

## POLICY POSITION ON EU 2030 GREENHOUSE GAS EMISSION REDUCTION TARGET

This paper sets out IIGCC’s position and inputs into the European consultation ‘Public consultation for the EU climate ambition for 2030 and for the design of certain climate and energy policies of the European Green Deal’. This builds on IIGCC report ‘[EU strategy for Long-Term Greenhouse Gas emissions Reduction](#)’ [principles/discussions agreed by IIGCC members](#) and [joint letter](#) signed by IIGCC as part of the Coalition for Higher Ambition Coalition in December 2019.

### 1. Background

The European Commission published in December 2019 its [European Green Deal](#) communication, setting out its plans for making Europe’s economy climate neutral by 2050. To put the EU on a pathway to climate neutrality, the Commission is seeking to increase the EU’s 2030 target for greenhouse gas emission reductions from ‘at least 40%’ to ‘at least 50% and towards 55%’ compared to 1990 levels.

Full implementation of existing legislation is expected to reduce emissions by around 45% by 2030, and around 60% by 2050 compared to 1990 levels. Hence, to achieve the objectives in the Green Deal and align more closely with the goals of the Paris Agreement, additional measures are needed to take Europe from 60% reductions and onto a net zero trajectory by 2050.

The consultation is seeking opinions on overall EU 2030 climate ambition, sector-level contributions, the roles of different climate and energy policies and international outreach. Figure 1 below summarises the structure of the consultation questionnaire.

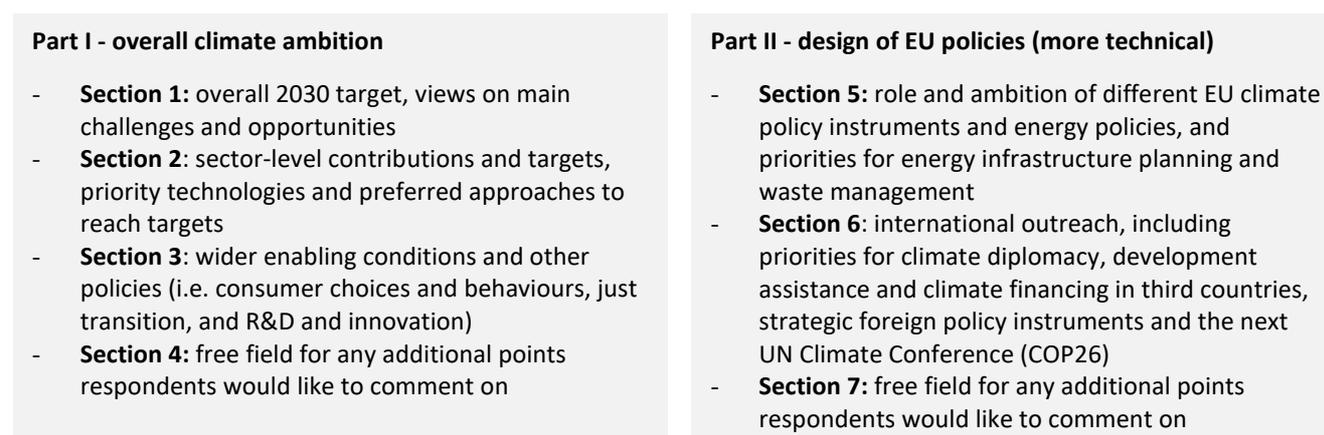


Figure 1: Structure of the consultation questionnaire

The consultation on the 2030 greenhouse gas emissions reduction target opened on 31<sup>st</sup> March 2020 and closes on 23<sup>rd</sup> June 2020.

## **2. Importance of an ambitious EU 2030 greenhouse gas emissions reductions target**

An ambitious 2030 target and associated policies are important from an investor perspective at both the EU and global level.



Figure 2: Importance of an ambitious EU 2030 greenhouse gas emission reduction target at the EU and global levels

At the EU level, the 2030 targets are an opportunity for the Commission to provide concrete, medium term and sector-specific market signals that investors and businesses can ‘operationalise’ and integrate into their decision-making. Ambitious 2030 targets may mean forcing confrontation of difficult political economy issues associated with net zero emissions - however, the sooner these issues are addressed, the sooner the investment pathway to net zero emissions is clarified.

At the global level, 2020 is a key year to influence global ambition, since countries will be submitting their second climate pledges under the Paris Agreement (Nationally Determined Contributions (NDCs)) ahead of COP26, covering the period to 2030. Only a small number of countries have 2030 targets aligned with limiting global warming to 1.5 degrees. The EU has yet to submit its second NDC; it is conceivable that current discussions around the 2030 target will be reflected in the EU's second NDC and encourage similar ambition for other countries’ NDCs.

### 3. IIGCC positions

#### 3.1 Section 1 of the consultation: 2030 climate ambition

Section 1 asks for views on the overall quantitative target for 2030, and an assessment of challenges and opportunities to reach this target.

*IIGCC supports a 2030 target of reducing emissions by “at least 55%” by 2030, compared to 1990 levels.* The rationale for this position is that anything less than 55% is unlikely to align the EU to limiting global warming to 1.5 degrees and achieving net zero emissions by 2050.

Question 1.1: 2030 greenhouse gas emission reduction target for the EU

With the recently agreed EU objective of achieving climate neutrality by 2050 and with climate and environmental action towards zero pollution increasingly recognised as urgent, what should be the EU’s 2030 target to reduce greenhouse gas domestically?

- It should remain unchanged with a target to reduce greenhouse gas emissions in the EU by at least 40% compared to 1990 levels.
- It should be increased to at least 50%.
- It should be increased to at least 55%**

Further detail underpinning the rationale for a 2030 target of ‘at least 55%’ is set out below:

- At the global level, a **45% reduction in net-CO<sub>2</sub>** emissions by 2030 compared to 2010 levels is reported by IPCC to as required to limit global warming to 1.5 degrees<sup>1</sup>.
- At the EU level, applying this global trend for CO<sub>2</sub> (and the related trend for other greenhouse gas emissions) would mean a **54% reduction of all greenhouse gases** by 2030 compared to 1990 levels<sup>2</sup>.
- However, 54% is not adequate to limit global warming to 1.5 degrees if global effort-sharing issues are taken into account. Effort sharing analysis assumes that countries with greater responsibilities and capabilities (i.e. developed countries such as the EU) reduce emissions to a greater extent and sooner, to leave room for other countries with less historical responsibility and capability to emit the limited remaining global budget.
- If effort sharing is taken into account, **well above 55% reductions** are needed by 2030, since the EU has nearly already used its share of the global carbon budget and would need to reach net zero emissions already between 2030-2040<sup>2,3</sup>.

<sup>1</sup> Special Report: Global Warming of 1.5 Degrees, IPCC (2019)

[https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15\\_Chapter2\\_Low\\_Res.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/02/SR15_Chapter2_Low_Res.pdf)

<sup>2</sup> A possible 2050 climate target for the EU, New Climate Institute (August 2019)

<https://newclimate.org/2019/09/23/a-possible-2050-climate-target-for-the-eu/>

<sup>3</sup> <https://climateactiontracker.org/countries/eu/>

- Some EU government and political stakeholders are asking for a 2030 target of 60% or more, or up to 65%<sup>4</sup>. At the same time, challenging internal negotiating dynamics within the EU could see downwards pressure on any target put forward by the Commission.

Hence, a high level of ambition is needed for the EU's 2030 target, with **at least 55% reductions** required to limit global warming to 1.5 degrees.

### 3.2 Section 2 of the consultation: Sectoral action

Section 2 asks what changes and level of ambition should be sought sector-by-sector. Section 5 seeks technical detail regarding policy design to support this level of ambition.

Question 2.1 asks which sectors are the most important for reducing emissions and increasing absorptions in the context of an increased greenhouse gas emission reduction target for 2030.

*As a principle, IIGCC supports high levels of ambition and emission reductions across all sectors. The rationale for supporting high levels of ambition across all sectors is set out below:*

- As shown in Figure 3 published by the European Commission, achieving net zero emissions by 2050 will require **substantial reductions from all sectors by 2030** (in particular, by power, industry and transport), with especially steep reductions over 2030-2050.
- All mitigation options need to be combined and maximised, including maximising the deployment of renewables and use of electricity to fully decarbonise Europe's energy supply<sup>5</sup>.

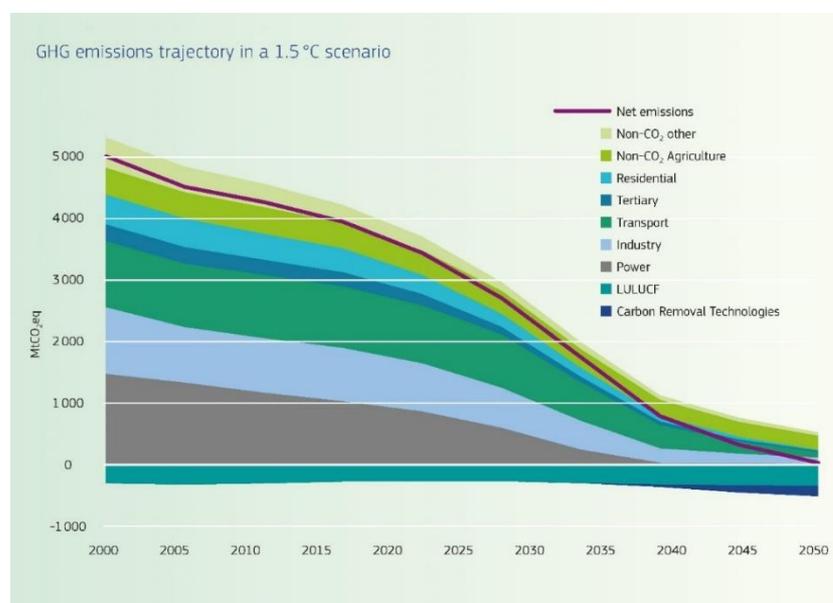


Figure 3: EU emissions reduction scenario in line with limiting global warming to 1.5 degrees<sup>5,6</sup>

<sup>4</sup> <https://www.euractiv.com/section/climate-environment/news/eu-lawmaker-puts-65-emissions-cut-on-the-table/>

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2018:0773:FIN>

<sup>6</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52019DC0559&from=DA>

- Figure 3 shows emissions in a net zero 2050 scenario are nearly eliminated from all sectors, apart from some remaining emissions in mostly agriculture. Land provides the majority of offsets for these mostly agriculture emissions – but the use of land for offsetting isn't projected to greatly expand since land will also need to provide sufficient food, feed and fibres<sup>5,6</sup>. It is noted that the world's population will possibly be 30% higher in 2050, with climate change potentially impacting on global land use<sup>5,6</sup>.
- To put Europe on this ambitious net zero pathway for 2050, **all sectors need to make progress by 2030** in not only preparatory terms (e.g. sector planning, technology innovation, research and development) as but also in terms of actual emission reductions.
- The current package of climate and energy policies across all sectors are insufficient, since together they are expected to reduce emissions by around 60% by 2050. This **falls short of net zero emissions by 2050** and the long-term temperature goals set out in Paris Agreement.
- From an investment perspective, moderately ambitious sector targets are unlikely to provide the **strength of market signal** needed to attract the substantial levels of private finance<sup>7</sup> required to fund the European Green Deal. Conversely, highly ambitious sector targets (combined with clear plans for achieving those targets) can provide 'actionable' market signals that investors can mobilise capital behind.
- A lack of clear, sector-specific ambitious policy signals up to 2030 increases the risk of **lock-in of high carbon assets**. This will impact on the feasibility of achieving net zero emissions by 2050, as well as pose long-term financial and economic issues.
- Without more ambition to 2030, over half of the EU's 1990 economy wide-emissions would need to be eliminated in the two decades after 2030- a much faster reduction in annual emissions than previously achieved<sup>8</sup>. Increased ambition to 2030 would support a more balanced pathway and **smoother transition pathway** to net zero emissions.

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<sup>7</sup> [https://ec.europa.eu/info/sites/info/files/european-green-deal-communication\\_en.pdf](https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf)

<sup>8</sup> Inception Impact Assessment <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12265-2030-Climate-Target-Plan>

## Energy sector

Question 2.2 asks for views regarding the main drivers by 2030 to support a broader energy transition by 2050.

Question 2.2 - Energy system

*Energy production and consumption remain largely based on fossil fuels and represent more than 75% of the EU's greenhouse gas emissions. To achieve climate neutrality by 2050, this will need to change profoundly.*

In your opinion, if the EU is to achieve a higher 2030 greenhouse gas emission reduction target, what would be the main drivers of the necessary energy transition by 2030? Multiple options are possible.

- ✓ **Higher energy efficiency**
- ✓ **Higher penetration of renewable energy**
- Use of nuclear energy for power generation
- ✓ **Electrification of final energy use**
- ✓ **Phase-out of solid fossil fuels**
- ✓ **More limited role of natural gas**
- Better sector coupling between gas and electricity sectors
- Use of carbon capture and use technologies
- ✓ **Use of carbon-neutral energy carriers such as green/blue hydrogen, biomethane, e-gas or e-fuels**
- Reduced need for energy thanks to life-style changes (e.g. using active modes of transport, circular economy)
- Do not know/Do not have an opinion

*IIGCC's position is that the main drivers of the energy transition by 2030 are higher energy efficiency, higher penetration of renewables, electrification of final energy use, more limited role for natural gas and use of carbon-neutral energy carriers (as indicated above). The rationale for this position is set out below:*

- As shown in Figure 4<sup>5</sup>, substantially scaled up levels of levels of renewables will be required to achieve net zero emission in 2050 (>60%). However, the EU is currently projected to achieve only around 35% renewables by 2050, and is not on track to achieve the current 32% renewables target by 2030<sup>10,11</sup>. Substantial additional efforts on renewables are needed to 2030 to achieve net zero emission by 2050.
- Similarly, the EU is behind on progress against its energy efficiency targets for 2030 but also 2020<sup>15,16</sup>– substantial additional efforts are needed in the short term to achieve existing targets and exceed those targets in order to achieve net zero emissions by 2050.
- Carbon capture and use technologies will play a role in the longer term to balance residual, limited fossil fuel emissions within a net zero-aligned energy mix in 2050. As shown in Figure 4, solid fossil fuels appear phased out, natural gas and fossil fuels are together just over 5% of the energy mix and non-energy fossil fuels use is maintained (but not substantially increased as a proportion within the overall energy mix compared to 2016 levels).

Question 5.7 asks for views regarding energy infrastructure planning.

Question 5.7 - Energy infrastructure and sector integration

*Decarbonisation is leading to an increased focus on the construction of electricity transmission lines as well as the need for more smart grids and local grids to handle increased decentralised electricity production. Similarly, regarding gas networks, focus will increasingly be on future proofing of gas infrastructure to allow carbon-neutral gas supply.*

What do you think should be the priorities for the EU's infrastructure planning in the years ahead to facilitate decarbonisation? Multiple options are possible.

- As long as natural gas demand is strong, the EU should allow public support for the construction of new gas pipelines.
- Strike a balance between electricity and gas infrastructure. Electricity cannot cover all energy demand, and thus gas will still be needed, but will have to be decarbonised. Part of the electricity production can be converted into synthetic gas/hydrogen through power-to-gas technologies and transported to demand centres.
- Put the focus on electricity transmission and smart grids. With the expansion of renewable electricity and the electrification of energy demand, the priority is to expand the electricity network, notably to reap full potential of wind**
- Natural gas is a fossil fuel and does not contribute to the decarbonisation of the EU's energy system. The construction of new gas infrastructure has a lock-in effect that will lead to continued consumption of the fossil natural gas; the large-scale decarbonisation of gas remains a distant perspective.**

*IIGCC's position is indicated above.* The rationale for this position is set out below:

- Achieving net zero emissions by 2050 will rely heavily on maximising the use of electricity and deployment of renewables<sup>5</sup>.
- Gas can play a role in a net zero-aligned energy mix but, as shown in Figure 4, this would be <5% of the energy mix in 2050. This means a substantially decreased role for natural gas compared to 'business as usual' projections for the EU energy mix.

Question 2.3 asks for views regarding the EU's renewable energy target.

Question 2.3 - Renewable energy ambition

*In the existing legislation, the EU level target is to have at least 32% share of renewable energy in the final energy consumption in 2030. The costs of renewable energy technologies have significantly declined over the past years.*

In your view, what would be the required EU ambition for renewable energy in 2030 to contribute to the EU 2030 greenhouse gas emission reduction target (that you indicated in question 1.1) and to the EU long-term objective to achieve a climate neutrality by 2050?

- Achieve at least a share of 32% renewable energy in the final energy consumption in the EU by 2030, i.e. unchanged from the level already agreed
- Achieve at least a share of 35% renewable energy in the final energy consumption in the EU by 2030
- Achieve at least a share of 40% renewable energy in the final energy consumption in the EU by 2030
- Achieve even higher level of ambition than at least a share of 40% renewable energy in the final energy consumption in the EU by 2030**
- Do not know/Do not have an opinion

IIGCC supports a target of over 40% renewable energy in final energy consumption by 2030. The rationale for this position is set out below:

- While the EU is on track to reach its 20% renewable energy by 2020 target<sup>9</sup>, recent analysis indicates that the EU will fall slightly short of the current 32% renewable energy by 2030 target. The reported shortfall is estimated to be from 0.1<sup>10</sup> to 1.6 percentage points<sup>11</sup>.
- Additional efforts will hence be needed to go further than the current target of 32% by 2030. This may be challenging to achieve in practice.
- However, at the same time, the current renewables target for 2030 needs to be increased since it is part of existing policies that together will fall short of achieving net zero emissions by 2050.
- Figure 4, from European Commission communication dated November 2018, sets out projected EU renewable energy levels to 2030 (second column) and the significant levels of renewables required to achieve net zero emissions in 2050 (last column).
- To support the extremely high renewables penetration rates needed by 2050 to achieve net zero emissions, the greatest level of renewables ambition is needed to 2030.

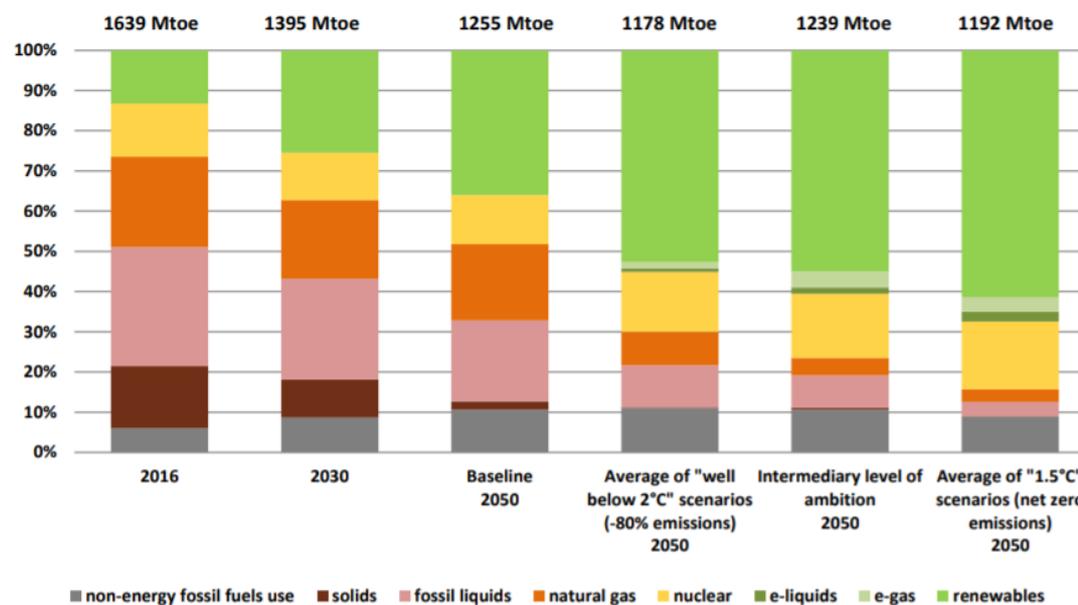


Figure 4: EU energy use scenarios to 2050<sup>5</sup>

<sup>9</sup> <https://www.eea.europa.eu/themes/energy/renewable-energy/renewable-energy-in-europe-2019>

<sup>10</sup> <https://climateactiontracker.org/countries/eu/current-policy-projections/>

<sup>11</sup> <https://www.euractiv.com/section/energy-environment/news/three-eu-countries-bump-up-renewable-energy-goal-for-2030/>

- In addition, the more renewables ambition to 2030, the sooner the benefits of increasing renewables are realised – including improved security of supply and reduced fossil fuel import expenditures<sup>12</sup>.
- For investors, a revised target of over 40% share of energy coming from renewable sources by 2030, which is binding at EU level, would provide the confidence that regulators continue to have faith in the future of this fast-growing sector.

Question 2.4 asks for views regarding the EU’s energy efficiency target.

Question 2.4 - Energy efficiency ambition

*In the existing legislation, the EU level target is to have at least 32.5% energy efficiency in 2030 in both primary and final energy consumption and the EU is committed to the “energy efficiency first” principle.*

In your view, what would be the required EU ambition for energy efficiency in 2030 to contribute to the EU 2030 greenhouse gas emission reduction target (that you indicated in question 1.1) and to the EU long-term objective to achieve a climate neutrality by 2050?

- Achieve at least 32.5% energy efficiency (in both primary and final energy consumption) by 2030, i.e. unchanged from the level already agreed
- Achieve at least 35% energy efficiency (in both primary and final energy consumption) by 2030
- Achieve at least 40% energy efficiency (in both primary and final energy consumption) by 2030
- Achieve even higher level of ambition than at least 40% energy efficiency (in both primary and final energy consumption) by 2030**
- Do not know/Do not have an opinion

*IIGCC supports a target of over 40% energy efficiency renewable energy in final energy consumption by 2030.* The rationale for this position is set out below:

- Past IIGCC positions have supported a 35% energy efficiency target for 2030, noting this is affordable and that Member States have flexibility to choose which measures or combination of measures they consider best to meet their annual savings targets<sup>13</sup>.
- We propose the current energy efficiency target for 2030 needs to be substantially increased (to beyond 40%) since an incremental increase will not align to zero emissions by 2050. Commission and expert analysis shows that maximising energy efficiency will be one of the key measures to achieving net zero emissions (alongside maximising renewables and low carbon transport)<sup>5,14</sup>.

<sup>12</sup> “The clean energy transition would result in an energy system where primary energy supply would largely come from renewable energy sources, thereby significantly improving security of supply and fostering domestic jobs. Europe’s energy import dependence, notably as regards imports of oil and gas, standing today at ca. 55% will fall in 2050 to 20%. This would positively impact EU’s trade and geopolitical position as it would result in a sharp reduction of fossil fuel import expenditures (currently € 266 billion), with imports falling by over 70% in some scenarios. The cumulative savings from a reduced import bill will amount to € 2-3 trillion over the period 2031-2050, freeing resources for further potential investments into the modernisation of the EU economy”.

<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2018:0773:FIN>

<sup>13</sup> <https://www.iigcc.org/download/iigcc-letter-to-eu-energy-ministers-17-april-2018/?wpdmdl=752&refresh=5eb554c6068661588942022>

<sup>14</sup> <https://climateactiontracker.org/countries/eu/>

- We recognise that the EU is challenged to meet its current energy efficiency targets. The EU is not on track to meet its 20% energy efficiency target by 2020<sup>15,16</sup>, which implies it will be difficult to meet the ‘at least 32.5%’ energy efficiency target for 2030 (which was revised upwards from ‘at least 27%’ by 2030 in 2018).
- However, at the same time, the current energy efficiency target for 2030 needs to be increased since it is part of existing policies that together will fall short of achieving net zero emissions by 2050. Additional efforts will be needed, as well as fully implementing existing policies.

Question 2.5.1 asks for views regarding solid fossil fuels, such as coal, lignite, peat and oil shale, towards meeting an increased 2030 greenhouse gas reduction target in line with net zero emissions by 2050.

Question 2.5.1 - Solid fossil fuels

*Solid fossil fuels, such as coal, lignite, peat and oil shale (herein referred to as “solid fossil fuels”) have greatly supported the development of our economies since the industrial revolution. At the same time, these fuels result in high greenhouse gas and other polluting emissions. Their use without abating their emissions is thus not compatible with the EU's 2050 climate neutrality objective.*

In your opinion, how can this be addressed in addition to the existing legislation and greenhouse gas emission reduction targets for 2030 and 2050? Multiple options are possible.

- No further public intervention is needed in addition to existing framework
- Regulate on the national level, by imposing a phase out of solid fossil fuels in power generation by a certain date
- Regulate on the national level, by imposing a phase out of solid fossil fuels in heating by a certain date
- Clearly indicate to consumers that the use of solid fossil fuels in heating is not sustainable
- Give a stronger price signal on EU and national level for fuel switch away from solid fossil fuels (e.g. through carbon taxation or emission trading)
- Phase out of any public support to solid fossil fuel related investments and use.
- Promote clean technologies (such as carbon capture and storage/utilisation), which could allow for the continuation of the consumption of solid fossil fuels
- Promote carbon-neutral power generation and electrification of the final demand (e.g. renewables-based power generation and electric heat pumps and vehicles)
- Do not know/Do not have an opinion

<sup>15</sup> [https://ec.europa.eu/energy/topics/energy-efficiency/targets-directive-and-rules/eu-targets-energy-efficiency\\_en#progress-towards-the-2020-target](https://ec.europa.eu/energy/topics/energy-efficiency/targets-directive-and-rules/eu-targets-energy-efficiency_en#progress-towards-the-2020-target)

<sup>16</sup> The Commission reports that while energy consumption decreased between 2007 and 2014, it increased between 2014 and 2017. If energy consumption continues to increase, the EU will not reach its 2020 target for both primary and final energy consumption. The increase could be partly attributed to good economic performance since 2014, increasing wealth and lifestyle changes, low oil prices and colder winters. While energy efficiency measures could offset these effects in the past, achieved savings were insufficient because of delays in implementing some policies and fewer new efforts. [https://ec.europa.eu/commission/sites/beta-political/files/report-2018-assessment-progress-energy-efficiency-targets-april2019\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/report-2018-assessment-progress-energy-efficiency-targets-april2019_en.pdf)

*IIGCC's position in relation to solid fuels for 2030 and 2050 is set out below:*

- *Give a stronger price signal on EU and national level for fuel switch away from solid fossil fuels (e.g. through carbon taxation or emission trading)*
- *Phase out of any public support to solid fossil fuel related investments and use.*
- *Promote clean technologies (such as carbon capture and storage/utilisation)*
- *Promote carbon-neutral power generation and electrification of the final demand (e.g. renewables-based power generation and electric heat pumps and vehicles)*
- *Phase out coal in the power sector by 2030<sup>17</sup>*
- *Ambitious timetable for phasing out other fossil fuels in other sectors and asset classes.*

Question 2.5.2 asks for views regarding the role of natural gas and other gases towards meeting an increased 2030 greenhouse gas reduction target in line with net zero emissions by 2050.

Question 2.5.2 - Natural gas

In your view, can natural gas and other gases help the EU energy system decarbonise and contribute to meeting the 2030 greenhouse gas reduction target with a view to achieving the EU long-term objective to achieve climate neutrality by 2050?

- Yes, natural gas can help the EU reach the 2030 targets as it is a more climate friendly alternative to coal or oil in heating, transport and power generation and it is a source of flexibility for an increasingly renewable energy based power system
- Natural gas may have a role as a transition fuel but, at the latest after 2030, it should be increasingly replaced by carbon-neutral alternatives, such as biogas, bio-methane, green hydrogen and e-gas
- Natural gas is a fossil fuel, its continued use will make it harder to meet the 2030 target and create lock-in effects in the longer term; a focus on energy efficiency and electrification will help reduce demand for natural gas
- Do not know/Do not have an opinion

*IIGCC's position is that natural gas is a fossil fuel, its continued use will make it harder to meet the 2030 target and create lock-in effects in the longer term; a focus on energy efficiency and electrification will help reduce demand for natural gas – but in parallel the use of carbon neutral alternatives should be considered, especially where existing gas infrastructure is fit-for-purpose.*

<sup>17</sup> <https://www.iigcc.org/resource/investor-letter-on-power-sector-decarbonisation/>

## Buildings

### Question 2.6.1 - Residential buildings - solutions for home owners

For residential buildings, please rate the options below to indicate what you would consider as most relevant solutions towards climate neutral homes for home owners. Rating from 5 (very relevant) to 1 (little relevant). Not all options need to be rated.

Action/instrument	1	2	3	4	5
Replace the current heating & cooling system by a more efficient one (e.g. replace a gas boiler by a heat pump)					
Replace old or inefficient heating equipment using bioenergy, solid or liquid fossil fuels					
Use renewable energy on-site (e.g. biomass, solar thermal, PV panels, geothermal) or off-site through district heating/cooling networks					
Improve the thermal properties of the building's envelope through better insulation and windows					
Use smart technologies (e.g. building automation and control systems, room temperature controls, smart meters)					
Use more energy efficient appliances					

*IIGCC's position is that all of the above proposed options are relevant towards climate neutral homes – but with the exception of bioenergy, which should be prioritised for consumption outside of buildings (such as industry or jet fuels).*

### Question 2.6.2 – Non-residential buildings - solutions for buildings owners

For non-residential buildings such as offices, shops, hospitals, schools, please rate the options below to indicate what you would consider as most relevant solutions towards climate neutral buildings for building owners. Rating from 5 (very relevant) to 1 (little relevant). Not all options need to be rated.

Action/instrument	1	2	3	4	5
Use of building automation and control systems and smart building technologies					
Improve the thermal properties of the building's envelope through better insulation and windows					
Introduce more energy efficient heating & cooling systems					
Use renewable energy on-site (e.g. biomass, solar thermal, PV panels, geothermal) or off-site through district heating/cooling networks					
Apply energy management systems					

*IIGCC's proposed position is that all of the above proposed options are relevant towards climate neutral buildings for building owners – but with the exception of bioenergy, which should be prioritised for consumption outside of buildings (such as industry or jet fuels).*

### Question 5.6.3 - Renovations

*Renovation is a key tool to reduce greenhouse gas emissions from buildings, promote the uptake of renewable energy and improve energy performance.*

In your view, how building renovation could be best incentivised? Multiple options are possible.

- ✓ **Removing administrative barriers preventing energy efficiency and renewable solutions**
- Raising awareness and communicating better the wider benefits of sustainable buildings, notably in terms of costs savings
- ✓ **More frequent and clear information about gas consumption enabled by smart meters to increase consumers' awareness**
- Better education and training of architects, engineers and workforce to provide quality renovations
- ✓ **Targets for mandatory renovation in specific sectors, e.g. public buildings, social housing, schools, hospitals**
- Energy saving obligation schemes
- Obligation to go beyond a certain energy performance standard before renting, phasing out the worst-performing buildings
- ✓ **Financial mechanisms (access to finance and incentives), including schemes directly attached to the property itself, and not to the person renting the building**
- Promoting one-stop-shops, reducing administrative burden and delays and other approaches to facilitate the “renovation journey”, including prefabricating energy efficiency solutions
- Giving households right to a free, independent energy audits (e.g. paid by authorities or via an obligation on fossil heating fuel suppliers)
- Carbon pricing
- ✓ **Aggregating smaller projects to make the investment more attractive**
- ✓ **Working with building portfolio owners in order to shift to climate neutral/low emission buildings**
- ✓ **Promoting the use of Energy Performance Contracts and Energy Service Companies**
- ✓ **Public sector leading by example (e.g. renting or buying climate neutral/low emission buildings or renovating existing public buildings)**
- Encourage better urban planning, for the construction of sustainable buildings and the refurbishment of existing buildings and promote green infrastructure (e.g. green roofs or green walls)
- ✓ **For rented buildings/apartments, finding new ways to share the costs and benefits of green solutions with the landlord**
- Encourage construction sector to apply circular approaches, in particular design for easy dismantling and expansion of life span, apply material efficiency, use low carbon materials and maximise recycled/reused content

*IIGCC's position is to strongly support scaled up efforts on buildings renovations, via the incentives indicated above. In particular, we recommend the below, as elaborated in recent DWS Research Institute papers<sup>18</sup> and a recent letter from the Energy Efficiency Financial Institutions Group (EEFIG)<sup>19</sup>:*

- *Align incentives between commercial building owners and tenants by:*

<sup>18</sup>Retrofitting buildings as economic stimulus- Recommendations for the European Commission, DWS Research Institute (April 2020); Green, healthy buildings as economic stimulus - EU policy recommendations on starting a paradigm shift (May 2020)

<sup>19</sup> Energy Efficiency Financial Institutions Group (EEFIG) private sector Steering Committee input to the EU Commission's 'Rebuilding Europe' economic stimulus and Renovation Wave policy discussion – letter dated 20th April 2020

- *EU publishing Member State guidance that, as part of smart meter roll-out, tenants should be encouraged or even required to share energy use data with their building owners, while appropriately addressing data privacy issues.*
- *Ensure retrofit costs can be shared between building owners and tenants through building service charges; higher service charges can be offset by lower energy costs. It is noted that some member states (Austria, Finland, Germany, Sweden) do not allow costs of retrofits to be shared between building owners and tenants through building service charges; other member states do not have this restriction (Belgium, France, Italy, Netherlands, Poland, Portugal, Spain).*
- *Ensure the time and location of energy and carbon savings is accurately measured instead of ‘deeming’ savings, using smart meters where possible. This will more accurately measure carbon savings, could help strengthen incentives for the retrofit industry to deliver quality projects and help encourage behaviour changes. In particular, the EU could consider enhanced engagement with California to learn about standardised meter savings approaches (such as CalTRACK methods) and convene EU stakeholders to develop an equivalent of this type of approach. Summary information regarding CalTRACK is below:*
  - *California has led the way in developing a standardised metered savings approach through the industry-wide adoption of the CalTRACK (<https://www.caltrack.org>) standard methodology for calculating baseline energy consumption.*
  - *In January 2019, the California Public Utilities Commission (CPUC) published in updated rulebook for utilities using metered savings approaches<sup>20</sup> in their energy efficiency programs.*
  - *CalTRACK is an important enabler of residential retrofit markets in California and other US states. CalTRACK is a set of empirically tested methods to standardise the way normalised meter-based changes in energy consumption are measured and reported. Nearly 100 experts from utilities, regulators, energy efficiency advocates, implementors, evaluators and academics participated in CalTRACK development.*
  - *When the CalTrack approach is taken across a portfolio of home retrofit projects, it gives a reliable quantification the true, weather-normalised savings achieved by an energy efficiency programme. In any portfolio, some projects will exceed expected performance while others will under-perform, but in a properly targeted programme these effects balance out.*
- *Create a European ‘pay for performance’ energy efficiency market that uses smart meter data to financially value the time and location of projects’ energy and carbon savings, and start efforts that will lead to energy utilities writing procurement contracts for energy efficiency. Receiving revenue and not just cost savings is a paradigm shift that would make it easier to convince householders and businesses to retrofit their buildings. We recommend the EU and relevant stakeholders (including energy companies, retrofit project developers and*

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<sup>20</sup> CPUC January 2019 <https://www.recurve.com/blog/cpuc-releases-version-2-0-of-the-meter-based-nmec-rulebook>

*the financial sector) partner with leading US states and companies to do this, building on experience within Europe – e.g. Germany’s “Savings Meter” (Einsparzaehler) provides a good foundation for a pay for performance market.*

- *Ensure building specific minimum efficiency standards are implemented by Member States. As the Commission concluded, performance standards are “the strongest measure to increase the rate of renovations, providing a clear signal to investors”<sup>21</sup> We recognise the substantial efforts made by the EU taxonomy makes to set standards on some sectors. For buildings, standards should draw on the EU and investor funded Carbon Risk Real Estate Monitor CRREM project.*

## **Industry**

Question 2.7 asks for views regarding the importance of technologies and other solutions for reducing emissions in the industrial installations up to 2030.

Action/instrument	1	2	3	4	5
<b>Higher energy efficiency of industrial processes</b>					√
<b>Electrification of industrial processes</b>				√	
<b>Use of hydrogen in industrial applications as e.g. fuel, feedstock or reducing agent</b>			√		
<b>Use of e-fuels in industrial applications</b>	√				
<b>Use of sustainable biomass as a feedstock (e.g. in the chemicals industry)</b>				√	
<b>Use of sustainable biomass as a fuel</b>					√
<b>Use of carbon capture and storage or carbon capture and use</b>					√
<b>Developing a more circular economy where products and materials are more re-used and recycled, developing new business concepts</b>					√
<b>Substitution of emissions intensive products by alternative products produced with no or low greenhouse gas emissions</b>					√

<sup>21</sup> EU Commission, Nov 2016. Commission Staff Working Document “Good Practice in Energy Efficiency”

Question 5.8 asks for views regarding the enabling conditions for reducing emissions in industry up to 2030.

Question 5.8 – Enabling conditions and policies for industrial transformation

*Many industrial players have in their recent industrial roadmaps committed to achieving the objective of a climate-neutral Europe by 2050, though they point out that there are specific enabling conditions, next to a sufficient carbon price signal in the EU Emissions Trading System, that need to be met for them to be able to do so.*

Please rate the enabling conditions for the reduction of greenhouse gas emissions in industry, in the 2030 time horizon. Rating from 5 (very important) to 1 (little important). Not all options need to be rated.

Action/instrument	1	2	3	4	5
<b>Progressive decarbonisation of energy supply and of industrial feedstock</b>					√
Competitive clean energy prices and feedstocks					
<b>Markets for zero- and low-carbon products via policy intervention (e.g. labelling public procurement, standards, guarantees of origin)</b>					√
EU legal and financing framework for infrastructure, networks and grids					
Reduced administrative burdens e.g. faster access to construction and environmental permits					
Addressing public perception of some technologies, such as carbon capture and storage (CCS) and carbon capture and use (CCU)					
Develop an EU methodology to certify carbon dioxide removal credits at the level of installations for different types of carbon dioxide removals in energy and industry, including use of bioenergy with CCS /mineralisation, air capture with CCS/mineralisation.					
More circular economy, ensuring we re-use and recycle more products and materials in the EU, choose products with smaller environmental and carbon footprint, reduce waste and develop new business concepts for EU industry					
Making mandatory the implementation of the recommendations in the energy audits					
Offer SMEs the right to free energy audits or similar support					
Border adjustment mechanism allowing EU industries to decarbonise without risk of “carbon leakage”, i.e. production shift to countries with less strict climate regulation					
Enhanced focus on joint solutions by the social partners contributing to the achievement of climate-neutrality and to address just transition within the sector					
Support instruments providing stable incentives and increased investment certainty such as carbon contracts for difference					
<b>Increased coherence of price signals (including taxes, levies, carbon prices) for incentivising clean energy technologies</b>					√
Stronger EU Emissions Trading System price signal					
<b>Support measures that would allow closing the financing gap for the demonstration and first deployment of innovative low-carbon technologies or products, and seamless combination with other EU funding instruments, such as a strengthened Innovation Fund</b>					√
Secure supply of sustainable raw materials needed for clean technology value chains					

## Mobility

Question 2.8 asks what which technologies, approaches and barriers are most important for reducing emissions in the road transport sector.

### Question 2.8 – Mobility: road transport

*Road transport is responsible for around 70% of the EU greenhouse gas emissions in transport and around 20% of total EU emissions. Therefore, it plays an important role in the transition towards a climate neutral economy and any increase of ambition of the 2030 greenhouse gas emission reduction target. The EU has a number of policies in place, such as for instance minimum fuel taxation and targets for 2025 and 2030 to reduce CO2 emissions of new cars, vans and trucks. Please note, the Commission has also launched a relevant public consultation for the Strategy on “Sustainable and Smart Mobility”.*

In view of climate and environmental challenges, please rate how important it is for EU action to focus on the following areas. Rating from 5 (very important) to 1 (little important). Not all options need to be rated.

Action/instrument	1	2	3	4	5
<b>Increasing the share of more sustainable transport modes (e.g. supporting multimodality, active transport mode such as walking and cycling)</b>					√
<b>Improving the efficiency of the whole transport system (e.g. through better traffic management systems)</b>		√			
<b>Increasing the uptake of clean vehicles such as electric and hydrogen fuelled vehicles (e.g. emission standards) and ensuring their efficient integration into the energy grid</b>				√	
<b>Increase the uptake of sustainable alternative fuels (e.g. developing recharging/refuelling infrastructure, blending mandates)</b>			√		
<b>Incentivising sustainable consumer choices and low-emission mobility practices (e.g. increased application of the ‘polluter-pays’ and ‘userpays’ principles, better consumer information on carbon footprint)</b>			√		
<b>Increasing investment in sustainable transport infrastructure and solutions (e.g. high-speed rail, inland waterways, recharging and refuelling infrastructure)</b>				√	
<b>Fostering the deployment of innovative digital solutions in transport</b>				√	
<b>Improving affordability and accessibility of sustainable transport</b>				√	

In your view, what are the main barriers for market uptake of zero-emission vehicles?

- ✓ **Purchase price of low and zero-emission vehicles**
- ✓ **Availability of recharging/refuelling infrastructure**
- Availability of vehicles models
- Insufficient range capacity
- Tax treatment of low and zero-emission vehicles
- Other

This position is consistent with previous IIGCC positions which have supported ambitious targets for CO<sub>2</sub> reduction for new cars and vans, ambitious vehicle standards, clearer incentives to support electrification of the EU fleet and mandating real-world CO<sub>2</sub> tests for all vehicles<sup>22,23,24</sup>

### **Agriculture, forestry and land use**

Question 2.9 asks what solutions are most important to reduce emissions and increase removals in the land use sectors.

#### Question 2.9 – Agriculture, Forestry and Land Use

*Land use can contribute to reducing greenhouse gas emissions by substituting carbon intensive fuels and fossil fuels by biomass and by increasing absorption of CO<sub>2</sub> in soil carbon and biomass. On the other hand, agriculture practices emit themselves greenhouse gas emission, and wood harvesting and agriculture practices release CO<sub>2</sub> from forests and land use.*

In your opinion, which of the solutions listed below play the most important role to reduce greenhouse gas emissions and increase CO<sub>2</sub> removals in the land use sectors? Multiple options are possible.

- Afforestation to increase forest cover in Europe
- Sustainable forest management, restoration and preservation of forests to ensure existing forests absorb more CO<sub>2</sub>
- Ensuring forests are a source of material for the bio-economy, while pursuing sustainable forest management practices**
- Enhancing agriculture practices to allow to store more CO<sub>2</sub> in agricultural soils and reduce activities that release such soil carbon**
- Promoting agroforestry and agro-ecological practices
- Agriculture/aquaculture as a source of biomass for bio-energy and bio-fuels: Based on food crops
- Agriculture/aquaculture as a source of biomass for bio-energy and bio-fuels: Based on agricultural waste**
- Agriculture/aquaculture as a source of biomass for bio-energy and bio-fuels: Based on woody biomass (e.g. perennials, woody and herbaceous crops, short rotation coppice)
- Agriculture/aquaculture as a source of biomass for bio-energy and bio-fuels: Based on algae production
- Conservation and restoration of organic soils, wetlands, peatlands
- Conservation and restoration of grassland
- Reducing emissions from livestock**
- Reducing emissions from fertilizer, including through reduced fertilizer use, in agriculture**
- Reducing emissions from tilling practices in agriculture
- Shifting food and feed production from land to sustainable aquaculture

*IIGCC's positions above focus on solutions for reducing greenhouse emissions as well as pollution, eutrophication and resource use. IIGCC would like to emphasize some additional solutions (not included in the list above):*

- *Avoiding imports of animal feeds (mainly soya), biofuels and beef from regions/countries involved in large-scale deforestation; not including palm oil as a recognised biofuel in the EU biofuel standard*

<sup>22</sup> <https://www.iigcc.org/download/iigcc-letter-to-meps-on-vehicle-emissions/?wpdmdl=758&refresh=5eb56ba56bb661588947877>

<sup>23</sup> <https://www.iigcc.org/download/iigcc-autos-letter-to-eu-policy-makers/?wpdmdl=826&refresh=5eb56d25dd3cd1588948261>

<sup>24</sup> <https://iigcc.org.au/wp-content/uploads/2017/01/IIGCC-2016-Auto-report-FINAL.pdf>

- *Incentivising more sustainable proteins, including utilising pricing signals (such as taxes and levies) to ensure the price of red meat internalises its high carbon, water, land and other environmental costs.*

### Waste management

Question 5.9 asks what waste policies are the most important to reduce emissions in the waste sector.

Question 5.9 – Waste management

*The EU has a comprehensive legislation for waste management in place*

In your view, which waste policies would play the most important role to reduce greenhouse gas emissions? Multiple options are possible.

- Introduce further waste recycling targets for instance related to construction and industrial waste
- ✓ **Introduce overall waste prevention target**
- ✓ **Introduce a target to reduce EU food waste**
- Introduce a target to ensure a certain amount of our food and animal waste is converted into biogas
- Introduce legislation focussed on reducing greenhouse gas emissions from wastewater and liquid waste (e.g. sewage sludge)
- ✓ **Prohibit landfilling of waste that can be treated differently and limit as much as possible incineration with a view to increasing recycling**
- Harmonise the treatment of waste incinerators under climate legislation

### 3.3 Section 3 of the consultation: Enabling conditions and other policies

Section 3 asks for high level preferences in relation to consumer choices and behavioural change (question 3.1), just transition (question 3.2), use of revenues from taxation and carbon pricing (question 3.3) and research, innovation and deployment (question 3.4).

Question 3.1 – Consumer choice

*Consumer choices and behavioural change can considerably impact our greenhouse gas emissions. Which potential changes do you consider to have the highest potential to reduce greenhouse gas emissions?*

- Use less the car. Walk, cycle and use public transport more often
- ✓ **Travel less by plane or replace it by less emitting alternatives, such as train travel or video conferencing**
- Change your diet towards a more healthy and less carbon intensive one
- Avoid overconsumption, by changing demand for appliances, clothing and other products
- ✓ **Switch to product-as-a-service business models (e.g. leasing rather than owning products) or other circular business models (e.g. sharing)**
- ✓ **Move to a more energy and material efficient building**
- Reduce and recycle more your waste

Question 3.2 – Just transition and employment

*An ambitious 2030 target for reduction of EU greenhouse gas emissions will represent a transition challenge for the economy as a whole and citizens. It is essential that the costs of this transition are shared. If costs are disproportionate for some groups of society, measures are proposed to alleviate them. Likewise, benefits should be shared by all groups of society.*

Which type of actions should the EU support in the context of its funding tools under climate policy like the Modernisation Fund under to EU ETS to promote a just and socially balanced transition?

- Economic diversification and modernisation away from the use of fossil fuels**
- Energy system modernisation focussing on energy efficiency and renewable energies deployment**
- Re-skilling of workers in greenhouse gas intensive sectors or sectors producing goods that are greenhouse gas intensive
- Social and welfare policies, such as policies addressing energy poverty and supporting labour market transitions
- Other

Question 3.3 – Taxation and carbon pricing: use of revenue

Carbon pricing, while increasing the costs of energy, also offers the possibility to use revenue in a beneficial way. Which of the following would you consider as the most useful way of using proceeds from carbon pricing instrument?

- Economic diversification and modernisation away from the use of fossil fuels
- Recycle revenue via reductions in labour taxes (i.e. reform tax systems to make them more employment friendly)
- Use revenue to compensate low income households, or other vulnerable groups
- Use revenue to support low-income households in the transition process (e.g. targeted subsidies for home insulation and energy efficiency or low emission mobility)
- Use revenue to finance deployment of green technologies, deployment of low-emissions mobility infrastructure, etc.**
- Use revenue to support just-transition process in vulnerable regions

Question 3.4 – Research, innovation and deployment

In your view, where the government research funding would be most important to achieve deeper emission reductions by 2030 with a view to achieving a climate neutral EU by 2050. Please select at most five options.

- Climate science
- Hydrogen economy and fuel cells**
- Synthetic fuels
- Circular, zero-carbon industry
- Carbon capture, use and storage technologies**
- Energy efficiency
- Renewable energy
- Energy storage**
- Sustainable and smart mobility**
- Smart and sustainable buildings
- Bio-economy, agriculture and forestry, nature-based solutions on land and sea**
- Technology integration, infrastructure and digitalisation
- Socio-economic and behavioural research and innovation

### **3.4 Section 5 of the consultation: Climate and energy policy design**

Section 5 of the consultation asks for views regarding the design of climate and energy policies. Questions 5.1-5.5 ask for views regarding the relative importance of the EU ETS versus the Effort Sharing Directive<sup>25</sup> versus the Land Use, Land Use Change and Forestry Regulation (LULUCF)<sup>26</sup>; and policy options for the same. The remaining questions in Section 5 (questions 5.6-5.9) are addressed in part 3.2 of this paper above.

Question 5.1 asks for views regarding the relative importance of the EU ETS versus Effort Sharing Directive<sup>27</sup> versus the Land Use, Land Use Change and Forestry Regulation (LULUCF)<sup>28</sup>.

Question 5.1 – Role of the different climate policy instruments					
<i>The present climate legislation envisages that the sectors covered by the EU Emission Trading System will reduce emissions by 2030 with 43% compared to 2005. For the sectors covered the Effort Sharing Regulation the targets are set at a combined reduction of 30% by 2030 compared to 2005. For the land use sink under the Land Use, Land Use Change and Forestry regulation the objective is to ensure that the EU carbon sink at least performs as well by 2030 as what is planned under current land use practices.</i>					
Of these three key pieces of climate legislation which ones would require a substantial increase in ambition in order to allow the EU to achieve greenhouse gas emissions reduction in the range of 50% to 55% by 2030 compared to 1990.					
Please rate the items in the table below. Rating from 5 (in need of a significant ambition increase) to 1 (not important, no increase in climate ambition is needed for this piece of legislation).					
Action/instrument	1	2	3	4	5
<b>EU ETS</b>					✓
<b>Effort Sharing Regulation</b>					✓
<b>Land Use, Land Use Change and Forestry Regulation</b>					✓

*IIGCC's position is to support increased and high ambition across all sectors. As set out earlier in this paper, substantial efforts will be required from all sectors ahead of 2030 to put Europe on a net zero emissions pathway.*

<sup>25</sup> The Effort Sharing Directive distributes between Member States greenhouse gas emission reduction efforts in other sectors of the economy such as transport, buildings, small industry, agriculture and waste

<sup>26</sup> The Land Use, Land Use Change and Forestry Regulation (LULUCF) regulates the emissions and absorptions from the natural carbon dioxide sink (soil carbon and biomass) in the EU

<sup>27</sup> The Effort Sharing Directive distributes between Member States greenhouse gas emission reduction efforts in other sectors of the economy such as transport, buildings, small industry, agriculture and waste

<sup>28</sup> The Land Use, Land Use Change and Forestry Regulation (LULUCF) regulates the emissions and absorptions from the natural carbon dioxide sink (soil carbon and biomass) in the EU

Question 5.2 asks for preferred approaches for raising ambition in the EU ETS.

Question 5.2 - EU ETS

*In the existing legal framework for 2021 - 2030, the amount of greenhouse gas emissions covered by the EU ETS is set to decline by 2.2% per year during the 2021 - 2030 period. However, to achieve higher ambition, this decline may need to be made steeper or other actions can be contemplated that impact the carbon pricing signal.*

The EU ETS ambition can be strengthened through different policy options. How could the EU ETS ambition be best increased in order to effectively contribute to an emission reduction of 50 to 55% by 2030? Multiple options are possible.

- ✓ **Increase the linear reduction factor and as such reduce faster the amount of allowances available each year**
- ✓ **Increase the linear reduction factor as well as lower the starting point on which the linear reduction factor is applied (i.e. shifting the total allocation downwards)**
- Introduce a pricing policy (e.g. minimum price floor)
- ✓ **Reduce or eliminate the share of free allocation**
- Strengthen the Market Stability Reserve rules (e.g. update feed rates) but allow other policies to be the primary drivers to increase greenhouse gas reduction ambition

*IIGCC's position is to support the full phase-out of free allocation and increase the linear reduction factor as per the above. IIGCC supports revision of the EU ETS cap, consistent with a scaled up 2030 target and when done in a manner which maintains the environmental integrity of the ETS.*

Question 5.2.1 – Addressing carbon leakage risk for energy intensive industry

*Increased ambition will make the overall ETS allowance budget (the cap) lower, affecting both the budget available for auctioning and free allocation of allowances. Auctioning is the default method for allocating allowances, and free allocation aims to address the carbon leakage risk for energy intensive sectors covered by the EU ETS. Should differences in levels of ambition worldwide persist, as the EU increases its climate ambition, the Commission undertook in the European Green Deal Communication to propose a Carbon Border Adjustment mechanism for selected sectors to reduce the risk of carbon leakage. This measure will be designed to comply with World Trade Organization rules and other international obligations of the EU.*

If targets are increased to match an overall economy wide ambition of 50% to 55% greenhouse gas reduction by 2030 compared to 1990, and if free allocation to industry is maintained as a tool to address carbon leakage, should the share of free allocation be changed?

- The share of free allocation for industry in the ETS cap is allowed to increase
- The share of free allocation for industry in the ETS cap should remain at the present level
- ✓ **The share of free allocation for industry in the ETS should decline**
- Don't know/Don't have an opinion

*IIGCC's position is to support the full phase-out of free allocation.*

Section 5.3 (questions 5.3.1-5.3.8) of the consultation questionnaire asks for views regarding extending the EU ETS to additional sectors, including buildings and transport.

*IIGCC's position on extending the EU ETS to additional sectors is conditional on the below:*

- *Where it is clearly demonstrated that a market-based approach for specific sectors would be the most efficient and effective means of reducing emissions, IIGCC would potentially support consideration of their integration into the ETS.*
- *The full implications of including additional sectors must be well understood, with detailed analysis of each sector required to ensure their inclusion in the ETS would entail:*
  - *The most efficient and effective means of reducing emissions*
  - *As smooth as possible an integration into the ETS in order to avoid any shocks to both the sector concerned and the wider carbon market*
  - *No negative impacts on the wider global process to reduce emissions, or on third country relations which could lead to a counter-productive outcome (notably with regards to shipping).*

### **3.5 Section 6 of the consultation: International efforts**

Section 6 contains four questions relating to EU priorities and approaches for international efforts and climate diplomacy.

*IIGCC's overall position is for the EU to focus on supporting other countries to raise domestic ambition in line with the Paris Agreement, including:*

- *high domestic ambition in the short term aligned to the 1.5 degrees (including but not limited to the second NDCs submitted by countries): consistent, sector-specific climate policy signals across countries, to send consistent signals to the investment and corporate communities internationally*
- *high domestic ambition in the long term aligned to net zero emissions (i.e. long term low greenhouse gas emission development strategies): to boost climate action and ambition in the short term*
- *direct engagement between governments and investors to develop financing approaches and mechanisms for scaling up private sector investment in climate action.*

Question 6.2– Approach for development assistance and climate financing in third countries

In terms of development assistance and climate financing in third countries, what approaches would you consider most pertinent? Multiple options possible.

- Building coalitions around adaptation with the most vulnerable countries and regions
- ✓ **Allowing countries with limited energy supply to leapfrog to climate neutral technologies**
- ✓ **Providing support for the development of comprehensive national plans and strategies**
- ✓ **Development of low emissions infrastructure**
- Supporting just transition
- ✓ **Development of climate compatible land-use practises and nature based solutions**
- Promoting circular economy and decent supply chains
- ✓ **Development of sustainable finance and investment environments (enabling environments)**

IIGCC’s position is set out above. The rationale for IIGCC’s position is set out below:

- It is important not only to encourage ambitious NDCs, but also the effectiveness of NDC implementation and the enabling conditions for low carbon investment in each country.
- In turn, improving enabling conditions and the effectiveness of NDC implementation can encourage increased NDC ambition.
- Supporting countries to better engage with their local and regional capital markets is key to scaling up private sector investment in climate action.

Question 6.3– Coherence of climate, trade and other strategic foreign policy instruments

Which improvements in the coherence of climate, trade and other strategic foreign policy instruments would be most important to support the EU’s low emissions transition priority?

- Pursue ambitious external action to encourage other countries to raise their climate ambition to levels similar to the EU’s.
- Prepare to introduce border measures to avoid carbon leakage in case others don’t respond with comparable action
- Pursue positive trade cooperation in the context of tariffs, public procurement rules, standards and regulation
- ✓ **Promote green tech/low carbon business dialogues**
- Enforce the climate provisions of the Trade and Sustainable Development (TSD) chapters of the Free Trade Agreements
- ✓ **Lead by example and increase the EU’s greenhouse emissions target for 2030 to 50% to 55% compared to 1990**
- Drive further progress on climate action in other international fora such as ICAO (aviation) and IMO (shipping)
- Better address the security implications of climate change
- Intensify dialogues at leaders’ level

Question 6.4– Deliverables for the next UN Climate conference (COP26)

In view of EU's international leadership and what deliverables do you consider most important for the next UN Climate conference - the Glasgow COP? Multiple options possible.

- ✓ **Maintaining global momentum and stakeholder engagement in support of the implementation of the Paris Agreement through a signal of commitment to increase global ambition in line with science**
- ✓ **Demonstrating climate efforts by non-state actors**
- ✓ **Submission of ambitious long-term low greenhouse gas emission strategies**
- ✓ **Finalisation of the Katowice rulebook to make the Paris Agreement fully operational**
- ✓ **Announcement of new headline targets - Nationally Determined Contributions (NDCs)**
- Reaching agreement on the process to establish the post-2025 climate finance pledge
- Establishing processes to direct private sector funds to sustainable and resilient climate investments
- Increasing the share of international climate financing for adaptation and resilience
- Making progress under the work programme for Warsaw International Mechanism to address loss and damage associated with impacts of climate change in the most vulnerable developing countries

The rationale for IIGCC's position above is that increased climate ambition in the near term (including via NDCs) and long term (long-term low greenhouse gas emission strategies) will increase the alignment of non-state actors with the objectives of the Paris Agreement. Finalising the Katowice rulebook will give clarity on fully implementing the Paris Agreement, as well as the role of non-state actors in relation to the same (e.g. Article 6 on carbon markets).