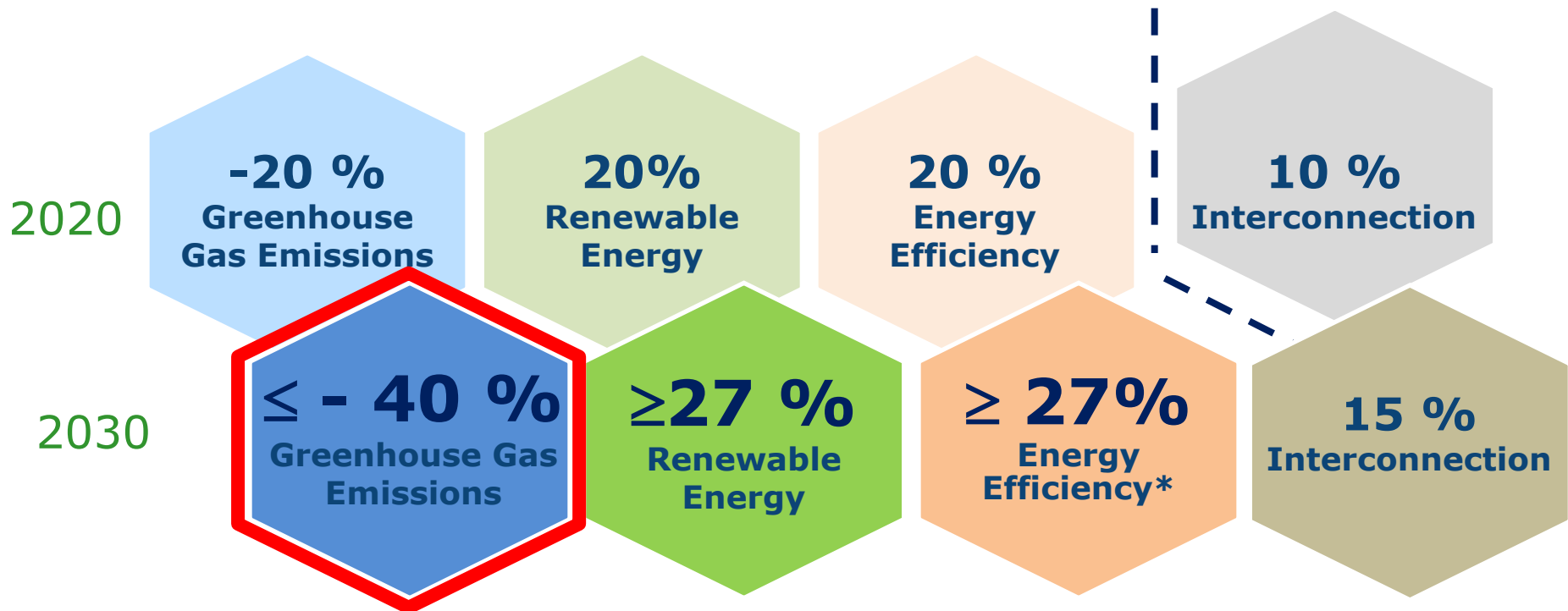
The 7th meeting of the EU-Central Asia Working Group on Environment and Climate Change

**Recent developments and perspectives in EU
approach and policies on transition to low-
emission and climate-resilient economy**

**6 February 2018
Niels Schuster
Directorate-General for Climate Action**

2030 FRAMEWORK FOR CLIMATE AND ENERGY

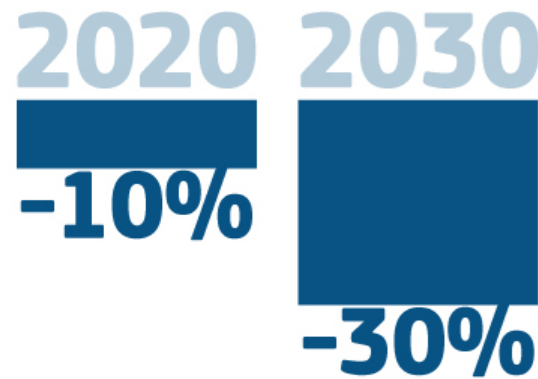
EU Nationally Determined Contribution: 40% emission reduction target



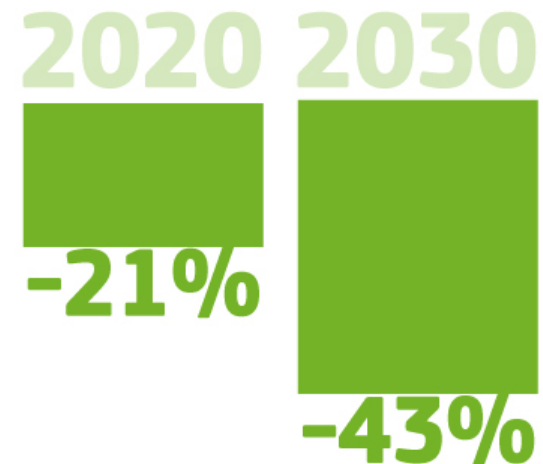
* Proposed to
increase to 30%

EMISSION REDUCTION TARGETS ETS AND NON-ETS

EMISSION REDUCTIONS IN ETS AND NON-ETS COMPARED TO 2005

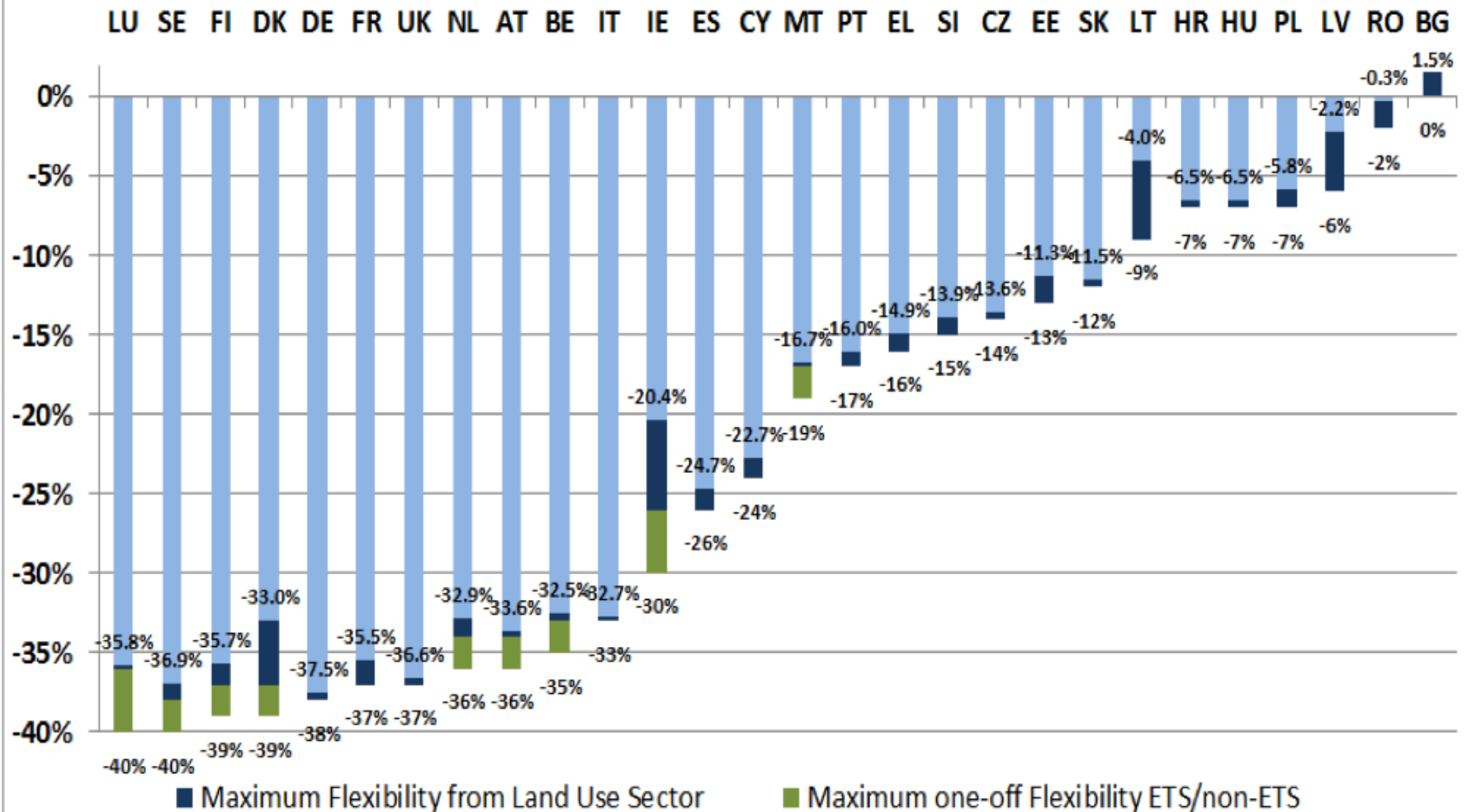


**NON
ETS** INCLUDING
ROAD TRANSPORT,
HOUSING,
AGRICULTURE
etc.

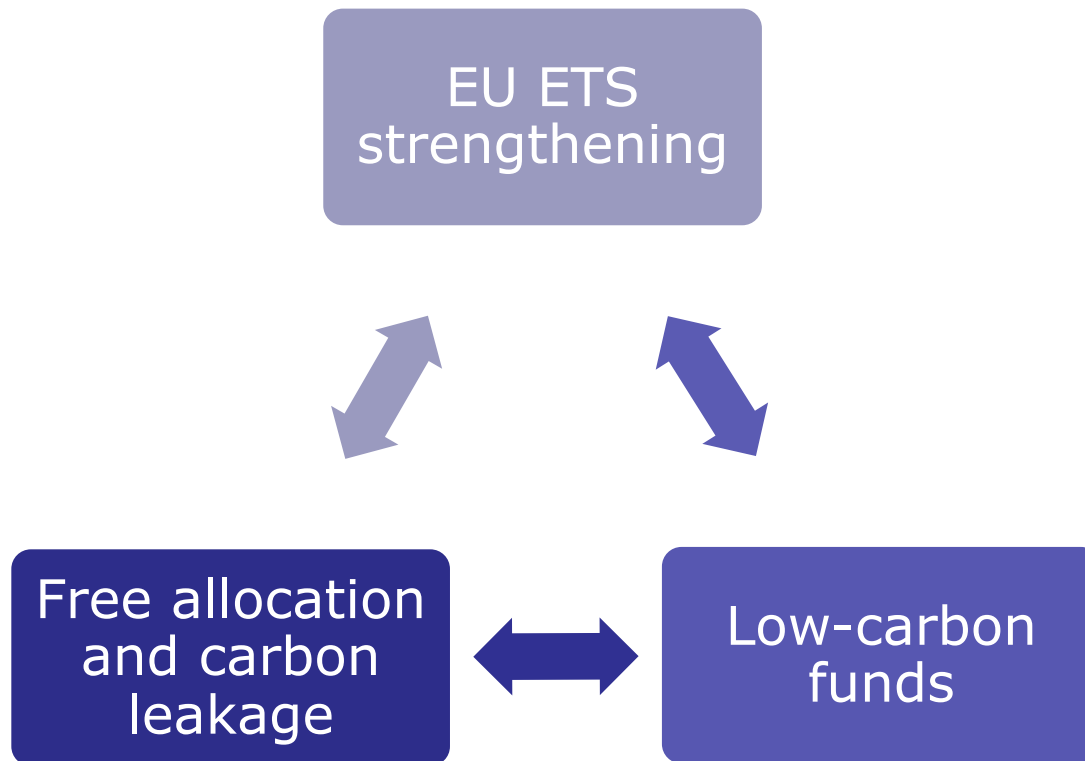


ETS INCLUDING
POWER/ENERGY
SECTOR & INDUSTRY

Non ETS: NEW EFFORT SHARING REGULATION

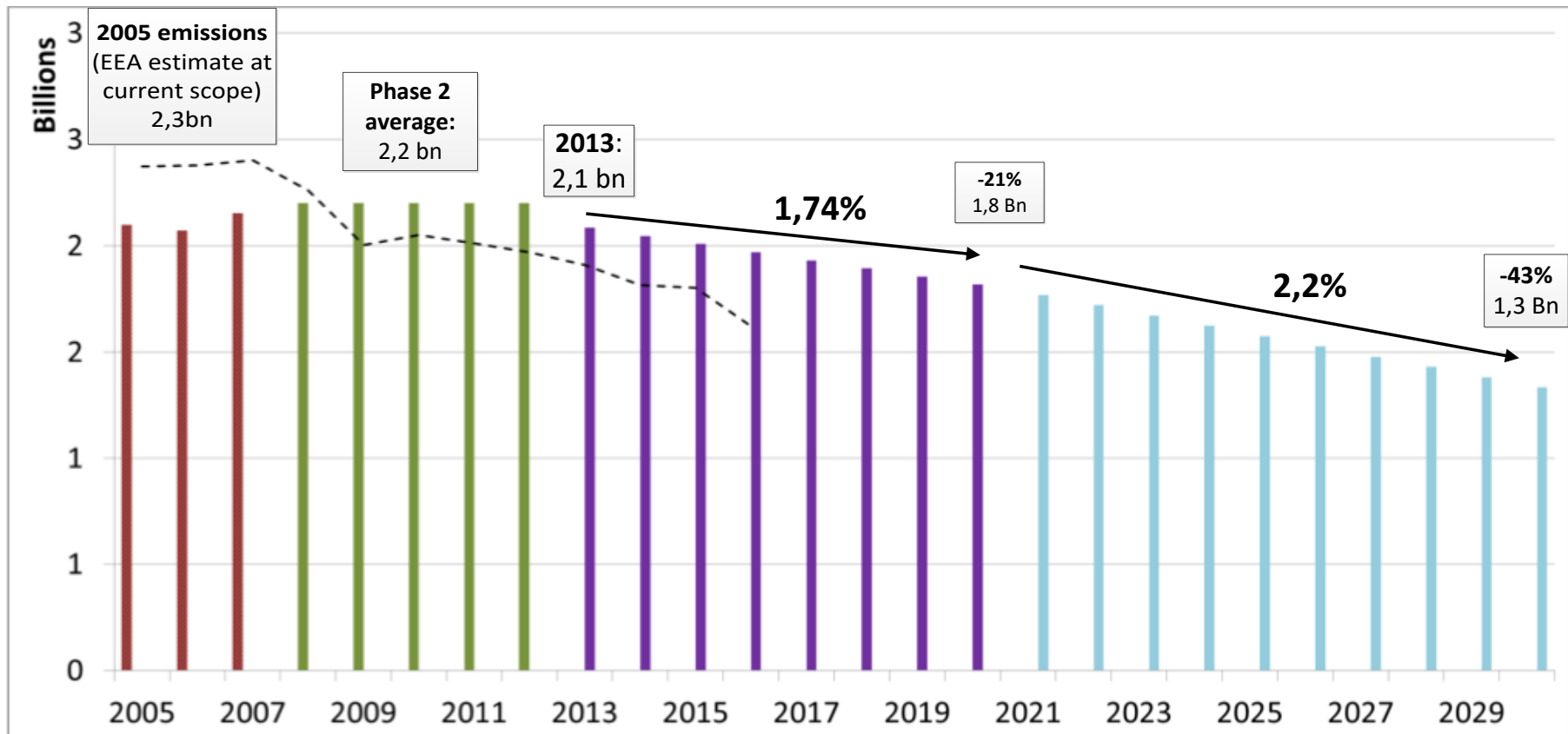


REFORM OF THE EMISSIONS TRADING SYSTEM (ETS)



EU ETS STRENGTHENING

Faster annual decline of emission allowances



FREE ALLOCATION / CARBON LEAKAGE

- To safeguard the competitiveness of European industry, free allocation of (a limited number of) allowances to sectors at risk of relocating their production outside the EU ('carbon leakage') will continue.

Main features:

1. Free allocation 'buffer'
 - Conversion of auction volume into free allocation
2. Focus on sectors at highest risk of relocating their production outside the EU – around 50 sectors in total
3. Indirect cost compensation remains possible



LOW-CARBON FUNDING MECHANISMS

1) Innovation Fund

- Support breakthrough technologies in industries as well as carbon capture and storage (CCS) and renewables

2) Modernisation Fund

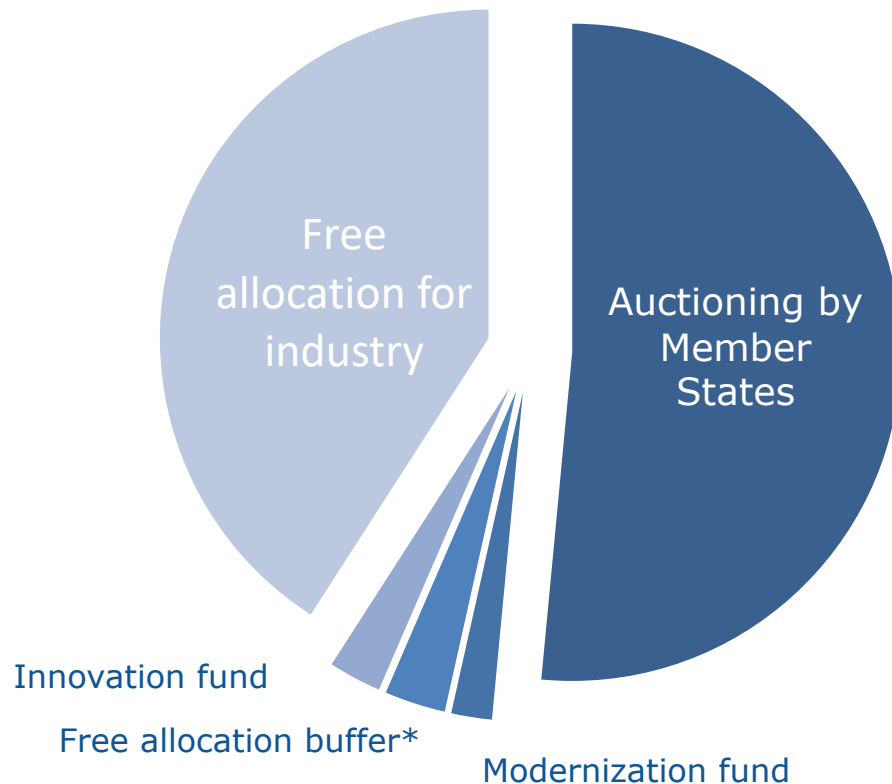
- Support modernisation of energy systems and just transition in 10 lower income Member States

3) Article 10c derogation (optional)

- Support modernisation of energy sector through free allocation to the power sector in 10 lower income Member States

STRUCTURE OF THE EU ETS IN PHASE 4

(15.5 billion allowances)



* Allowances dedicated for auctioning that may be converted

COP23 DELIVERABLES IN A NUTSHELL

Agreement on important political issues (Talanoa...)

Sustained momentum and global determination

Strong evidence of solidarity & action = pre2020

Moderate progress on the Paris rulebook

Many challenges on the Paris balance, rolling back to the outdated dichotomy

➔ *Preparations for the new regime still on track, but 2018 will be stress test!*

Thank you!

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