

## ROADMAP

Title of the initiative: **Analysis of practical policies required to implement a 30% EU emission reduction and assessment of situation of energy intensive industries**

Type of initiative (CWP/Catalogue/Comitology): Communication

Lead DG/contact person/details: DGCLIMA

Expected date of adoption of the initiative (month/year): end May 2010

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### 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?

The communication responds to a Council request of 15 March 2010 inviting the Commission to analyze the impacts of moving from 20 to 30%. Under the revised ETS Directive the Commission is required to submit by 30 June an analytical report on situation of energy-intensive industries that have been determined to be exposed to significant risk of carbon leakage following Copenhagen.

What are the main problems identified?

Assess the benefits and costs of increasing GHG reductions in the EU beyond the 20% independent reduction commitment. Assess the comparability of efforts in the Copenhagen Accord. Assess the effects of Copenhagen on the situation of energy-intensive industries.

Who is affected?

Member States, industry, power sectors, agriculture, transport sector and private households.

(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)?

EU action is justified since climate action requires joined action, and the use of common policies and measures (eg ETS) to maximise efficiency and cost-effectiveness of the measures, and overall consistency with the internal market.

#### **B. Objectives of EU initiative**

What are the main policy objectives?

Assess practical policy options required to implement a 30% EU GHG emission reduction in 2020 and assess the situation of energy intensive industries in particular in the light of international negotiations.

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

It does imply further developing policies of strategic importance i.e. climate change policy in the context of the EU2020 strategy.

#### **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?

Policy options are reducing 30% internally or partially internally and through credit mechanisms. Detailed options could imply a revision of the ETS Directive and/or the Effort Sharing Decision for the non-ETS sectors in the future and or the elaboration (in the future) of rules for using emissions from land use, land use changes and forestry.

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

Yes, cut's across energy, transport, GHG and agricultural policy.

Explain how the options respect the proportionality principle.

The options will examine the implications for the effort sharing decision which basically leaves it up to the member states to implement measures to meet additional reduction in the non-ETS sectors to meet any additional reductions.

## **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?

A reduction of GHG emissions in the EU from 20 to 30% in 2020 will have economic, social and environmental impacts. It will affect GDP, employment, output in a number of sectors in the EU and in the Member States. It will also have an impact on employment, the distribution of costs over Member States. In addition, greenhouse gas emissions and air pollution will be reduced and energy security will be affected as well.

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?

Not expected to EU-budget implications.

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

No impact on simplification and administrative burden expected. Could affect relations with third countries since EU position might have an impact on ongoing climate international negotiations.

## **E. Planning of further impact assessment work**

When will the impact assessment work start? It has started.

(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)?

The assessment will be a partial update and build on the impact assessment of the Climate and Energy Package agreed in 2009. Preliminary modelling results will have to be updated. External contractors assist in modelling. The analysis is proportional to the expected impact on GDP and included partial and general equilibrium modelling as well as econometric and macroeconomic assessments.

Which stakeholders & experts have been/will be consulted, how and at what stage?

On 17 March 2010, the Commission organised an ad-hoc consultation meeting of the European Climate Change Programme (ECCP). It invited all the relevant stakeholders (industry associations, trade unions, NGOs and Member States). The Commission presented its preliminary conclusions

on the situation of energy-intensive industry in light of the international negotiations and gave the participants the opportunity to express their views and actively contribute to the analytical report. The Commission will also send out to all the relevant stakeholders an additional set of consultation questions in March.