

ENERGY - CLIMATE

12 essential measures to make a success of the French presidency of the European Union (July - December 2008)

CAN-France and its members

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We have gradually been able to perceive global warming over the last few years. Furthermore, recent events have made us realise the Earth's vulnerability faced with this warming: destructive hurricanes, faster than expected summer melting of Arctic Sea ice, flooding in certain regions, droughts in others and problems posed by the slow but inevitable rise in sea level. Yet, it's not so easy to make the connection between this and the absolute urgency of significant and rapid decrease in our greenhouse gas emissions....

This urgency ensues from the objective of stabilising the greenhouse effect, which is at the heart of the Climate Convention. It's simple commonsense: all must be done so that the warming of the lower layers of the atmosphere stops increasing one day... But this is a real challenge. It implies, in particular, that CO₂ emissions do not exceed the biosphere's and ocean's capacity for absorption. And along with the fact that, whatever happens, it's now inevitable that average warming will reach a level 2°C higher than that of the pre-industrial climate. Europe's objective is that it can be limited to this level, and the IPCC's conclusions, recalled in this document prepared by RAC-F, are unequivocal. For global emissions in 2050 to become 50 to 85% less than they were in 1990, we must get to work immediately.

It's the duty of scientists to remind us of this urgency, especially as these figures do not take into account the risk of reduction in the CO₂ absorption capacity in a warmer climate and that this stabilisation will not prevent the rise in sea level from continuing for centuries.

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¹ See the 4th IPCC report, 2007.

² Available on the following French presidential website: http://www.elysee.fr/documents/index.php?cat_id=7

President of the French Republic Nicolas Sarkozy announced it the evening he was elected: he wants to make climate change a priority of his term, as well as of the French presidency of the European Union, which started on 1 July of this year.

CAN-France welcomes this determination. But it remains watchful of possible gaps between the ambition displayed by France and the concrete means that will be put into action.

Scientists' observations and estimates are there to remind us of the importance and urgency for action¹. In less than one century, our planet has experienced overall warming of 0.74°C linked to human activities: a scale never before observed in so little time! The IPCC has moreover observed a very worrying acceleration of the phenomenon these recent years. The forecasts for 2100 are hardly more reassuring: depending on the scenario, the average temperature of the globe's surface should increase from 1 to 6.3°C. And, as the President of the Republic recently reminded us: *the scientific models as much as empirical observation are telling us that it's the experts' gloomiest scenarios that are in the process of coming true. This is something that is beyond dispute*².

The challenge is thus a great one. But a source of great hope is that we already have the solutions and the means to take it up. Only political ambition is still lacking today.

The European Union, led by France in the second semester of 2008, has a decisive role to play. Proposals for major regulations have to be adopted. They will define most of European strategy to fight climate change until 2020. The strategies include the **energy-climate package**, which will determine new commitments for greenhouse gas emission reductions for Europe for 2020, as well as a new objective in the area of renewable energies. The main challenge for France, as president of the European Union, must be to raise the level of ambition of these proposals, which in their current state are unsuitable to the seriousness of the climate crisis.

For example, Europe has given itself the objective of reducing its greenhouse gas emissions by 20% in 2020 and by 30% if, at the international level, a *satisfactory* climate agreement is reached. CAN-F invites France to

declare for itself, and to promote among its European partners, a reduction of European emissions by at least 30% by 2020 (Measure 1).

France cannot on the one hand say it wants to make climate change a priority and, on the other, propose a watered-down commitment. According to the most *optimistic* scenario of the 4th IPCC report, the industrialised countries, which include France and the rest of Europe, will have to reduce their emissions by 25 to 40% in 2020. An objective of -30% is thus a strict minimum according to the NGOs. The credibility of France, domestically as well as on the international scene, is at stake.

Emission reduction will not be the only challenge for Europe to take up. Because of its past and present responsibility and its greater ability to deal with climate changes, it will have to support the developing countries financially, so that they limit their greenhouse gas emissions.

The industrialised countries have taken advantage of being able to develop according to a non-sustainable model, based on over-consumption of fossil energies. But this is not sustainable for the rest of the world. And it's often this way that the industrialised countries became rich. Today they must pay their debt, especially through financial help for the developing countries, so that they can orient themselves towards a model of development using less carbon and energy. Fairness also requires that Europe help the poorest and most vulnerable countries to adapt themselves to the already visible consequences of warming. Additional and multi-annual financing will have to be found. It's only at this price that a *satisfactory* global agreement can come about.

A solution exists. There will soon be a revision of the directive that establishes a market of CO₂ quotas between the sectors of energy and the industries that emit the most (the so-called "ETS directive"). For greater effectiveness, the totality of quotas should be put to auction in the future (Measure 2). This will lead to substantial revenue of around 40 billion euros per year at the EU-27 level. Fifty percent of this revenue should be allocated to emission reduction and adaptation of developing countries (Measure 3). It's not a matter of Europe showing its generosity

to the Southern Countries, but simply of paying back a debt contracted from them.

To reach a reduction between now and 2020 of at least 30% of its emissions, the European Union will obviously have to develop renewable energies massively (Measure 4). Renewable energies represent a certain and sustainable response not only to climate challenge, but also to the issues of energy independence. Furthermore, they will enable the creation of millions of non-relocatable jobs.

However, the development of these energies must be accompanied by an aggressive policy of mastering energy demand. Europe will therefore have to show itself capable of fully exploiting the source of energy saving that can result from energy efficiency.

But energy saving is the poor relation of the energy-climate package. The European objective of economising 20% of energy consumption in 2020 is the only one that is not of a legally binding nature. A first step will consist in making this objective mandatory (Measure 5), to give stronger incentive to the adoption and rapid setting up of energy efficiency measures.

Significant energy saving can be achieved within the various sectors, which include that of private cars. The time has come for the European automobile manufacturers to quickly develop cars that emit less CO₂ (Measure 6). The same thing applies in the housing sector, where massive investments must be made for the thermal renovation of old buildings (Measure 7). Finally, a broad range of energy-consuming appliances must be subject to legally binding performance standards (Measure 8).

Europe has everything to gain from energy saving:

- It will help make Europe's objective in the field of renewable energies a success, as the objective is calculated in percentage of final consumption of energy.
- It will enable Europe to take up another fundamental challenge the planet is faced with today: that of securing its energy supply. For example, Claude Mandil, former director of the International Energy Agency, notes the following in an April 2008 report for the French Presidency of the Council of the European

Union³: *We should be worried that the European Union currently imports 50% of the energy it consumes and that this proportion could reach 70% in 2030.*

To secure energy supply in Europe, expert consensus, including that of the IPCC, is that the best methods will be energy conservancy and efficiency as well as the massive development of renewable energies.

Beyond the adoption of these new theme-based or sector-based regulations, evolution of the European Union's strategy to fight climate change is also unavoidable. It is a matter of simple commonsense. Because of its cross-disciplinary nature, climate change must be systematically incorporated into all European policies in order to ensure their coherency and, in the end, their reach. Effective action by the European Union implies that it does not undo on the one hand what it tries to do on the other. This is also the case, for example, of the infrastructure charging required for heavy goods vehicles (Measure 9), the incorporation of climate issues into the framework of the common agricultural policy (Measure 10) or the liberalisation of the energy market (Measure 11).

Another pitfall that France and Europe will have to avoid is responding to the current challenge via false solutions, the greatest being nuclear energy. RAC-F emphasises that nuclear power can in no way respond in time, adequately or sustainably to climate change. Contrary to what President Sarkozy states, it is not a *renewable energy*. Uranium is not inexhaustible, and as Europe imports nearly all its needs, nuclear energy in no way contributes to its energy security.

Furthermore, the potential dangers of this type of energy are unacceptable: risks of accidents, incapacity to manage radioactive wastes, dangers of atomic bomb proliferation. Finally, contrary to renewable energies, nuclear power is based on a centralised energy model and cannot provide the same benefits in terms of effectiveness of the distribution network or in terms of local development.

We therefore call on France not to take advantage of its presidency to defend special industrial interests and to export an energy model unsuitable to the challenges

³ Claude Mandil, April 2008 report to the Prime Minister: «Sécurité énergétique et Union européenne. Propositions pour la présidence française de l'Union européenne».

of the 21st century, those of climate protection and energy security....

Finally, CAN-F states that citizens should be able to join in, officially and systematically, on all the choices that are crucial for society, by participating in the decision-making process undertaken by the authorities. Our future mode of development cannot ignore participative and proactive involvement by civil society (Measure 12).

A significant level of ambition has been shown, but the measures actually adopted in the end will be just as significant. CAN-F is continuing to support France during its presidency of the European Union, so that regulations needed to create a European action plan to fight against climate change by 2020 are adopted quickly. But not at any price. The quality of the measures adopted will be the determining criterion for judging whether or not

the French presidency of the EU will have succeeded in marking a decisive watershed in the history of Europe with regards to the issues of climate and energy.

During the conclusions of the Grenelle Environment Forum in October 2007, President Sarkozy declared: *France is not lagging behind. But France now wants to be ahead. And that's the whole change that we want to propose today in France. Our ambition is not to be as mediocre as the others regarding the objectives; it's not to be among the average. Our ambition is to be ahead and to be exemplary.* France's behaviour during its EU presidency as well as during the application phase of the Grenelle Environment Forum is acting as the occasion for CAN-F and its associations to judge whether its declarations are sincere.

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SUMMARY OF THE 12 ESSENTIAL MEASURES FOR THE FRENCH PRESIDENCY OF THE EUROPEAN UNION

France has an important role to play within the framework of its Presidency of the European Union in the second semester of 2008. It must facilitate the adoption of the energy-climate package, as well as of other major regulations for the future of the climate system.

All of these measures will represent the European strategy for climate change and energy until 2020. But, beyond the European borders, the measures adopted will be decisive for guaranteeing that a new, ambitious climate agreement is reached at the international level. Europe's role as leader within the UN climate negotiations must not be underestimated. The more Europe's decisions are ambitious, the more chances they will have to make all its international partners follow in its wake.

It is within this background that CAN-France and its member associations have worked out an advocacy programme of 12 essential measures that will make the French presidency of the EU a success.

The time factor will be decisive. The new international climate agreement will have to be concluded by late 2009 at the latest, during the Copenhagen Conference. For this conference, and the one in Poznan preceding it in late 2008, Europe will have to present the rest of the international community with an ambitious and

credible action plan to reduce its greenhouse gas emissions drastically.

During its presidency, France must thus use all its influence so as to facilitate the adoption of the proposed measures by the 27 Member States.

Otherwise, this great task will be up to the Czech Republic, which will have to obtain an agreement during the March 2009 Council meeting.

The next European Parliament elections in June 2009 will in fact have the effect of freezing the discussions, and under these conditions it will be impossible for Europe to be ready for the final rendez-vous in Copenhagen.

CAN-F is thus supporting France in its desire to have the great energy-climate package adopted under its Presidency. But not at any price.

The climate's future cannot content itself with half measures, and CAN-F is therefore keeping an eye on the quality and level of ambition of the decisions that will be adopted. For CAN-F, it will be unacceptable if France, which has declared climate change as one of the four priorities of its Presidency, goes to such lengths seeking consensus as to reduce the measures adopted to naught.

The 12 measures that CAN-F upholds and that will make it possible to evaluate the French presidency of the EU on climate and energy aspects are summarised below.



ADOPT AN AMBITIOUS ENERGY-CLIMATE PACKAGE

01 Reduce EU domestic emissions by at least 30% by 2020

- France must declare for itself, and promote among its European partners, the adoption of an objective to reduce emissions by at least 30% by 2020, compared to 1990 levels. The currently proposed objective of -20% is very inadequate in terms of trying to limit global warming to 2°C between now and the end of the century. The credibility of Europe on the international scene will also be at stake.
- This reduction objective will have to be reached in the countries of the European Union.
- In addition to domestic reduction of 30% of its emissions by 2020, the EU must undertake to give financial support for emission reduction in the developing countries and for their adaptation to the impacts of climate change.

02 Make the emission trading scheme an effective instrument for reducing emissions

- The reduction objective of the sectors covered by this system must be revised upwards. It must be consistent with an overall reduction of EU emissions by at least 30% by 2020 (a reduction objective of 38% compared to 2005 levels, instead of the 21% currently proposed, must thus be established).
- CAN-F supports an auctioning of 100% of the quotas from 2013. It emphasises that this is the allocation method that is the most transparent, the most effective and the most compliant with the *polluter-pays* principle.
- CAN-F calls on France to use all its influence so that a qualitative and quantitative limit be laid down on the possibility of using external credits (Clean Development Mechanism and Joint Implementation) to comply with the obligations that have been determined. Currently, too many external credits are proposed, with the risk that this could lead to a drop in the price of the quota. This will reduce incentives to invest in low-emitting technologies in Europe.

03 Financially support developing countries' adaptation and emission reduction

- A report by the United Nations Framework Convention on Climate Change secretariat¹ evaluates that investment of 97 billion dollars annually is required in the developing countries solely to stabilise by 2030 global emissions at their current level.

- The estimation of the adaptation-related needs, according to the sources and definition adopted for adaptation, ranges from 28 to 86 billion dollars per year between 2015 and 2030², even though the various funds of the Convention and Protocol can currently generate only several million dollars per year.
- The industrialised countries, including Europe, have a historical and current responsibility, as well as the capacity, to pay for emissions reduction in the developing countries and for their adaptation to climate changes.
- This financial support in the developing countries is essential in order to ensure that an ambitious post-2012 climate agreement is reached.
- Several possibilities of multi-annual and suitable financing must be seriously explored, including the allocation of 50% of revenue stemming from CO₂ quota auctioning (or about 20 billion euros per year at the EU-27 level) to the developing countries.

04 Massively develop renewable energy

- CAN-F supports a legally binding objective of 20% renewable energy in the final consumption of energy in the EU by 2020.
- To make sure that this commitment is respected, intermediary objectives that are likewise legally binding must be determined.
- Concerning the development of agro-fuels, CAN-F recommends abandoning the mandatory 10% renewable objective in the transport sector if there is no real prior decrease in fuel demand, and given the weakness of the criteria proposed to guarantee their sustainability.
- The trade in certificates of origin must be strictly supervised in order to ensure that renewable energy is developed within all the Member-State countries. This is because renewable energies, above and beyond just reducing greenhouse gas emissions, contribute to local development. Furthermore, without strict supervision of these exchanges of guarantees of origin, the support systems established by the majority of Member-States (especially feed-in tariffs) will be imperilled.

MAKE ENERGY SAVING AN EU PRIORITY

05 Make the objective of economising 20% of energy consumed in Europe between now and 2020 mandatory

- CAN-F has asked France to use all its influence so that the EU's objective to economise 20% of its energy consumption by 2020 takes on a legally binding nature. Without this, the incentives to adopt concrete and ambitious measures in this area will be considerably reduced.

- According to the European commission, incapacity to use energy efficiently will cost more than 100 billion euros per year in 2020.
- Energy efficiency will make it easier to reach the objective determined concerning renewable energies for 2020.
- Energy efficiency is one of the most appropriate responses for taking up the challenge of energy supply.

06 Improve the energy efficiency of new private vehicles

- A strict objective of 120 grams of CO₂ per kilometre must be laid down for all new vehicles sold in the European market from 2012.
- The footprint criterion must be favoured over that of weight in order to determine the objectives.
- Appropriate sanctions must be established from 2012 for the manufacturers that do not respect the regulations. They must be set at 150 euros per excess gram of CO₂.
- A long-term objective of 80 g of CO₂ per kilometre must be adopted for 2020.

07 Improve the energy performance of buildings

- Buildings as a whole currently represent 40% of the EU's final energy consumption.
- CAN-F has asked France to initiate revision of the directive on energy performance of buildings under its presidency of the EU.
- The main point of this revision must consist in imposing binding minimal thresholds of energy performance when older buildings are renovated.

08 Regulate the efficiency of energy-consuming appliances

- CAN-F has asked France to push for swift application of the eco-design directive under its presidency of the EU.
- Legally binding standards must be established for the broadest possible range of energy-consuming appliances (furnaces, hot water heaters, lighting, standby modes, etc.)
- Binding standards must in no way be replaced by voluntary agreements, which are ineffective for achieving the determined objective.
- The establishment of legally binding standards must be accompanied by the setting up of an appropriate labelling system in order to orient consumer choice.
- Until the directive is revised, CAN-F has asked France to be a model in the implementation of current regulations.

MAKE SURE THAT EUROPEAN CLIMATE POLICIES ARE COHERENT

09 Include the real cost of transportation of goods

- The «Eurovignette» Directive (1999/62/EC), on the charging of heavy goods vehicles for the use of road infrastructures, which was revised in 2006 (2006/38/EC), enables making heavy goods vehicles pay much of the cost of the infrastructures. However, it is unfortunately seldom used today.
- Road usage leads to a certain number of by-products, including climate change, air pollution, traffic congestion, accidents, noise and damage to biodiversity, etc. These nuisances must be paid by those who generate them.
- In July 2008, the European commission will present a report on how all these external costs related to transport can be calculated. The working out of this model must result in the revision of the *Eurovignette* Directive, in order to incorporate these external costs into the perception of the usage of road infrastructure by heavy goods vehicles. CAN-F has asked France to give impetus to the revision of this directive under its presidency.
- In the future, this charge will have to be mandatory and no longer optional, as is currently the case.
- Until an appropriate revision of European legislation is made, CAN-F has asked all the Member States and especially France to be a model in implementing the stipulations of the current directive.

10 Reorient CAP aid towards agriculture with low GHG emissions

- Europe must conclude the Common Agricultural Policy (CAP) *Health Check* in December 2008. This assessment evaluates current policies and anticipates the CAP reform planned in 2013.
- In 2005, the EU-27 agricultural sector represented more than 9% of the EU's total greenhouse gas emissions.
- The CAP, which represents 40% of the EU budget, can be an essential tool for directing agriculture towards more sustainability and for encouraging agriculture that reduces pollution, including GHG emissions.
- CAN-F has asked France to promote, within Pillar 1 (production) of the CAP, actions making it possible to break off from a production model that emits a high level of GHG.
- Currently, the CAP spends three times fewer resources on its environmental and rural development aspect (Pillar 2) than on its aspects that are obsessed with *productivity* (Pillar 1). In order to influence and support agricultural practices that respect the environment, the CAP must oblige states to transfer 30% of Pillar 1 towards Pillar 2.
- The foremost mission of the CAP must be to focus on

quality food production that respects the environment. Agro-fuels must thus not be part of its field of application.

11 Incorporate climate issues into the liberalisation of the energy market

→ A new liberalisation package for the gas and electricity market is being negotiated parallel to the *energy-climate package*. Discussions are especially focusing on the question of *unbundling*, i.e. on the separation of gas and electricity networks, between production sector on the one hand and the transport network on the other.

→ The liberalisation package does not take into consideration the essential issues of the energy-climate package.

The discussions are putting energy efficiency into the background. The *liberalisation* package in fact gives up tackling the issue of gas and electricity distribution. Yet, it is at this level that privileged ties are established with the consumers to implement an energy-savings policy.

→ CAN-F has asked for the establishment of the principle of progressive pricing that encourages electricity or gas saving, as well as the principle of transparency in terms of real-time billing.

→ Furthermore, electronic meters that help in energy saving must become widespread in the next 10 years.

→ Energy distribution must moreover be paid for with a fixed sum, by *uncoupling* the budget of distribution centres and sales, as is already done in California.

→ Priority must be given to demand, be it from investments or from the operating of energy transport networks.

→ Peak load power stations must not be paid for their sales; otherwise it will be in their interest to operate longer to be profit-making.

→ Renewable energies will have to be a priority for investments and for the network usage rights and fees.

BALANCING ENERGY GOVERNANCE

12 Make sure that civil society is involved in energy choices

→ The energy-related decision-making powers remain limited to energy producers and governmental authorities, depriving citizens of any possibility of expressing their choices and having influence on the policies and measures adopted. Yet, the decisions in the area of energy have serious consequences for citizens and the environment.

→ CAN-F has asked France to give impetus to the creation of energy consumers' councils, legally recognised groups of independent citizens, whose elected members represent and defend the interests of citizen-users during energy-related decision-making processes.

