

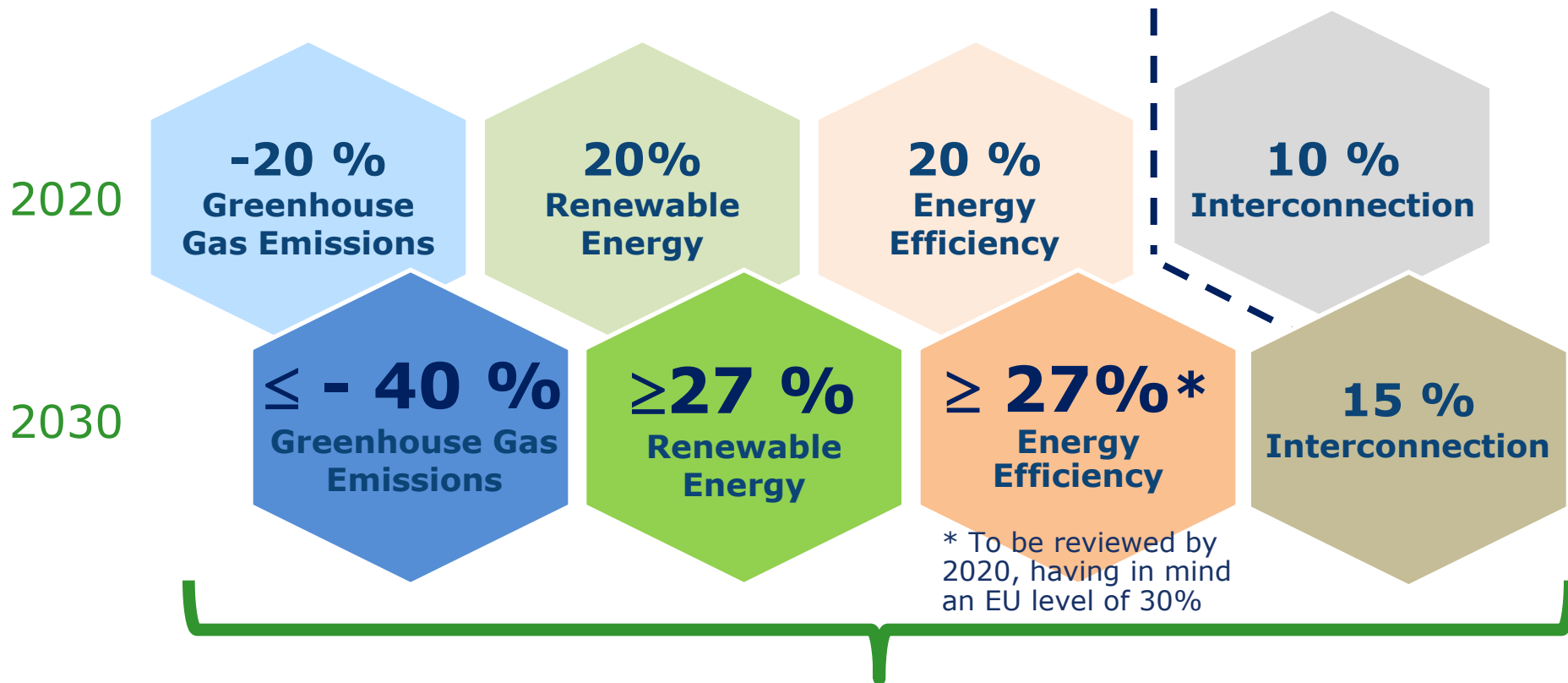


2030

FRAMEWORKfor**CLIMATE&ENERGY**
#EU2030

Outcome of the October
2014 European Council

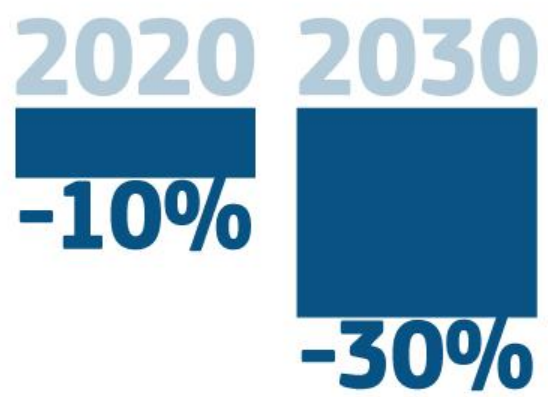
Agreed headline targets 2030 Framework for Climate and Energy



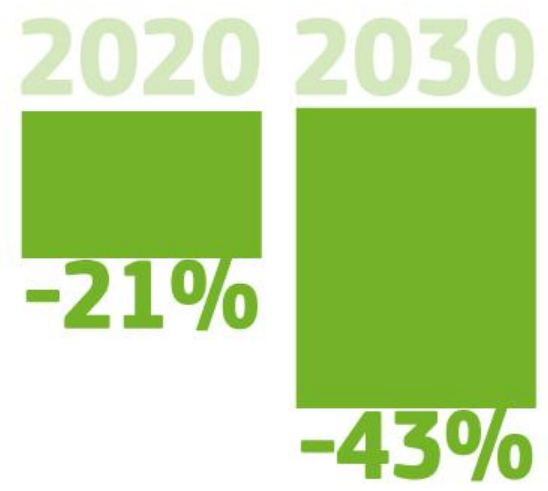
New governance system + indicators

Emission reductions in 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

The European carbon market after 2020

Well-functioning reformed EU ETS as the main instrument

Cap to decline with **2.2 %** from 2021 onwards

Free allocation to prevent carbon leakage **continued**

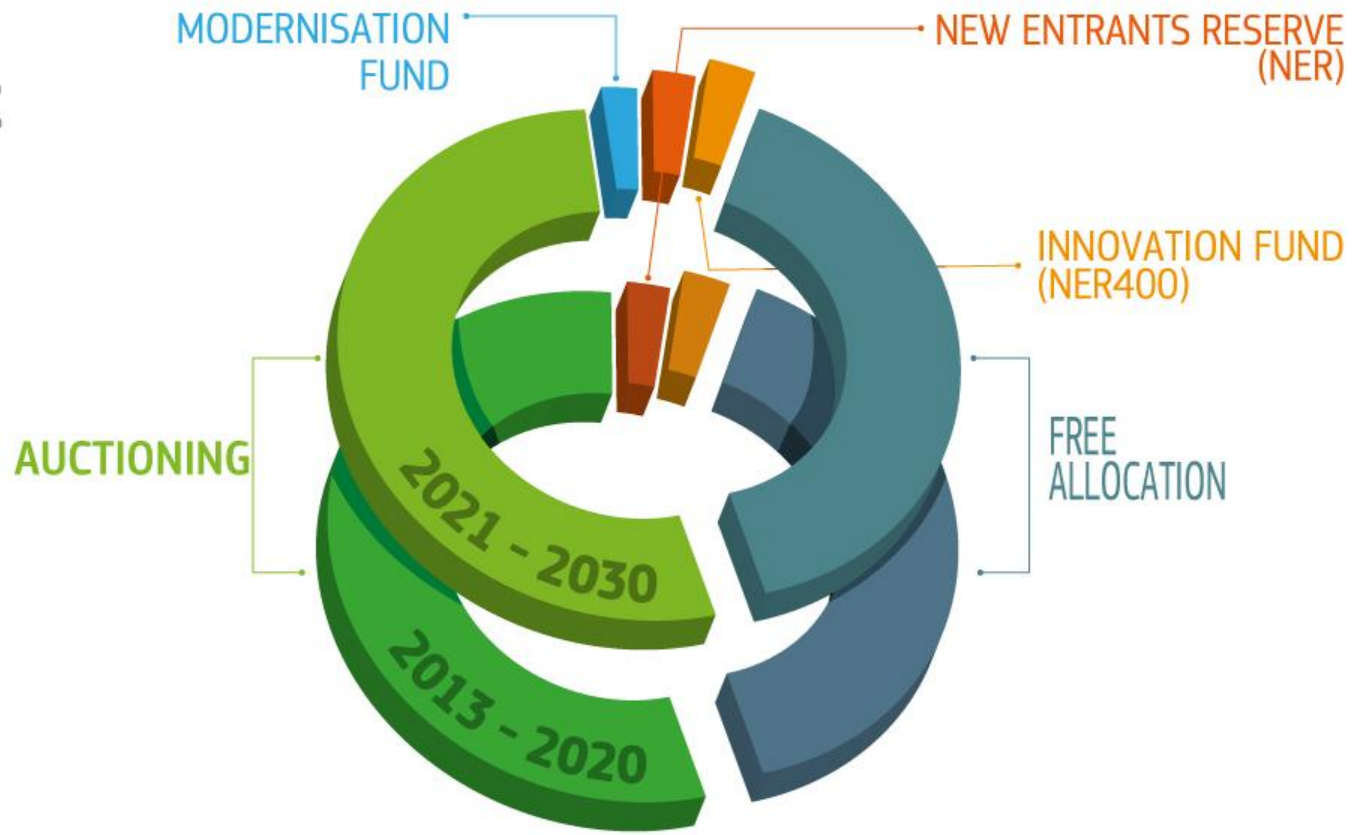
Redistribution: 90 % among all 28 Member States / 10 % among lower income Member States

Innovation fund created ("**NER400**")

Modernisation fund set up

Overall architecture

OVERALL ARCHITECTURE



GHG Emissions



Innovation fund

Support for low-carbon demonstration

400 million allowances, amount depending on carbon price

Building on **existing NER300** programme for carbon capture and storage and renewables

New: extension of scope to low carbon innovation in industrial sectors

Open for **projects in all Member States**

Modernisation fund

Modernising energy systems in lower income Member States

New: some **300 million allowances**, amount depending on carbon price

For 10 Member States with a GDP/cap < 60 % EU average; distribution key agreed; 2024 review

To improve energy efficiency, modernise energy systems

Management of fund by Member States, **EIB** involved in project selection, full **transparency**

Continuation for same 10 Member States of limited free allocation to energy sector with **enhanced transparency**

Free allocation to prevent carbon leakage continued

Appropriate levels of support as long as no comparable efforts by other major economies

Benchmarks periodically **reviewed** in line with technological progress

Direct and **indirect carbon costs** to be taken into account, in line with **EU state aid rules**

The most efficient installations in sectors exposed to international competition not to face **undue costs**

Better alignment with **production**, fully preserve **innovation incentives**, keep **administrative feasibility**

Guidance for determining non-ETS targets

Member State targets between **0%** and **-40%**

Maintain **current methodology**, update GDP/capita data

Member States with GDP/capita above EU average: targets adjusted with **cost effectiveness**

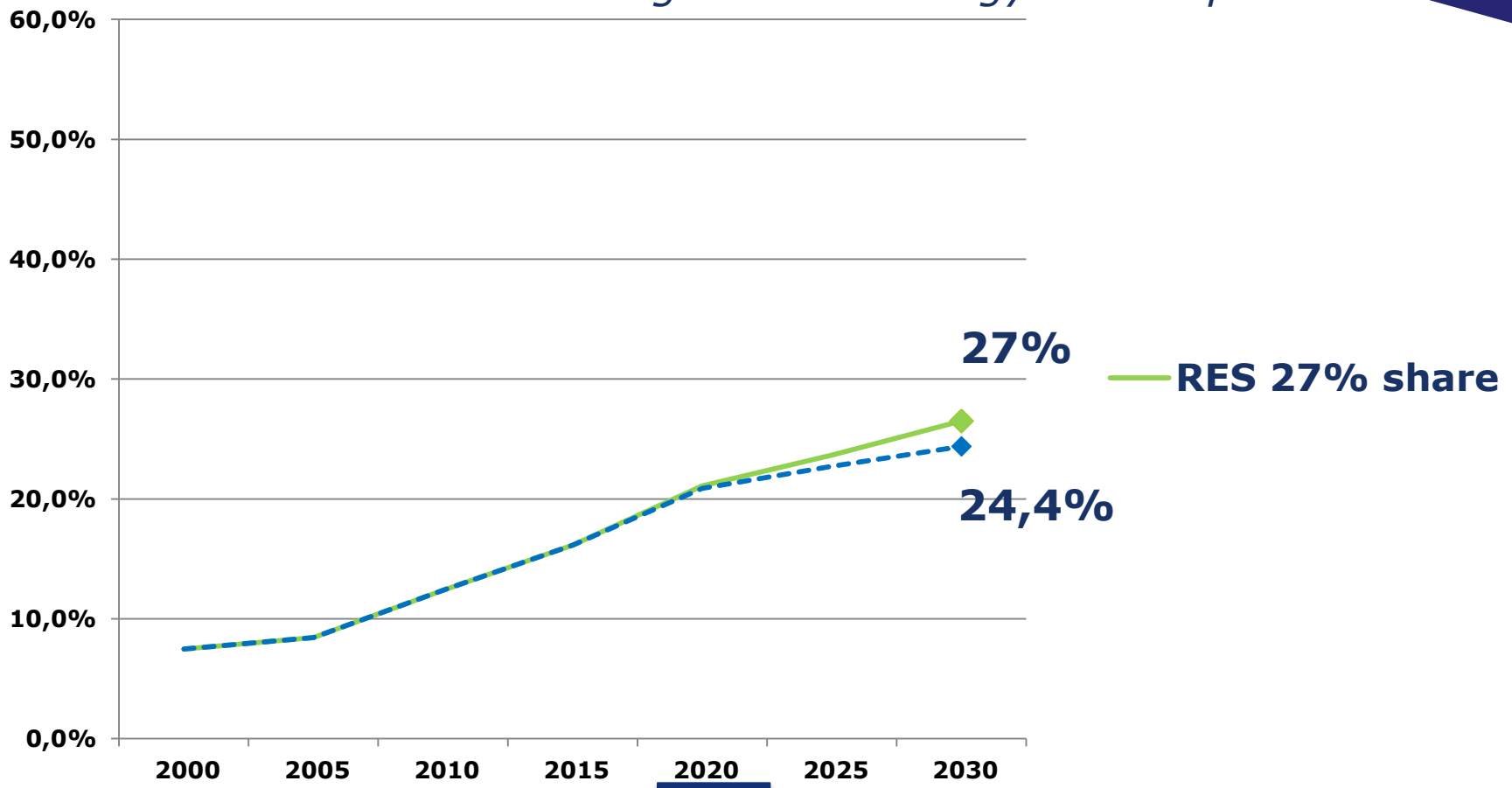
Enhanced flexibility to ensure **cost efficiency**, new flexibility mechanisms subject to several constraints

Possibility to **convert** limited number of allowances for auctioning in **EU ETS into non-ETS** emission budgets

Renewable energy

**EU-binding 2030 target:
at least 27% of energy from
renewable sources**

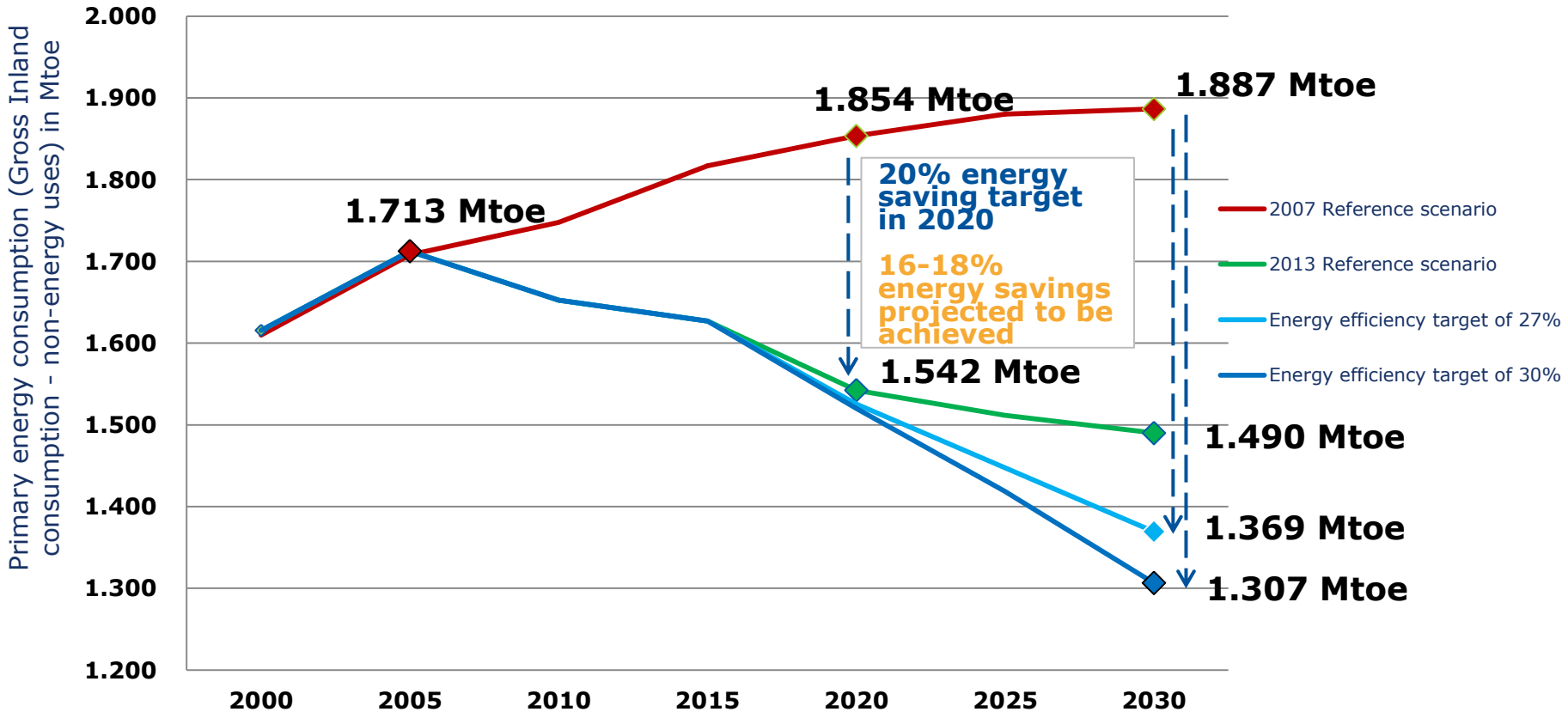
Share of renewables in gross final energy consumption



**EU 2030 target:
at least 27% of
energy savings**

Energy efficiency

2020 and 2030 energy savings targets



Interconnections

Fully functioning and
connected
internal energy market

Urgently ensure the achievement
of a **minimum target of 10%** of
existing electricity
Interconnections by 2020.

- Particular attention **to energy islands such as Baltic States, Iberian Peninsula, Cyprus, Malta and Greece.**

The Commission will also regularly
report to the European Council on
the objective to arrive at a **15%**
electricity interconnection
target by 2030.

- While taking into account the **cost aspects** and the **potential of commercial exchanges** in the relevant regions.

Targets will be attained via the implementation of **Projects of Common Interest** including those identified in the **European Energy Security Strategy**

New governance system and indicators

**EU 2030
governance:
reliable &
transparent system**

Built on
**existing
plans**

**Transparency
and
predictability**

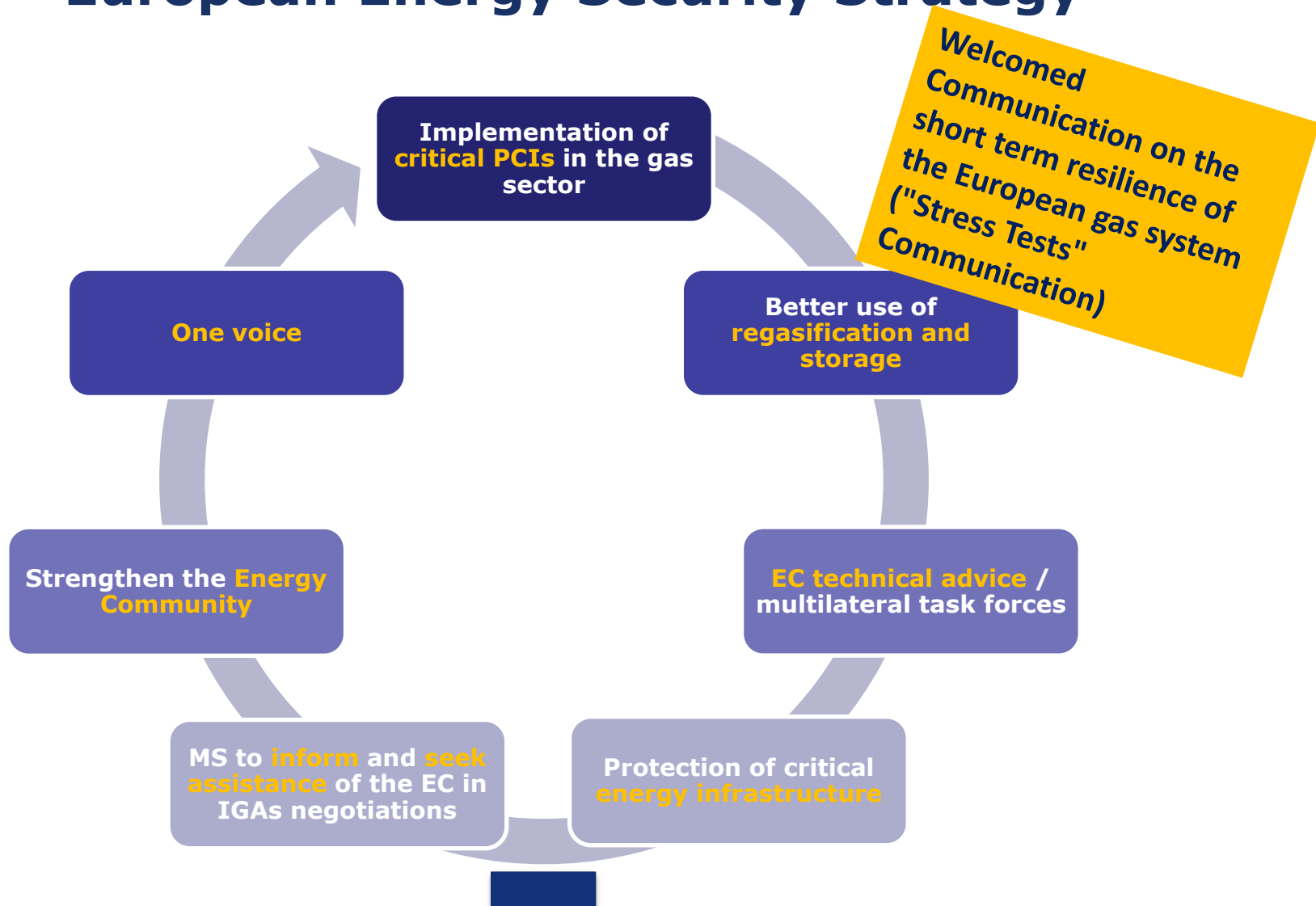
**Regional
cooperation**

**Contributes to the attainment of the 2030 goals, with
flexibility**



European
Commission

European Energy Security Strategy



Implementing the 2030 framework

Mastering the investment challenge

Climate and energy policies require significant investments, 2030 framework requires more investments

Higher investment needs in lower income Member States addressed

Majority of **private investments** depend on a **stable regulatory environment** and a **strengthened carbon market**

Public resources more effectively channelled to mobilize and accelerate private investments

Investing now is an **opportunity** to facilitate EU's low carbon transition

Next steps

Policy initiative on **new governance system**

Implementation of **European Energy Security Strategy**

Implementation of provisions for **EU ETS:**

- Pending Commission proposal for **Market Stability Reserve**
- **Legislative proposals** for post-2020 period

Setting of **Member States targets** in the **non-ETS sectors**, including policy on how to include **Land Use, Land Use Change and Forestry**



European
Commission



2030

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