

Combating climate change while securing affordable energy

EPP Policy Paper adopted by the EPP Political Assembly
28th January 2014



New climate and energy policy towards a competitive and green European economy:

- We support the development of ambitious climate and energy policies towards 2030 and call for a development of a new and more integrated, cost-effective EU mechanism to support renewable energy technologies.
- We call for comprehensive structural reform preserving and strengthening EU ETS as the primary mechanism for reducing emissions in a cost-effective and market-based way.
- The vast potential of reducing emissions within the transport sector needs to be fully explored.
- We realise the great benefits of a well-designed energy efficiency policy, particularly in the buildings and housing sector.
- We emphasise that climate change policy must be incorporated into all other relevant policy areas and also that EU needs to anticipate and adapt to the damage caused by unavoidable negative consequences of climate change
- We stress that other climate forcings, in particular the emission of methane and black carbon, have to be urgently addressed.
- It is our priority that the EU continues to speak with one voice, maintains its international leadership on climate change and promotes dialogue on climate change with international partners within the UNFCCC.
- We call for a well-designed binding international climate agreement adapted to complex global environment and a new market-based mechanism.
- We are committed to implementing an internal energy market and to facilitating investments in pan-European energy infrastructure to achieve competitive energy prices and guarantee energy supplies.
- We support the concept of each Member State deciding on its energy mix provided that all countries meet the emission reduction targets. Should countries choose to continue with coal-fired power plants, the deployment of carbon capture and storage (CCS) technologies must be encouraged and implemented so that from 2020 all new coal-fired power plants are fitted with CCS technology.
- We take note of the potential of unconventional fossil fuels but call for proper assessment of environmental impact of hydraulic fracking and for deployment of best techniques for extraction. The overall GHG emissions resulting from extraction of unconventional fossil fuels should always be considered.
- We are committed to making the EU a leader in green innovation and ensuring that proper investment in research and development continues and spurs creation of sustainable jobs.

01

RESPONSIBILITY TOWARDS FUTURE GENERATIONS

The European People's Party is established on fundamental values including responsibility towards future generations, stewardship and intergenerational equity. We believe in a society where the needs of the present generation can be met without jeopardising the ability of future generations to meet their own needs. This objective demands a responsible management of resources in order to ensure sustainable development.

The EPP believes in a social market economy based on the principle of environmental sustainability; that implies an ever-greater attention to more sustainable methods of energy production, in particular renewable energy sources, phasing out methods of energy production that are in contradiction with EU climate and energy policy, more energy efficiency, the preservation of biodiversity and the conservation and particular attention must be paid to the preservation and reuse of natural resources. The earth provides us with the natural environment that is the basis for life in general and human civilization in particular – therefore we have to preserve it for future generations.

The EPP firmly believe that a sustainable future only can be achieved within the framework of market economy, free trade and democracy. A market economy, where prices also reflect environmental costs, is necessary for informed, decentralised decisions on consumption and production through the price-mechanism.

Europe needs a coordinated approach to combat climate change and to convince its partners to do so, which remains one of the key global challenges with a significant impact on future generations. Action must be taken at all levels of government, including local and regional authorities. Scientific evidence shows that global warming is already a reality and that manmade CO2 emissions are primarily responsible for this phenomenon.

The on-going economic recession remains a challenge for all of us. But it should not make us lose focus on the importance of climate change mitigation and also adaptation. Europe can achieve both, preserving its competitive production base along the entire value chain and at the same time spurring growth and creating new sustainable jobs and reducing our dependence on fossil fuels. In the context of the current economic crisis, it is extremely important that we apply measures that yield the greatest results at the lowest possible cost. The EPP is committed to transforming Europe into a smart, highly competitive and resourceefficient, high-tech, low-carbon economy. The transport sector also must see a rapid decrease in the use of fossil fuels and a major cut in the production of greenhouse gases. In fact, all sectors of the European economy need to contribute to lowering our CO2 emissions. We encourage investment in new clean technology as well as research and innovation, since they are central to guaranteeing sustainable development.

EU climate and energy policies have to be threefold and aim to not only fight climate change, but to also achieve competitive and affordable energy prices and secure energy supply. With the rising global demand for energy, these objectives will be reached only through global deployment of clean and energy efficient technologies. With Europe being already a frontrunner in such technologies, a global energy transition would also spur new growth and create jobs in the EU.

The EU possesses significant experience and influence in international climate change negotiations as well as technological know-how and must continue to speak with one voice. While protecting the environment must be a global effort, we believe the European Union should continue to be the international frontrunner and innovation driver in this area. The growing influence of emerging powers must also be considered when developing effective climate change mitigation and adaptation mechanisms. For this reason, Europe has to strike a good balance between the level of climate ambition, competitive energy prices and the security of energy supply for our industries.

02 ACTION NEEDED NOW

Climate science is a complex area, but the central facts are now beyond dispute: there is a correlation between the levels of greenhouse gases (GHG) in the earth's atmosphere and the global average temperature; carbon dioxide (CO₂) concentration and global temperatures have been consistently rising in tandem since the 19th century; and the rise of levels of the most abundant greenhouse gas, CO₂, is the product of human activities, resulting mainly from the burning of fossil fuels.

Climate change is already causing average global temperatures to rise, with the decade 2001–2010 being the warmest ever recorded and marked by numerous extreme weather and climate events. The global sea level is rising much faster than predicted by the Intergovernmental Panel on Climate Change (IPCC). Apart from melting ice sheets, global warming also causes a significant loss of mountain glaciers, all of which are visibly retreating. Increasing levels of CO₂ in the atmosphere has also resulted in increased levels of CO₂ concentration in the world's oceans with a consequential increase in ocean acidification, which poses significant threats to marine ecosystems, especially the coral reefs.

Research has shown that a rise of 2 degrees Celsius in global temperatures from preindustrial levels is the maximum we can afford in order to have a 50% chance of avoiding the worst effects of climate change. Any political decision to reduce greenhouse gas emissions has to keep these “tipping points” in mind, as going beyond them may cause that the further development of the earth's climate system may not be controllable and would lead to runaway global warming. In 2010, as part of the United Nations Framework Convention on Climate Change (UNFCCC) process, governments endorsed the objective that emissions need to be reduced so that global temperature increases are limited to below 2 degrees Celsius. The European People's Party endorsed this target during the EPP Convention on Climate Change in Madrid in February 2008. As will be outlined in the upcoming IPCC 5th Assessment Report, the 2 degree target can be achieved at acceptable cost, but global climate action needs to start now. The later climate change mitigation action starts, the more expensive it will get. Meeting the 2 degree global warming limit may be achieved through utilising the latest technologies.

03

STRENGTHENING EU CLIMATE AND ENERGY POLICY

Moving beyond 2020 framework

In 2009 the EPP supported the enactment of the EU's climate and energy package which introduced a series of legislative measures aimed at ensuring that the European Union meets its ambitious climate and energy targets for 2020, including a 20% reduction in EU GHG emissions from 1990 levels, raising the share of EU energy consumption produced from renewable resources to 20% and a 20% improvement in the EU's energy efficiency. The EU has also offered to increase its emissions reduction to 30% by 2020 if other major emitting countries commit to comparable emissions reduction effort and by 80-95% (compared to 1990 levels) until 2050.

Although the EU climate and energy package has resulted in some desired shifts in energy consumption and a reduction in emissions, the unforeseen flaws that became apparent, such as the will need to be addressed to ensure a more effective regulatory policy. In addition, to provide a long-term perspective for the regulatory environment, EU climate and energy policy should now look beyond 2020. Discussions are underway to design an ambitious policy framework for the year 2030 and EPP supports this action. EPP believes that the targets for cuts in CO₂ emissions in 2030 should be in line with the low carbon roadmap and cost-effective pathway to EU 2050 objectives. While EU energy and climate policies and objectives are important to ensure continuity for stakeholders, the effectiveness of some of the targets should be examined. The target on renewable energy sources (RES) in particular has led to some ill-designed and costly national support schemes that must be avoided in the future. On the other hand, lack of compulsory targets for the deployment of RES might pose a risk to ongoing or envisaged RES projects. Moreover, even with growing share of renewables, fossil fuels are expected to play a significant role in meeting global energy demand also the coming decades. Developing a cost-efficient and sustainable technology for carbon capture and storage will therefore play an important role in reducing global CO₂ emissions in the near and middle term.

A new climate and energy framework needs to mitigate the weaknesses of the current instruments by reducing mutual effects of different energy and climate policy tools. We should develop a more integrated, cost-effective EU mechanism to support research, development and implementation of renewable energy technologies, which are not yet competitive. In general, cost-effectiveness of measures will be key for a successful policy in the future.

Future of EU Emission Trading Scheme

The Emission Trading System is the EU's principal instrument for reducing emissions in a cost-effective way and less prone to the effects of other climate and energy policies such as RES support schemes. The growing surplus of emission allowances as a result of the economic crisis, the massive inflow of international credits and the inflexible design of the ETS must be addressed. The emissions' cap has to provide for an adequate level of ambition at the lowest possible cost for the industry, which was the original aim of this model. This harmonised market-based mechanism remains a preferred scheme to individual measures (such as carbon taxes on national levels) and it needs to be preserved and strengthened. An early agreement of an ambitious post-2020 target for reducing CO₂ emissions would contribute to stabilizing today's ETS. Special treatment should continue to be provided to industry sectors (carbon leakage sectors) that are facing international competition from countries, which are not subject to comparable GHG emissions restrictions.

Reducing emissions in the transport sector

While emissions from other sectors are generally falling, the transport sector's CO₂ emissions, currently equal to about one-fifth of the EU's total emissions, continue to rise and have increased by 36% since 1990. While proposed limits on CO₂ emissions from cars and vans are a step in the right direction, fuel efficiency of other modes of transport also have to be addressed. Any future targets for biofuels should consider a "field-to-wheel" analysis about the real emissions of biofuels and their impacts on food production and deforestation elsewhere in the world. In the aviation as well as the maritime sector, an international framework for capping CO₂ emissions needs to be developed in cooperation with the International Civil Aviation Organisation and International Maritime Organization. In addition to CO₂, the adverse climate effects of black carbon have to be properly examined and addressed. Completion of trans-European transport network is essential in order to render rail transport more economically attractive for both cargo and passengers. The EPP also supports progressive long-term targets for shifting freight transport from road to cleaner modes of transport, such as rail and waterways.

Enhancing energy efficiency

The EPP realises the great benefits of a well-designed energy efficiency policy, which has particular potential in the buildings and housing sector and can not only save CO2 emissions but also help create new jobs even within the crisis with European Commission estimates of 400.000 new jobs by 2020. Construction of new buildings in all EU member states should be subject to strict energy-efficiency standards as well as standards on the use and reuse of natural resources. Financial incentives should be given to encourage consumers to refurbish their houses to enhance energy savings. Reusing natural resources and materials must also be encouraged.

In contrast to our political competitors, the EPP believes in the effectiveness of ambitious European energy saving provisions, if they are combined with sufficient flexibility on the ground. Citizen awareness of one's individual responsibility is key to enhancing environmental protection. People should be encouraged to make informed choices when it comes to transport, housing, waste management and use of resources.

Even with growing share of renewables, fossil fuels are expected to play a significant role in meeting global energy demand also the coming decades. Developing a cost-efficient and sustainable technology for carbon capture and storage will therefore play an important role in reducing global CO2 emissions in the near and middle term.

Apart from the above-mentioned policy initiatives to reduce manmade emissions, the EU needs to anticipate the unavoidable negative consequences of climate change and adapt to the damage they can cause, especially in the most vulnerable areas. In line with EU's climate adaptation strategy, the EPP emphasises that climate change policy must be incorporated into all other relevant policy areas including agriculture and forestry, marine and fisheries, biodiversity, health, infrastructure, coastal areas, water management, disaster risk reduction, financial services as well as being incorporated into all EU programmes and investments in rural development or within the Cohesion Policy. At the same time, climate change policies must be designed to support the competitiveness and innovation potential of our industries.

Europe can only be an international frontrunner in climate action if it remains competitive.

Other greenhouse gases and manmade pollutants

Whereas carbon dioxide is certainly the most important GHG, the other gases should not be neglected when seeking to develop sustainable solutions. In particular, the emission of methane, an extremely potent GHG especially in the short term, has to be addressed and strategies to reduce methane emissions from paddy rice and ruminant animals need to be developed. Natural gas leaks have to be avoided from the production site to the end user. Better treatment of waste (especially in landfill sites) and the improved use of nitrogenous fertilizers can reduce nitrous oxide emissions. The increase in black carbon concentration in the northern hemisphere and its adverse effects on climate have to be urgently addressed.

International climate negotiations

Climate change is a global threat, which has to be tackled internationally. In fact, the EU contributes to only 11% of global GHG emissions, therefore ensuring the participation of other major economies is essential in order to have any real impact. The EPP especially welcomes the recent activities to tackle climate change in the United States and other major emitters.

From early on the European People's Party has supported the UN Framework Convention on Climate Change negotiations within the Conference of the Parties, as we believe that only a global solution is the answer to the climate change threat. However, while we believe that while UNFCCC should remain 'the' forum to address GHG reductions, it could learn from the successful functioning of the Montreal Protocol, especially with regards to the majority voting system, sanction mechanisms, solid financial mechanism and way of addressing differences in countries. It is our priority that the EU continues in its climate diplomacy, maintains its international leadership on climate change and promotes dialogue on climate change with international partners. Such dialogue should be held at various levels, and enhanced cooperation between the Covenant of Mayors and the US Conference of Mayors should be highly supported. Building up to the 2015 Agreement, the EU must continue to speak with one voice during the climate negotiations and ensure a coordinated approach among its member governments. The new agreement has to be better adapted to a complex changing global environment, not divide world into developing and developed countries.

We need to bridge the "emission gap" between what we are aiming for and where we are heading within the UNFCCC. The EU should take the lead to ensure there is a global approach that is consistent with the 2° C objective and that efforts are being made to bridge that gap. The EPP therefore promotes a system in which each country contributes according to its responsibilities and capacities. Overall reform of the global carbon market is required to increase its liquidity as well as to re-establish a well-functioning and improved Clean Development Mechanism. In addition, sectoral links between cap and trade schemes in different countries should be developed. The EU ETS has already served as a model for emission trading schemes in many other countries including China, Mexico, Australia, Canada, New Zealand and South Korea, now some industrial sectors could be linked with the aim of reducing CO₂ emissions. Energy efficiency should be directly integrated into the agreement in parallel with efforts made to reduce CO₂ levels and research and development of key clean technologies should be established as a central objective to be achieved.

Clean, secure and affordable energy

Besides fighting climate change, European climate and energy objectives must achieve competitive and affordable energy prices and guarantee safe and secure energy supplies. EPP is committed to implementing an internal energy market and to facilitating investments in pan-European energy infrastructure, including energy storage capacities. Swift adoption of 2030 climate and energy targets will facilitate these investments as it would act to provide long-term certainty for investors and industrial consumers.

For Europe to remain competitive, we must reduce the cost of energy, especially when compared with other major economies worldwide. The energy price should be streamlined and constituted in a more transparent way. Moreover, sources of energy supply must become more diversified to ensure energy security in all EU Member States.

The EPP, according to the principle of subsidiarity, supports the concept of each Member State deciding on the energy mix that it will pursue, respecting each country's geographical, economic, regional and climate differences, and provided that all countries meet the emission reduction targets. Despite foreseen closures of nuclear power plants in some EU countries, many Member States continue to rely on that nuclear power can contribute to fulfilling our commitments to reduce greenhouse gases being a bridge technology in moving towards a more sustainable development based on renewable energy sources. The EPP respects these choices and advocates for the strictest-possible European nuclear safety standards and continuous safety assessments for nuclear installations. Should countries choose to continue with coal-fired power plants, the deployment of carbon capture and storage technologies must be encouraged and implemented.

With a view to ever-rising oil prices, other non-conventional energy sources will be increasingly explored. The EPP takes note of the recent energy revolution in United States triggered by successful exploration of shale gas and the potential this resource could have in Europe. However, the environmental impact of hydraulic fracking must be properly assessed and the best available techniques for extraction deployed with the highest regard for safety in each Member State that chooses to pursue this path.

Innovation, research and development of green technology

As global energy consumption is projected to rise in the decades to come, real advances in reducing carbon emissions will only be possible through investing in the development and deployment of clean technologies. Despite pledges to promote sustainable investments, the EU has been lagging behind its main competitors including United States, as well as developing powerhouses like China and India, who have made significant advances in wind and solar energy markets. The EPP is committed to making the EU a leader in green innovation and to ensuring that proper investment in research and development continues and spurs creation of green jobs. Moreover, a rapid move towards the most modern and sustainable technologies could provide the basis for the much needed global solution to climate change.

**If you have any question
you would like to ask
please contact us.**

Rue du Commerce 10
1000 Brussels

T +32-2-2854140

E connect@epp.eu