



**EUROPEAN COMMISSION**  
Impact Assessment Board

Brussels,  
D(2013)

**Opinion**

**Title**      **DG CLIMA and DG ENER - Impact Assessment for a 2030 climate and energy policy framework**

(Resubmitted draft version of 12 December 2013) \*

**(A) Context**

The EU has a clear framework to steer its energy and climate policies up to 2020, as the 2020 Climate and Energy package introduced mandatory targets for greenhouse gas emissions reductions (20% in 2020 with reference to 1990) and for renewable energy (20% of total final energy consumption and a 10% target of transport fuel consumption in 2020). In addition, a non-legally binding target for Member States was set-up concerning energy savings (20% savings in 2020 compared to baseline projections). In order to provide a long term perspective on climate, energy and transport, the Commission came forward in 2011 with three Roadmaps (Roadmap for moving to a competitive low carbon economy in 2050, Energy Roadmap 2050 and Transport White Paper) that were developed in line with the objective of reducing greenhouse gas (GHG) emissions by 80 to 95% by 2050 compared to 1990 levels, consistent with the internationally agreed target to limit atmospheric warming to below 2°C. In order to achieve this objective, a framework for 2030 seems necessary, but it should also reflect a number of important changes that have taken place since the original framework set up in 2008/9 and draw on the lessons learnt.

**(B) Overall opinion: POSITIVE**

**While the report has been improved to some extent along the lines of the recommendations in the Board's first opinion it requires further work in a number of respects. First, the report should still more clearly present the lessons learnt in terms of a more general assessment of the performance of the key elements of the current framework. Second, although the assumptions underlying the baseline including the enabling conditions have been clarified, the report should still better explain the extent to which these would require additional action in the future and it should discuss how realistic these assumptions are, including the risk that they may not be achieved. It should also clarify assumptions concerning the extent of auctioning across sectors and recycling of auctioning revenues. Third, the report would be significantly enhanced if it more clearly distinguished between the presentation of results of the modelling and their interpretation and it should still clarify what conclusions can be drawn concerning the choice of the most cost-efficient policy**

\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted.

**scenario. It should specifically discuss the extent to which binding targets can be considered proportionate in light of the incremental costs and should include a deeper discussion, based on the data provided, on the distributional impacts, including on different Member States.**

**The report should be significantly shortened and restructured in order to provide a more useful basis for decision-making.**

### **(C) Main recommendations for improvements**

**(1) Better define the scope of the initiative and better present the lessons learnt.** While the linkages between the problems are better presented, in particular the interaction of policy measures such as targets for renewables and energy efficiency with the ETS structural reform initiative, the report should still more clearly present the lessons learnt in terms of a more general assessment of the performance of the key elements of the current framework. The inclusion of a problem tree linking problems, objectives and options would improve the clarity of the report. The report could still better clarify upfront the policy decisions that this initiative is intended to support (mostly a presentation issue), specifying what decisions have to be taken now and what can be done later. For example, the report should better explain what is meant by the assertion that the focus is on the target setting as such, and 'to a lesser extent' on other means of ensuring progress towards meeting the abovementioned challenges. The problem definition should be presented in more concrete terms than "lack of objectives or definite policy framework in place to steer climate and energy policies in a 2030 perspective". The flow throughout the text is more clearly presented, but could still be improved, for instance in relation to the 'land' sector the problems are still presented in the impacts section.

**(2) Clarify the assumptions under the baseline scenario and the options.** The content of the options is better described and the nature and the role of the enabling conditions has been clarified, however the report should still better explain the extent to which these would require additional action in the future (and how costly that would be) and it should discuss how realistic these assumptions are including the risk that they may not be achieved. The assumptions underlying the baseline are more clearly presented, however the report should still better justify the assumptions regarding the use of ETS auction revenues payments and explain their impacts on the calculation of total energy system cost. It should in addition clarify whether, and why, several scenarios (including the baseline) foresee auctioning for the power sector only and consider a sensitivity analysis on the extent of auctioning across sectors (e.g. using auctioning factors for calculating the carbon leakage list) and alternative scenarios for recycling of auctioning revenues (e.g. to reduce public debts).

**(3) Better present the impacts.** While the report now provides summary conclusions at the end of each relevant section of the impacts, the impacts section is still considerably too long and consequently does not provide a comprehensible and concise analysis of the key impacts. Overall the report would still be significantly enhanced if it more clearly distinguished between the presentation of results of the modelling and their interpretation. The report should still clarify the additional costs under different options of taking into account the affordability of energy, competitiveness, addressing carbon leakage, and whether these also take account of the different capacities and circumstances of Member States. Furthermore, while the report now includes more data on the impacts on Member States and notes that several options, all needing further assessment, have been identified

that could help to address these distributional issues so as to allow an equitable outcome, it should still make a better attempt to interpret the various distributional impacts, including impacts on sectors, and explain how the measures would address the divergent effects. The comparative analysis should still discuss in a more structured manner how the different scenarios perform in meeting the revised objectives and should clarify what conclusions can be drawn concerning the choice of the overall most cost-efficient policy scenario. The report should specifically discuss the extent to which binding targets can be considered proportionate in light of the incremental costs.

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

**(D) Procedure and presentation**

While the presentation of the report has been improved by being clearer on the key modelling assumptions, including for the baseline scenario, and by better presenting the main messages in the impacts section, the report should be significantly shortened and restructured in order to provide a more useful basis for decision-making, by focusing on the core points for which a decision is to be taken now and shifting more detailed background information to the annexes. A glossary presenting technical terms and abbreviations should be included. The executive summaries should respect the required length and presentation standards.

**(E) IAB scrutiny process**

Reference number	2013/CLIMA+/007
External expertise used	No
Date of IAB meeting	Written procedure An earlier version of this report was submitted to the IAB in November 2013, for which the Board issued an opinion on 22 November 2013