



LIMA COP2

UN CLIMATE CHANGE

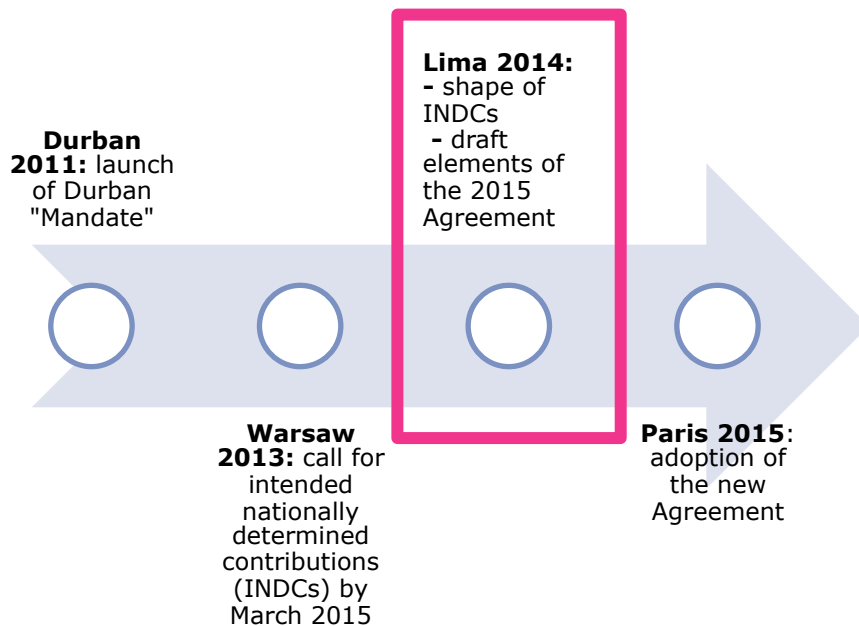
OUTCOME OF THE LIMA CONFERENCE AND THE WAY FORWARD

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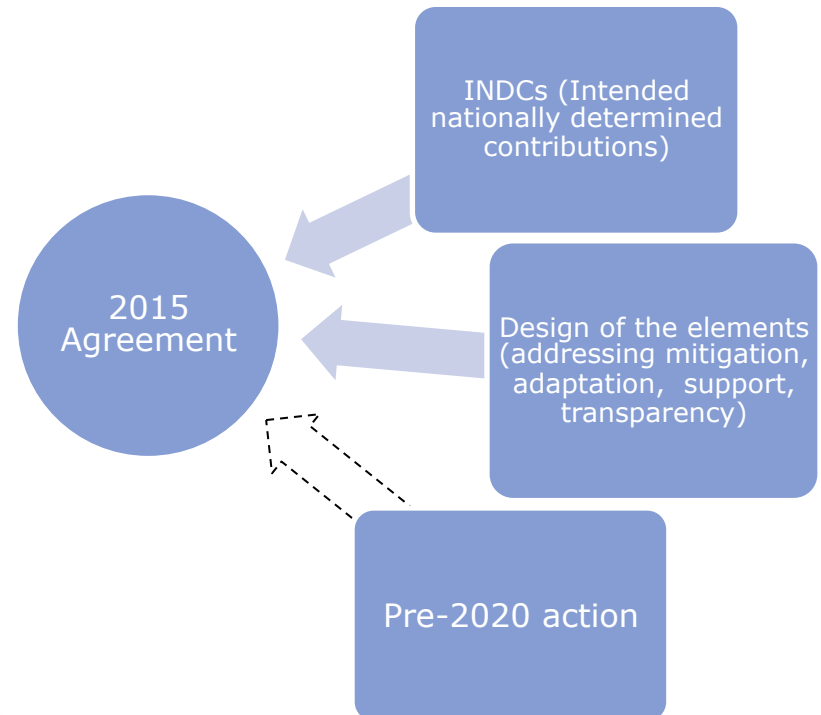
Context: towards the 2015 Agreement

A new international climate agreement applicable to all
to keep global average temperature increase below 2°C

Process



Content



The Lima "Call for Climate Action"

1

Intended nationally determined contributions (INDCs):

What will contributions look like? How to ensure they are ambitious and fair?

Scope of INDCs: mitigation emphasized, expected to contribute to UNFCCC objective, to be more ambitious than "current undertakings"; adaptation voluntary; finance not included

Upfront information: detailed and quantifiable, but not mandatory; each Party expected to explain why its INDC is "fair and ambitious"

No mandated international assessment before Paris, but INDCs will be published, synthesized and aggregated by UNFCCC Sec by 1 Nov 2015

2

Draft Elements of the 2015 Agreement:

How will the agreement balance mitigation, adaptation, and finance; address differentiation; and ensure transparency, accountability and dynamism?

Balance of elements: with INDCs focused on mitigation, pressure will be on to strengthen adaptation and finance provisions, including possible long term goals. No agreement yet to broaden donor base

Differentiation: 2015 Agreement must reflect CBDR-RC "in light of different national circumstances" implying a contemporary interpretation of principle

Transparency and Accountability: rules on MRV, compliance, and a cycle for strengthening commitments over time, remain to be agreed. Without prejudice to legal form.

3

Pre-2020 climate action:

Can we close the "ambition gap" pre and post 2020?

Pre-2020 process will remain solutions-oriented and focused on efforts of all Parties

Policy options identified by technical analysis will be promoted through UNFCCC institutions and international cooperation, including TEC, CDM, GEF and GCF

Political will be promoted through annual high-level events

4

Other important issues with pre-2020 and post-2020 relevance

First ever **Multilateral Assessment** took place in a constructive atmosphere

Warsaw International Mechanism on **Loss and Damage** from climate change impacts soon operational

Second Kyoto commitment period rulebook could not be adopted

2015 will bring an intensive schedule of formal and informal negotiations



Intended nationally determined contributions

From nationally determined to collectively ambitious and individually fair – in time for Paris

Clarity

- INDCs to contain intended **emissions reductions** efforts and a "**progression beyond current undertaking**"
- May also contain an **adaptation** component
- **No finance or support** component (no constraint on conditionality)
- To be accompanied by **upfront information: detailed and quantifiable, but not mandatory**

Fairness

- INDC content is **nationally determined**
- The **least developed countries** and **small island developing States** may communicate strategies, plans and actions (rather than targets)
- Upfront information to describe **how Parties consider their contributions fair** and ambitious
- **Support available** for preparation of INDCs

Ambition before Paris

- Parties invited again to communicate INDCs "**well in advance of**" Paris
- **No mandated multilateral assessment** or consideration phase
- Instead, **multiple assessments** to be expected in different context thanks to transparency of INDCs
- UNFCCC Sec to prepare synthesis report on the **aggregate effect** of INDCs by 1 November 2015

- **Success of Paris will hinge on a critical mass of ambitious, timely contributions**
- **Informal but robust assessments with wide involvement will be key in 2015**



Elements of a draft 2015 Agreement

- Lima forwarded "**elements for a draft negotiating text**" of the 2015 Agreement, to be developed into a draft negotiating text and circulated by the Secretariat before May 2015
- Draft captures the views of all Parties on all major issues, but in a complex text
- Three key political challenges:

Balance

- While INDCs will deliver content on mitigation, Paris must also address adaptation, means of implementation and transparency and accountability
- Paris must produce a new agreement, COP decisions and mandates for further work

Differentiation – reflecting evolving economic and geopolitical landscape

- Interpreting Lima's "in light of different national circumstances" across all elements of the 2015 Agreement, including mitigation, means of implementation and MRV
- Building on new ideas around "self-differentiation" and "concentric differentiation"

Transparency, accountability and dynamism

- A single system of methods, methodologies and rules, with flexibility for commitment type, differences in capacity and global relevance of emissions
- Key to assuring predictability and confidence among Parties, markets and the public
- Dynamic and durable agreement capable of responding to science and change



Adaptation in the 2015 Agreement

How can Paris demonstrate a balanced treatment of adaptation while building on existing commitments and institutions?

- **Areas of convergence:** enhance support for national adaptation planning; need to mainstream adaptation into broader planning processes; build on existing institutions.
- **Areas for further discussion:** Is there value in a global adaptation goal or objective?
- How should adaptation component in INDCs, and other adaptation "undertakings" be handled?
- How will adaptation funding from GCF and other sources be channelled?



Climate finance & the 2015 Agreement

- How to demonstrate that climate finance is being scaled up?
 - How to include climate finance in the 2015 Agreement in a way that reassures recipient countries, and is realistic for donors?
-
- **Encouraging signals** in Lima: Mobilisation of over USD 10 billion in initial pledges for the Green Climate Fund, including some from developing countries; creation by China of a South-South Fund – but muted appreciation for donor countries' efforts.
 - Broad agreement that **finance will be part of the 2015 Agreement**, including through: mobilisation of public and private finance flows; significant share for adaptation finance; enabling environments; use of existing institutions (e.g. GCF and SCF); transparency of support and prioritisation of most vulnerable countries.
 - Continued calls for **greater clarity and predictability** on pathways towards meeting USD 100 billion goal by 2020, and for a quantitative finance goal for beyond 2020.



Transparency in the 2015 Agreement

How do we move towards a common system for transparency and accountability that takes into account "different national circumstances"

- **Areas of convergence:** consensus on the importance of clear rules on monitoring, reporting, verification, and accounting.
- Agreement that basic rules around accounting for **land** and avoiding double counting of **market units** should be agreed in Paris.
- Strong interest from many Parties to make progress on land and markets accounting rules before Paris
- **Areas for further discussion:** How can the Paris establish a common MRV framework with inbuilt flexibilities to cater for different commitment types and national capacities, while moving away from a "bifurcated" approach.



Dynamism in the 2015 Agreement

- Paris is likely to leave an ambition gap and must indicate how mitigation commitments will be reviewed and strengthened overtime.
 - The Agreement must include a process to ensure that all Parties stay on track for the "below 2°C" target
 - The Agreement should be guided by a long-term goal
-
- There is increasing support for the notion that there should be a **regular review of mitigation ambition of all Parties**, with many supporting a five year cycle.
 - However major differences still exist on how the cycle would operate, whether it should repeat the pre-Paris "INDC process" or contain more "top down elements"
 - Many Parties support the idea of a **long term goal** consistent with the latest findings of the IPCC.



Enhancing pre-2020 action

Encouraging *all* parties to enhance pre-2020 ambition

- "Friends of Workstream 2" meetings since Durban: AOSIS, EU, AILAC, EIG, AILAC, UG and Africa Group exchanges → Lima decision for developed and developing countries to enhance action by 2020
- **Improved technical process** → summary for policy makers on opportunities with high mitigation potential, also for international organisations, financial institutions. To review in 2015.
- Regular "**Climate Action Day**" → Like UNSG Climate Summit, Ministers, cities, business, NGO leaders building momentum for action



Multilateral Assessment

Welcomed by many Parties as a historical moment in the implementation of the Convention, the multilateral assessment aims to provide clarity of the progress of developed countries towards reaching their targets for 2020.

- A **positive and constructive** experience;
- EU signaled that it is **well on track towards reaching the 2020 target** and has successfully decoupled emissions from economic growth;
- **Member States** explained their own progress and their experience in implementation of climate policies
- The **EU's leadership** in tackling climate change and the successful decoupling of GHG emissions from economic growth in the EU was commended by many Parties



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21•CMP11

TOWARDS PARIS

Major upcoming meetings

28-30 January	Japan-Brazil Informal Climate Change Meeting, Tokyo.
8-13 February	Negotiating session on the 2015 Agreement, Geneva.
20-21 April	Major Economies Forum, Washington, DC.
17-19 May	Petersberg Dialogue, Berlin
3-14 June	Negotiating session on the 2015 Agreement and other issues, Bonn.
29 June-1 July (tbc)	Major Economies Forum, Luxembourg.
30 November – 11 December	COP21, Paris.

Climate high on the agenda of EU bilateral relations



Advancing climate action in the EU

2030
FRAMEWORKforCLIMATE&ENERGY
#EU2030

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The current 2020 climate and energy package (KP CP2)

"20-20-20" targets - three key objectives:

- **A 20% reduction in EU greenhouse gas emissions from 1990 levels;**
- **Raising the share of EU energy consumption produced from renewable resources to 20%;**
- **A 20% improvement in the EU's energy efficiency.**

"Cap-and-trade" system:

- **EU Emissions Trading Scheme: GHG emissions from key sectors will be 21% lower than in 2005**

Europe is on its way to meeting its 2020 targets

**Reduce greenhouse
gas levels by 20%**



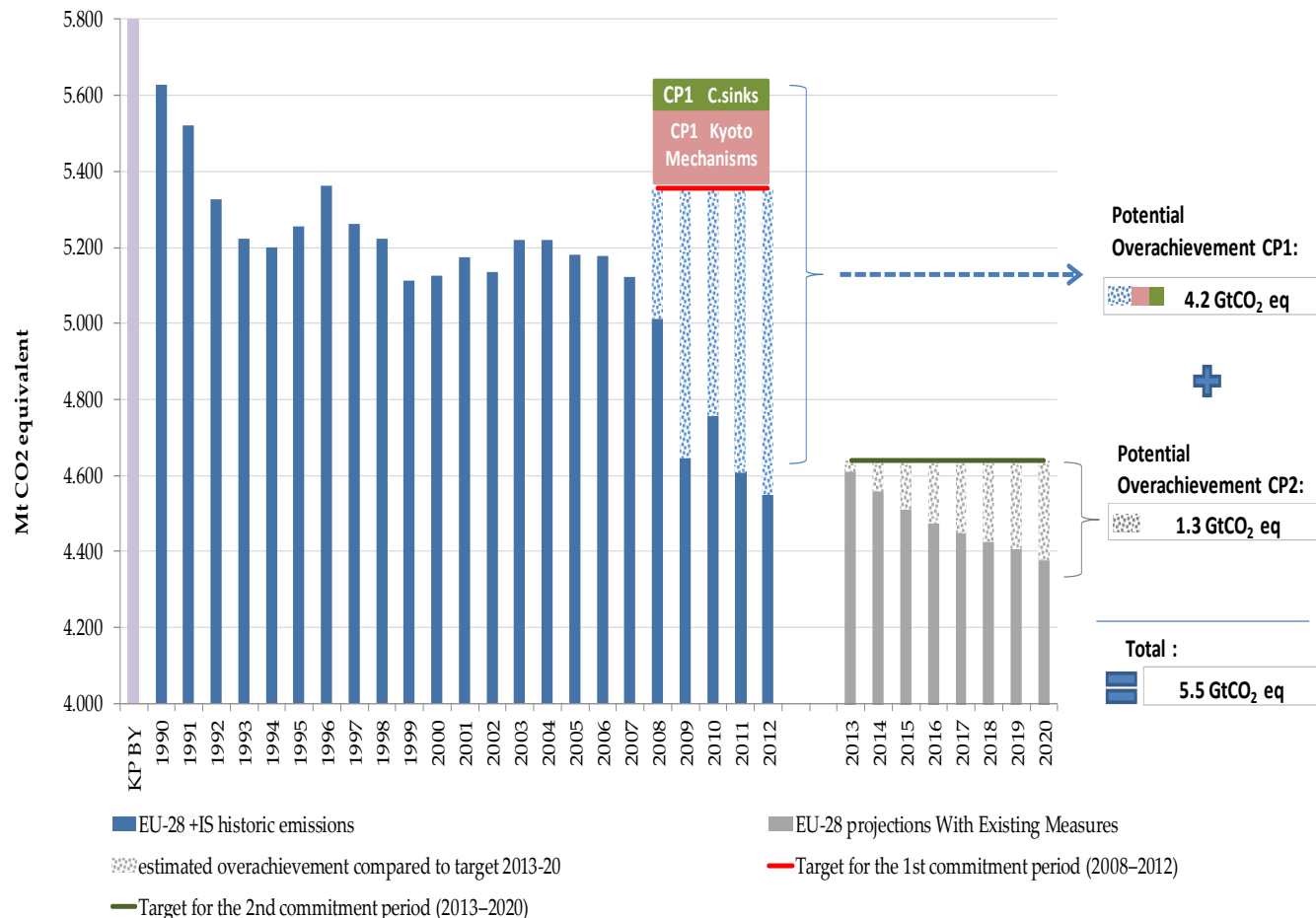
**Increase share of
renewables to 20%**



**Reduce energy
consumption by 20%**



State of play domestically: EU emissions going down...

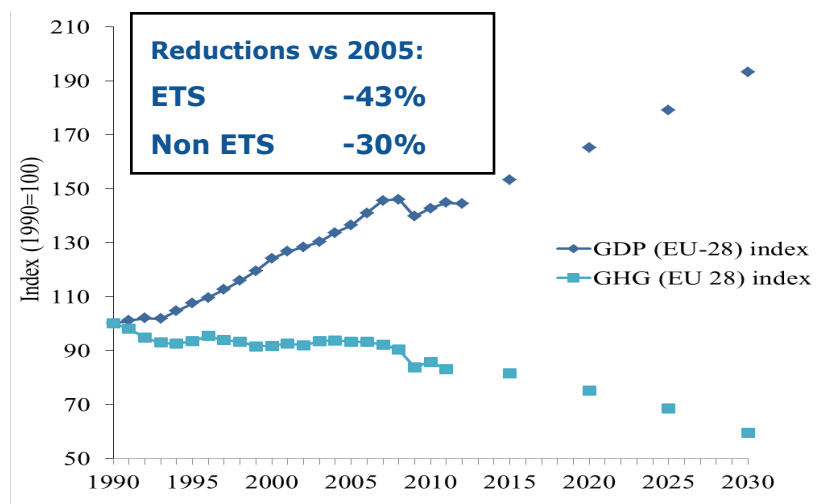
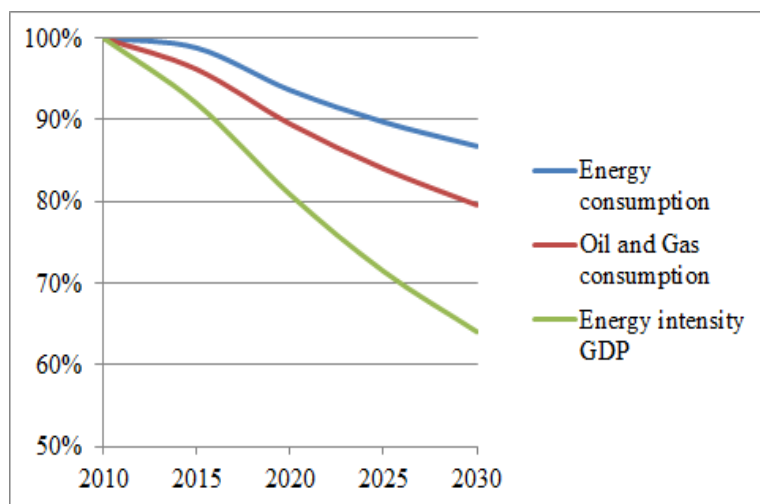


Emission reductions
(EU-28 and Iceland):

- Total emissions (without LULUCF) in 2012 are 21.7% below base year levels
- Projected to be around 24,5% below base year levels in 2020.
- Over the period 2008-2012, the average annual emissions are 18.8% below base year levels

...with additional benefits

- Decoupling of Gross Domestic Product growth from Greenhouse Gas Emissions will continue



- Fuel savings:** additional € 18 billion fuel per year next 2 decades
- Energy security:** additional 11% cut in energy imports in 2030
- Innovation:** jobs & growth
- Health and air pollution benefits:** €7-13.5 billion in 2030

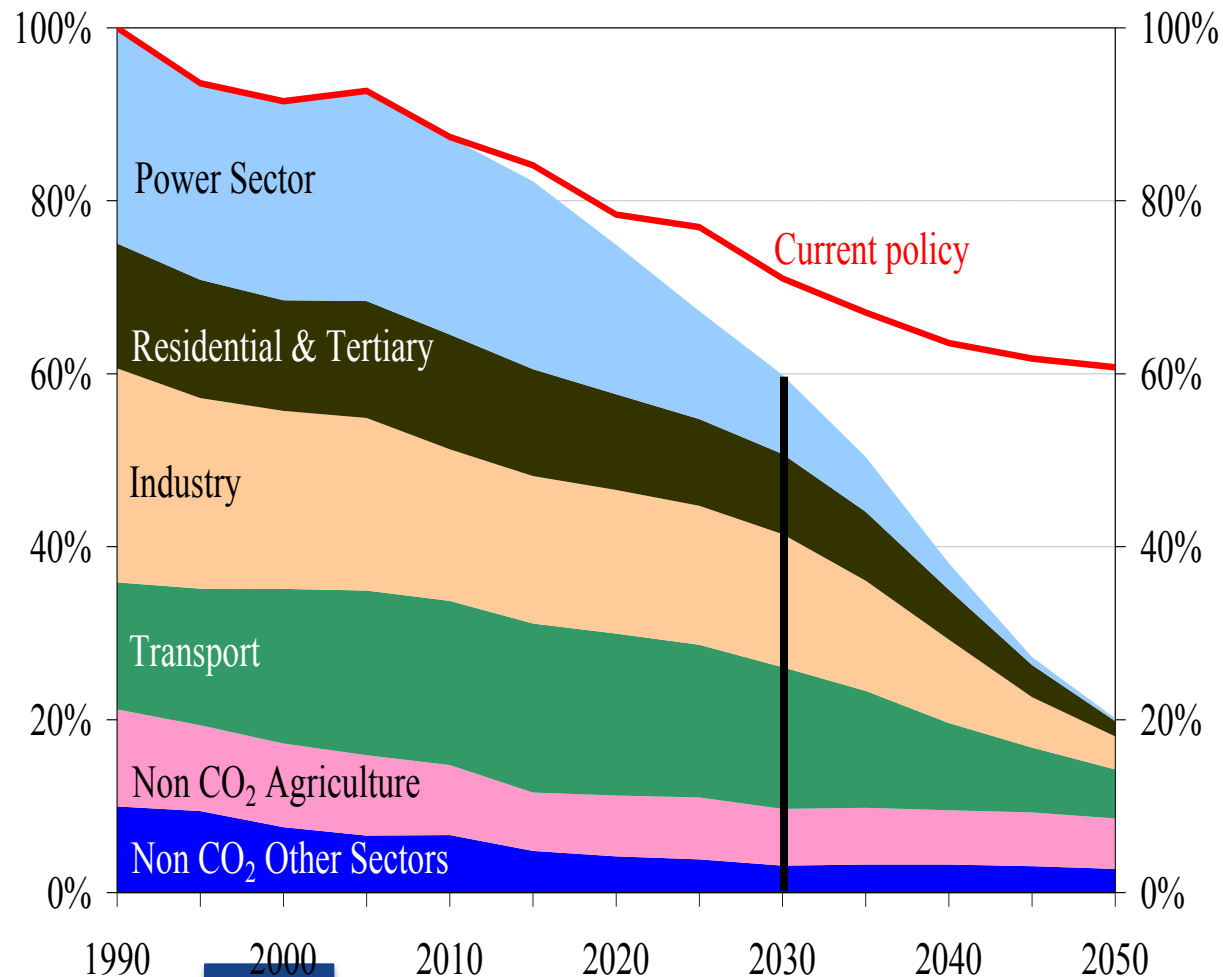
A 2050 Low-Emission Roadmap

80% domestic reduction in 2050 is feasible

- with currently available technologies,
- with behavioural change only induced through prices
- if all economic sectors contribute to a varying degree & pace.

Efficient pathway and milestones:

- 25% in 2020
- 40% in 2030
- 60% in 2040



Innovation and technology increase competitiveness

- **EU companies have managed to defend their market position during the crisis**
- **Production in energy intensive industries has increased in Europe compared to 1990, while emissions have declined or remained stable**
- **Europe's high-tech and medium high-tech industry has continued its growth (+26 % since 2005)**
- **EU industry is able to compete globally: trade surpluses for EU's energy intensive sectors: steel € +15 billion, chemicals €+49 billion, ceramics industry €+ 5 billion in 2013.**
- **EU reduced its emission whilst growing its manufacturing sector by 2.2%/year in 1995-2009**



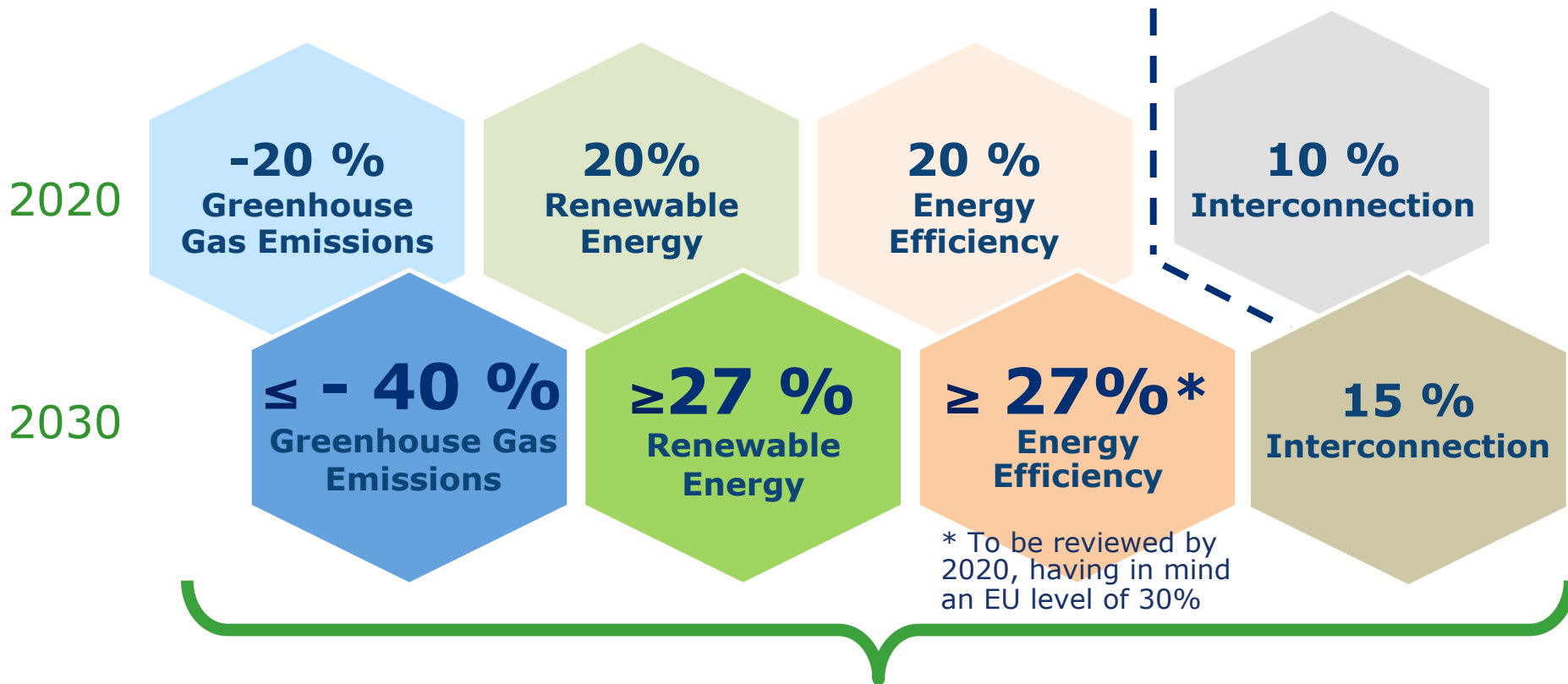
2030

FRAMEWORKforCLIMATE&ENERGY

#EU2030

*POST-2020 FRAMEWORK:
EU 2030 CLIMATE AND ENERGY PACKAGE*

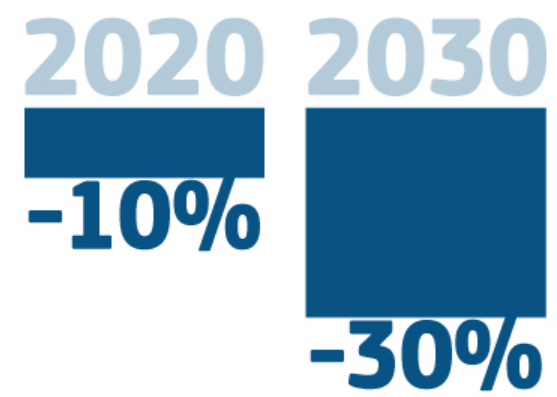
Agreed headline targets 2030 Framework for Climate and Energy



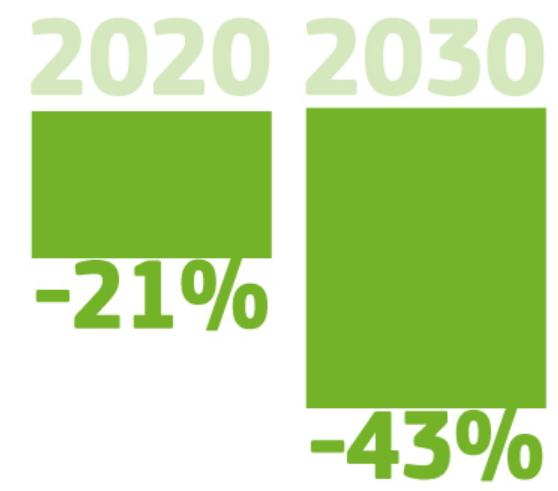
New governance system + indicators

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

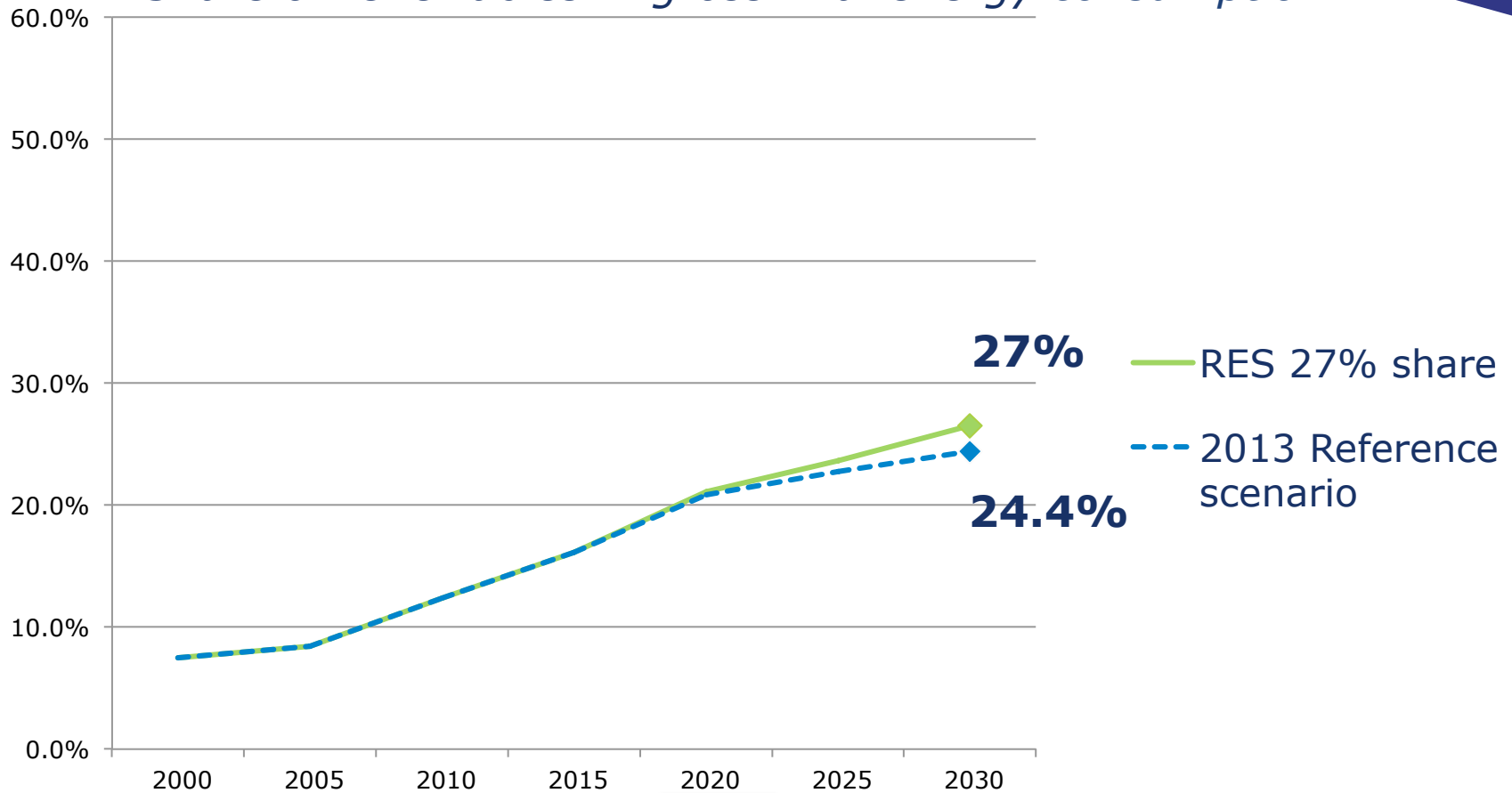
Innovation fund created ("**NER400**")

Modernisation fund set up

Renewable energy

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

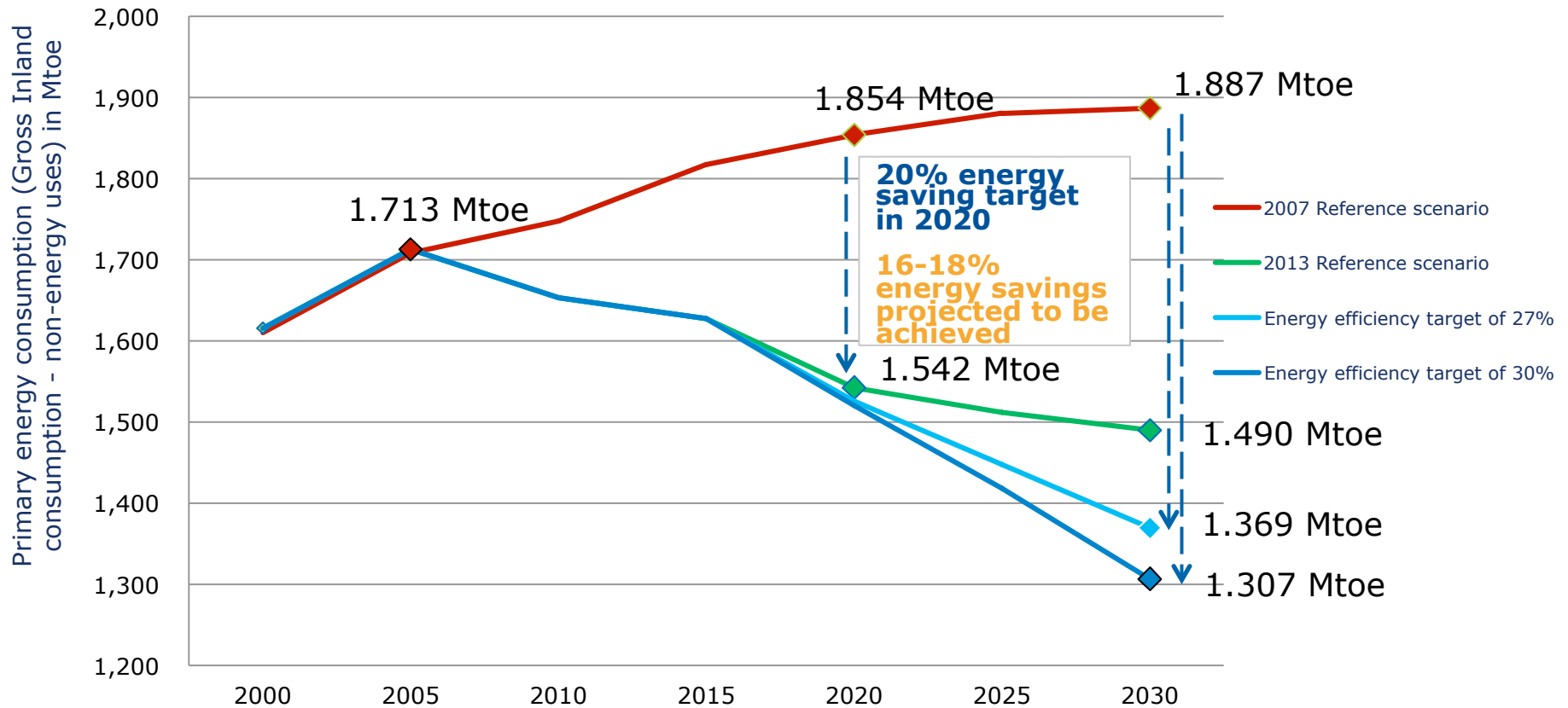
Share of renewables in gross final energy consumption



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

Energy efficiency

2020 and 2030 energy savings targets



Implementing the 2030 framework

Mastering the investment challenge

2030 framework will require more investments, consistent with the "Juncker Plan" (€ 315 billion over the next three years (2015-2017)).

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

Implementation: 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**



PROCESS TOWARDS FORMULATING AN EU INDC



Internal process towards adopting INDC in the EU

October 2014: Council endorsement of 2030 framework for climate and energy

- **EU target agreed by EU leaders**

December 2014: COP20 in Lima

- **Up-front information**

January 2015: description of the target according to par. 14 of Lima call for climate action

25 February 2015: Adoption of the communication by the Commission

- **Information becomes public**



Thank you!

<http://ec.europa.eu/clima/policies/brief/eu/>