

ROADMAP

Title of the initiative: **Communication on roadmap for low-carbon economy by 2050, also with a view to determining the necessary scenarios for 2030**

Type of initiative (CWP/Catalogue/Comitology): CWP/non-legislative

Lead DG: CLIMA A4

Expected date of adoption of the initiative (month/year): February 2011

Date of modification: 31/03/2010

Version No: 3

Initial IA screening & planning of further work

A. Context and problem definition

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

Until now the main focus of EU climate policies, as well as of the Europe 2020 strategy, has been on the period until 2020. However, the 2 Degrees goals which guides EU's and the world's climate action has major implications for the long term. In line with the UN International Panel on Climate Change (IPCC), the European Council has agreed to the objective to reduce GHG emissions of industrialised countries by 80-95% in 2050 compared to 1990, and global emissions will need to be reduced by at least 50% compared to 1990. However, it has not been analysed yet which steps need to be taken by when to achieve this.

The Europe 2020 strategy foresees as part of the flagship initiative "Resource efficient Europe" that the Commission establishes a vision of structural and technological changes needed to move to a low carbon, resource efficient and climate resilient economy which will allow the EU to achieve its emission reduction and biodiversity targets. The climate change framework is an important input for this vision.

This frame will help Member States, which have started to develop their own 2050 climate strategies, to develop synergies and coordinate with a joint European framework.

What are the main problems identified?

The 2 Degree target compared to pre-industrial temperature level has been globally agreed to increase chances to avoid dangerous climate change. The IPCC has concluded that ambitious GHG emission reduction targets of industrialised countries by 2050 are necessary to reach this target. If the required 80 to 95% are to be achieved, steps have to be taken soon. This is because many GHG emissions in the atmosphere as well as many emissions intensive investments (e.g. power stations, refineries, steel mills) are long lasting.

The Communication will focus on Europe's emissions pathway consistent with 2°C, the temporal implications related to this transition. However, European efforts need to be considered also in the context of international actions, from both developing and developed countries. Existing studies show that all sectors, in particular the transport and energy sectors, need to contribute to reaching the long-term climate targets. Decarbonisation implies important infrastructure changes which need considerable time.

As the Strategic Energy Technology Plan has shown, if the potential of new low carbon technologies is to be harnessed, a step up of R&D investment is needed soon to be able to have effects, given the long lead times of innovation and diffusion in the energy sector.

Who is affected?

Reaching the 2 Degree target will at the end affect all major sectors including energy, transport, agriculture, manufacturing industries and energy-intensive sectors, in all Member States.

Member States are directly affected because in many sectoral activities which are important to reach the 2 Degrees they have important competences, such as the structure of the energy system and the development of transport infrastructures.

However, also many European policies might be affected, examples are the common agricultural policy, regional policy and research and innovation policy.

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

Climate change is a problem which is transboundary. Therefore coordination of climate action both at global and European level is necessary and EU action is justified on grounds of subsidiarity. The Lisbon Treaty confirms and further specifies EU competencies in the area of climate change.

Member States alone cannot achieve the objectives, because, in certain sectors, there is a risk of carbon leakage if only some Member States undertake activities. Furthermore, many of the required infrastructures have an important European dimension (e.g. electricity grid connections between Member States to enable a further and cheaper diffusion of renewable electricity). Therefore, the objectives can be better achieved by a Community framework for action, in particular in those areas where the internal market is key and distortion of competition must be avoided.

Of course, the role of Member State action within this framework will remain crucial and responsibilities are shared, as demonstrated e.g. in the climate and energy package.

The impact assessment report will carefully analyse at which levels action would be best taken: at EU, Member States levels and through which policies EU action can support national policies and measures (eg research & development). The analysis will cover the relevant key emitting sectors.

B. Objectives of EU initiative

What are the main policy objectives?

Limit global average temperature increase to not more than 2 degrees Celsius above pre-industrial level.

Lead by example, develop an analysis of the pathway for the transition to a low carbon economy for the EU that delivers on a near carbon neutral society by 2050, makes EU energy secure and ensures sustainable growth and jobs, while ensuring that the proposed measures are most cost-efficient and do not bring negative distributional consequences.

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

Climate Action is a recognised area of strategic importance. For example, one of the proposed five headline targets of the Europe 2020 strategy refers to climate action.

C. Options

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

The strategy looks for emission pathways for the EU compatible with the 2°C objective. This implies assessing the implications of the 80-95% target for EU internal emission reductions. The assessment needs to look at the practical changes our economy needs to go through to deliver such reductions by 2050.

Based on this, milestones for 2020, 2030 and 2040 have to be analysed. A variety of options are envisageable for each major policy area. The analysis of options will take into account already existing instruments such as the emissions trading system, the research framework programme, the eco-design directive or the common agricultural policy. The strategy will identify policy options for further debate, but not yet propose concrete legislative instruments.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes, as imminent in the topic of climate change, see above.

Explain how the options respect the proportionality principle

The communication is only the start of a process. It provides the basis for assessing what would be proportional options for action.

D. Initial assessment of impacts

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

Given the broad variety of options it is too early to provide a definitive assessment of impacts. An initial, proportionate assessment of impacts will however be prepared as part of the work to prepare this initiative.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

Pending the outcome of the analysis and the choice for policy options, there might be impacts the EU budget, e.g. on research budget or cohesion funds. While these impacts will be broadly discussed, a thorough ex-ante analysis will be done at a later stage.

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

As all climate action activities, European activities will be closely coordinated with global activities. Hence they might indeed have relevant impacts on relations with third countries, further enhancing international cooperation.

E. Planning of further impact assessment work

When will the impact assessment work start?

March 2010

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?
(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

EU emission projections until 2030 and global baseline projections until 2050 have been finalised. European baseline emission projections until 2050 are under way, in cooperation with DG Energy and DG Mobility and Transport. A range of EU and global scenario studies on the 2050 horizon exist or are being finalised, which can be built upon.

Also the impact assessment work on the communication on the analysis of practical policies required to implement a 30% EU emission reduction and assessment of situation of energy intensive industries will provide relevant insights.

Main information to be gathered concern 2050 emissions and mitigation potentials, in particular for non-energy sectors, as well as the consistent definition of feasible scenarios to reach the targets. A range of external contractors is involved in these activities.

The work is scheduled for March to October 2010. Analysis will be carried out predominantly at EU level. However, all models involved are also able to provide also information Member State by Member State if needed. All work related to modelling will be closely coordinated between the relevant DGs through Inter-service Groups with initiatives related to the decarbonisation of energy and of transport, so that one consistent analytical framework is used for all initiatives.

Which stakeholders & experts have been/will be consulted, how and at what stage?
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Stakeholder consultation for energy and transport happens as part of corresponding DG Energy and DG Mobility and Transport activities on decarbonisation.

Consultation with relevant stakeholders will take place and a workshop may be organised to discuss key issues.