

# The EU and climate change policy

By Stephen Tindale

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The EU negotiates in the UN Framework Convention on Climate Change (UNFCCC), and adopts targets and policies such as the 20-20-20 package for 2020 and the Emissions Trading System (ETS).

## How does the EU add value?

The EU carries more weight in UNFCCC negotiations than the UK would acting alone. The EU delegation did well at the 2011 Durban climate summit, and will play a central role if new targets are to be agreed by 2015, as was promised in the Durban outcome. However, even if there is agreement, UNFCCC is not strong enough to deliver the necessary greenhouse gas reductions, partly because the targets – despite being legally binding – cannot be properly enforced globally.

EU targets can be enforced. The 20 per cent renewable energy target has caused a significant increase in

UK renewable capacity, partly by increasing investor confidence. UK energy policy would be helped if the EU set a 2030 renewable energy target.<sup>1</sup>

The ETS has not been an effective policy instrument. An EU carbon tax would be more effective, but will not be agreed for subsidiarity reasons and because tax requires unanimity from member-states. The ETS should therefore be overhauled to include a rising, Europe-wide price floor and WTO-compatible border tax adjustments.<sup>2</sup> Without EU action, a rising price floor for the UK will have little benefit.

## The comparative (dis)advantages of working through the EU

Climate change is a global problem, so a single country working alone has limited influence. The EU has done well on some aspects of climate policy, such as energy efficiency standards for products.<sup>3</sup> Common regulatory policies help promote energy efficiency. They are also necessary for a single market. The EU's attempt to use market mechanisms to promote energy efficiency has been much less successful.

More co-ordination amongst the EU member states on national renewable energy support schemes, would reduce the cost of capital to European governments for renewable energy expansion. This co-ordination would not need to go as far as harmonisation.<sup>4</sup>

Would a different division of EU and member-state competence produce a more effective policy?

No. The current division of competences on climate policy is sensible. Member-states are able to adopt policies which are more ambitious and progressive than EU policies – as the UK government is doing with the Emissions Performance Standard. But they are not able to ignore or undercut common EU standards, for example on sulphur dioxide. Common EU standards on pollution are essential to protect British people and the British countryside, as pollution does not respect national frontiers.

1: Stephen Tindale, 'How to expand renewable energy after 2020', CER policy brief, December 2012  
<http://www.cer.org.uk/publications/archive/policy-brief/2012/how-expand-renewable-energy-after-2020>.

2: Stephen Tindale, 'Saving emissions trading from irrelevance', CER policy brief, June 2012,  
<http://www.cer.org.uk/publications/archive/policy-brief/2012/saving-emissions-trading-irrelevance>.

3: Stephen Tindale, 'Delivering energy saving and efficiency', CER policy brief, January 2011, <http://www.cer.org.uk/publications/archive/policy-brief/2011/delivering-energy-savings-and-efficiency>.

4: David Buchan, 'How to create a single energy market – and subsidise renewables', CER policy brief, April 2012, <http://www.cer.org.uk/publications/archive/policy-brief/2012/how-create-single-european-electricity-market-and-subsidise-r>.

The fuel mix is in theory a competence of member-states. The renewable directive, which sets each member-state a target for renewables, appears contrary to this. However, member-states are free to purchase renewable energy from other countries – as

the UK is doing from Ireland – and the Commission is encouraging more renewable trading. So renewables targets are consistent with the existing balance of competences, and should be set for 2030.

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## How effective are the EU's delivery mechanisms? Would any changes make them more effective?

The EU has few delivery mechanisms on climate. It sets regulations, but relies on member-states for implementation and enforcement. One delivery mechanism which should be more widely used is the

energy project bond, which the EIB is currently piloting. This will help build better energy infrastructure across the EU, which is necessary to reduce European reliance on fossil fuels.

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## How might the national interest be served by UK action through different institutions?

Local, national and international levels of government must be involved in climate and energy policy. At the international level most already are, including the UN, G20 and OECD. Even NATO monitors climate change as a potential cause for security threats. This however is additional to, not an alternative for, co-ordination at the European level. Of particular interest however, is local government. Regional governments such as Upper Austria have taken a lead on energy efficiency

and renewables. So have many local governments in continental Europe and North America.<sup>5</sup> UK local government should do the same.

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5: Prashant Vaze and Stephen Tindale, 'Repowering communities: Small scale solutions to large scale energy problems', Routledge, 2011.

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## Additional information

For more information on EU climate policy see 'How to expand renewable energy after 2020' by Stephen Tindale, CER policy brief, December 2012, <http://www.cer.org.uk/publications/archive/policy-brief/2012/how-expand-renewable-energy-after-2020>.

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[www.cer.org.uk/publications/reviewcompetences](http://www.cer.org.uk/publications/reviewcompetences)