



Horizon 2020 Societal challenge 5: Climate action, environment, resource efficiency and raw materials

## COP21 RIPPLES

### COP21: Results and Implications for Pathways and Policies for Low Emissions European Societies

GA number: 730427, Funding type: RIA

<b>Deliverable number</b> (relative in WP)	<b>D5.8</b>
<b>Deliverable name:</b>	Report of 1 <sup>st</sup> Policy Dialogue
<b>WP / WP number:</b>	5
<b>Delivery due date:</b>	Project month 32 (01/08/2019)
<b>Actual date of submission:</b>	27/11/2019
<b>Dissemination level:</b>	Public
<b>Lead beneficiary:</b>	CS
<b>Responsible scientist/administrator:</b>	Adrián Lauer
<b>Estimated effort (PM):</b>	0.5 (CS)
<b>Contributor(s):</b>	Adrián Lauer (CS), Marta Torres (IDDRI)
<b>Estimated effort contributor(s) (PM):</b>	0.5
<b>Internal reviewer:</b>	Caroline Hoogendoorn (IDDRI)



## 1. Changes with respect to the DoA

This deliverable is submitted with delay due to lengthy consultations inside the teams that carried over the summer break. In September and October, the focus was on the design of the Second Policy Dialogue, which pushed further the completion of this report. The delay of the actual report was not considered critical as key messages had already been processed and conveyed through the policy brief development work by the authors.

## 2. Dissemination and uptake

The following stakeholders will use this deliverable:

- Project partners (in order to integrate stakeholders' feedback into the finalisation of the policy briefs presented during the Dialogue)
- Advisory Board members and external stakeholders (in order to find out about the project's ongoing progress and first results).
- Experts interested on the debate on EU climate policy, especially with focus on emissions targets and differentiation inside the EU

## 3. Short Summary of results (<250 words)

This document reports on the First Policy Dialogue of COP21 RPPLES, held in June 2019 in Brussels. Discussion were based on: (a) the current 2030 policies and approaches and the adequateness of keeping current plans; and (b) country heterogeneity in the EU low-carbon transition. With the participation of researchers, decision-makers from the European Commission and EU Member States, as well as stakeholders from civil society and industry, the event delivered a rich debate on the role of targets as signals for planning for the future both in Europe and the global level, while the examples on heterogeneity in the transition to low-carbon development in Europe raised the need to enhanced dialogues between the European Commission and the Member States on cooperation strategies.

## 4. Evidence of accomplishment

Report of the event, agenda of the event and participants list.



## Table of contents

1. Introduction.....	4
2. Taking a long-term perspective results in the enhancement of the European NDC .....	4
Main discussion points .....	8
3. Country heterogeneity in the EU low-carbon transition .....	10
Main discussion points .....	14
4. Final reflections .....	15
Annex I: Agenda .....	17
Annex II: Participants List.....	19



## 1. Introduction

On 7<sup>th</sup> June 2019 from 11:30 to 15:30, COP21 RIPPLES organised its first Policy Dialogue, in Brussels, Belgium, at the headquarters of Bruegel. Our policy dialogues are opportunities for discussions between participants from key stakeholder groups (governments, researchers, civil society, businesses), allowing different views on policy-relevant topics of common interest to be debated. Targeting policymakers from the European Commission (EC) and EU Member States, as well as key stakeholders in civil society, think tanks, this event addressed the following questions:

- What are the socio-economic consequences of Nationally Determined Contributions (NDCs) and deeper mitigation pathways for the EU and its Member States, key emerging economies and globally, particularly with regard to innovation and low emissions technology deployment; energy security; trade, energy-intensive industries, and competitiveness?
- What incentives and barriers do these socio-economic implications create for the implementation of NDCs and their revision towards achieving Paris compatible trajectories?
- What lessons can be learned for the EU strategic agenda on climate going forward?

COP21 RIPPLES provides a foundation for this discussion through an assessment of: a) national and global GHG and energy system scenarios, and b) the development of the international climate regime. It also provides the international enabling conditions underpinning the transformations required in the energy system.

For this Policy Dialogue, we counted on the presentations from Georg Zachmann (Bruegel) and Oliver Sartor and Marta Torres Gunfaus (IDDRI) to share main conclusions of the research work on ambition and heterogeneity respectively, followed-up by questions and comments from participants and a group discussion.

The next two sections compile the main discussion points for each of these two topics. It ends with a concluding chapter that captures general takeaways.

## 2. Taking a long-term perspective results in the enhancement of the European NDC

Georg Zachmann presented key elements of the COP21 RIPPLES research that could inform the European Union's 2030 climate ambition debate. This work, further enriched by the Policy Dialogue discussions, is planned to be featured in a policy brief format. Zachmann initiated the presentation with these key points:

- The EU target for 2030 is less ambitious than current policies and targets of Member States (*see Figure 1*)



**Table: EU's 2030 emission target is higher than emissions implied by current policies and targets**

Implied by current policies and targets	Nationally Determined Contribution (NDC)
2.9 Gt (-48%)	3.3 Gt (-40%)

Source: In-depth analysis accompanying the EU Long term Vision (p.198)

Note: total GHG incl. LULUCF

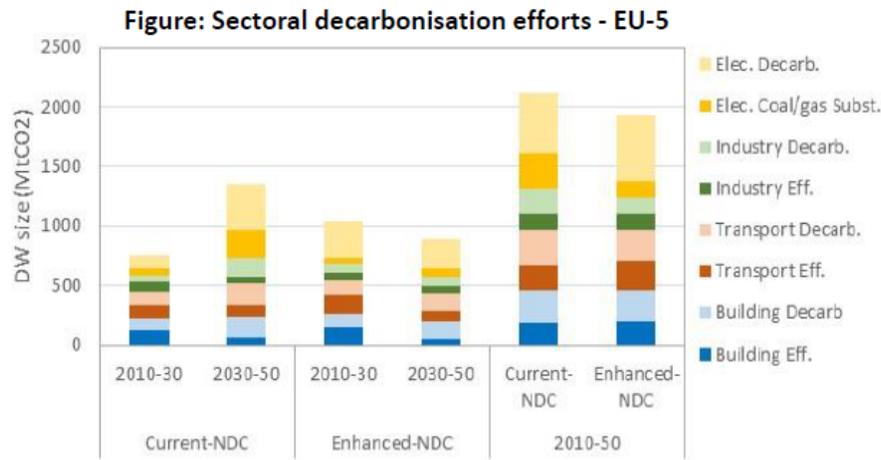
**Figure 1**

- Under current *business as usual* scenario, emissions will decrease by 33% from 2030 to 2050
- Paris-compatible pathways up to 2050 are characterized by:
  - Emission reductions of 71-78% between 2030 and 2050
  - The 1.5-degree target requires **full decarbonisation in 2050**.
- Earlier action until 2030 could improve effectiveness of pathways up to 2050: Greater ambition before 2030 can help build stable levels of effort from **now** until 2050 and alleviate the weight of measures needed after 2030. This is the conclusion of the research conducted by CNRS, which looks into the *decarbonisation wedges* for both 2010-2030 and 2030-2050, calculated sector by sector.

Main consequences of meeting the Paris Agreement mitigation goals if we stick to current NDCs ambition level rather than enhancing them to increase the pre-2030 period ambition are:

### 1. Steeper electricity investments

- With *current NDCs* scenario, 51% of energy would be provided through electricity in the EU-5 countries (France, Germany, Italy, Spain, United Kingdom), while in the *enhanced NDCs* scenario, this figure would be only 38%. This raises the question of socio and techno economic feasibility of such a steep change after 2030.
- Enhanced NDCs would involve great use of energy efficiency, while transition with current NDCs involves more use of carbon capture and storage (CCS), a great temporary increase of natural gas use, and an abrupt transition after 2030 that might cause social pain. Enhanced NDCs pathways include greater use of energy efficiency measures (see figure above).



## 2. More asymmetry between demand-side and supply side measures

- In current plans, demand-side measures are subject to a steep increase after 2030 – a difficult scenario to manage. Under enhanced NDCs, both supply and demand side measures can be symmetrically distributed between the 2010-30 and 2030-50 periods.

## 3. Risk of closing doors to the 1.5° C challenge:

- According to the IPCC 1.5C Special Report, the 1.5° C target requires GHG emissions in the range of 25-30 MtCO<sub>2</sub>eq by 2050, **about half the level implied by current NDCs** (52-58 GtCO<sub>2</sub>eq)
- Reaching 1.5° C without a more ambitious 2030 target will involve higher mitigation costs and steep costs increases after 2030, as well as a high dependency on negative emissions.

## 4. Leadership and fairness consideration of the EU pledge at the international level

- The EU-28's NDC is currently far below their fair contribution to global decarbonisation based on equity assessments
- Not increasing the 2030 target put at risk the EU leadership, which has been based on “leading by example”, and its influence to the UNFCCC process.

## 5. Sub-optimal technological development increases costs and misses economic opportunities

- Current reductions in costs –together with timely action- should push for faster expansion of capacity
- Investing in clean technologies today means less costs in the future and smoother learning processes
- There is a race on low-carbon technologies: there are big changes in the electric car industry, while some regions are already developing more stable competitive advantages in fields like wind power technologies.



- Credible commitment to ambitious low carbon targets delivers solid signals that enable the building of competitive edges in clusters.

## 6. Generation of stranded assets

- Delaying action to after 2030 poses an even higher risk, leading to more stranded assets (i.e. as society continues to build up high carbon assets until 2030), higher reliance on carbon removals in the future and more physical risks derived from worsening conditions.

Zachmann summarised his presentation listing above research-based arguments to increase pre-2030 ambition: avoiding unnecessary investments, preventing too high reliance on negative emissions, keeping higher ambition feasible, stimulating innovation, supporting domestic low carbon industries, keeping Paris together, and reducing financial stability risks.

Following on the call for increased pre-2030 ambition, Oliver Sartor, Senior Fellow at IDDRI, presented an outlook on the priorities and options for the next five years of EU climate policy. Given that in the EU the carbon neutrality for 2050 has largely replaced the previous 80% reduction target, and acknowledging that carbon neutrality requires GHG emissions reductions across all sectors and accelerating transition from 2025, the question that was raised was about **the necessary conditions to achieve that level of change**. Some major points are:

- Governments should work on building appropriate governance frameworks for implementing and organising coherent short and long term action.
- Sectors should plan their way towards 2050 targets through *backcasting* (i.e. the identification of plans and strategies to achieve a desirable future). Businesses are only focused on 2030 targets through an “incrementalist” lens, and are largely unprepared on their post-2030 plans.
- There are, and will continue to be, critical sectors that are more challenging and required special attention (e.g. energy-intensive industry, transport, etc)
- Stronger links between the EC’s long term vision, the National Energy and Climate Plans (NECPs) and the Multiannual Financial Framework (MFF) amongst other regulation and policies from the European Commission (EC) and the EU Member States (MSs). In the case of NECPs, the revision processes by 2023 will be key in building the ambition.

Later in his presentation, Sartor focused on the possibilities by EC to support MSs to seize and implement the right transition opportunities. Recognising that MSs have different realities, a major question is **what is the role of the EU and of the Member States in setting targets**.

Some MSs are currently going beyond the EU’s target requirement with actions like coal phase-out and carbon neutrality before 2050. In this context, **should the EC help those frontrunners spread the same pace of ambition across the EU?** Some tools available are state aid, infrastructure policy, or coordinating cross border projects, amongst a variety of tools to use.

The last point developed by Sartor was the EU’s plans in the Paris Agreement framework. Ambition on the domestic and international sides **are interdependent**, as current EU policies will not reach net zero if the Paris Agreement is not functioning well. Although this situation is not fully under EU’s control, it is



very important that the EU revises its NDC by 2020. Probably this needs to be repeated in 2025 according to the UNFCCC cycles.

As a closing point, Sartor highlighted the need to think about ambition beyond the number of GHG tonnes reduced – it is ultimately about sectoral transformations. Those transformations could be easier to deliver than changing targets on the short term and with good results. He added this is already happening in some industries.

### **Main discussion points**

After the presentations, the Policy Dialogue invited feedback from the external participants. The first comments came from the EC, focusing on the ambition debate, 1.5-degree target considerations and the 2030/2050 milestones. Key points included:

- When assessing the feasibility of commitments and targets, interested stakeholders should observe both the economic analysis and the political context.
- Knowledge of investment cycles is important, as between now and 2050, there will be only one cycle. Industries plan their expansion, and the building stock is usually renovated every 50-100 years. Sectors can struggle to adjust plans for the short term, while solid and ambitious long-term plans can be better in guiding investment.
- On governance, dialogues between the EC and MSs are already taking place. In the international sphere, the approach for engaging other key actors should be open and cooperative.
- Targets also play a role in driving ambition both at domestic, global and sectoral levels. In a political manner targets help bringing actors with diverging view together on a table.

The Dialogue continued among participants, and it is captured below according to topics:

### ***Role and nature of targets***

- The 2030 target is a signal for investment in key industries.
- There are political risks of over performing in early EU-wide targets (in the case of Germany) in contrast with other MSs.
- Targets should also be broken down and differentiated across sectors both domestically and internationally, as an efficient way to meet the ambition levels required across society. International cooperation can also facilitate domestic action to guide energy intensive industries through decarbonisation processes.
- The warning of not equating targets with strategies, mentioning the need to have a strategy for how to work towards the 2050 target,
- The concern of having an approach to targets that is too GHG-centric exists. There is the need to integrate the material economy to the story.

### ***The high-carbon sectors***



- Falling technology costs are helping the transformation to low-carbon, but energy efficiency measures are not making progress since 2014.
- There is need not only for targets, but also for replicable business and policy models. While starting with public money, the replicable model is needed for making the investment case, mentioning that 2030 should be the point when investors see a clear path for new technologies
- In the power and building sectors, implementation is being scaled up dramatically, but there is need for a clear investment framework
- On industry, right assessments on which are the lower emissions assets by 2030 are needed, as investors are expecting to pour resources on them.
- The industrial sector aims to strengthen value chain and value networks approaches for achieving targets, highlighting the work of the Energy Intensive Group as a facilitating process with 18 Member States which includes all energy intensive sectors
- The hydrogen infrastructure will be a milestone for the future of industry, transport and energy, amongst other sectors.
- In the case of transport, under current plans there is significant development in electric vehicles, changes in propulsion systems, etc. The sector needs to follow new targets, clarify new standards and regulations for both passenger transport and freight; making sure that the sector makes the right investments within the next years. However, a key challenge is the significant division of responsibilities between the EC and Member States, raising the question of how to implement changes.

One participant expressed that the event should have also discussed aviation and maritime shipping, and the EU's role in setting targets for those sectors.

### *The East-West different circumstances*

- Noticeable poor acceptability of targets by trade associations in Central and Eastern Europe.
- Although the majority of countries support current ambition levels, targets should be derived from consensus to strengthen continuous and effective action. This is made evident by disagreements over the 2050 target
- Finance to cover gaps when doing the transition is also a key element.
- Although there is frequent discussion on split realities, the situation of resource need (both technical and financial) is rather shared across the EU, in issues such as achieving Just Transition. The shared experience of lack of resources is mostly in terms of human capital.

### *Paris Agreement and international cooperation*

- Current NDC revisions –with required covering of gaps- are actually expected, as the present pledges are in reality a set of Intended NDCs (iNDCs) that were formulated in a moment when several details of the Paris Agreement were not finalised -after the Agreement's entry into force, those iNDCs were automatically transformed into NDCs.
- The EU is perceived by some amongst the most ambitious party in the Paris Agreement, but global action is required and we have to look at the world. That is the reason for the EU to look at ways to mobilise all the other parties.



- There is clearly need for more sustainable finance. Investors are actually demanding policies, carbon pricing, or standards that can actually enable specific market pools.

### *Role of the European policy instruments*

- Deep multisectoral work at national level on NECPs helps building robust plans to meet EU-wide targets. The case of Poland is an example where different ministries and sectors are exploring together what can be done to achieve the EU targets.
- NECPs should be revised carefully. To enhance the quality of this process, it is key to have a support structure from Brussels to work with with MSs. Countries face challenges, and the effective implementation of NECPs should be the EU's highest interest and the guarantee to meet the collective long-term vision and the Paris Agreement targets.
- The NECPs process is a positive one, as all MSs are moving towards the same direction, even at different paces. Countries should see NECPs as a live document subject to dialogue with stakeholders inside their countries.
- The current process of the MFF –now in a timely moment- is a great opportunity to include decarbonisation targets and secure the allocation of resources for meeting climate ambition for the coming decade.
- MSs should explore direct bilateral cooperation, given the multiple cross-border realities in the EU.

### **3. Country heterogeneity in the EU low-carbon transition**

The Policy Dialogue's afternoon session covered the topic of **country heterogeneity in the EU low-carbon transition** with a presentation by Marta Torres Gunfaus, Senior Research Fellow at IDDRI and COP21 RIPPLES Project Coordinator.

Torres Gunfaus started the session making a point on what the discussion on heterogeneity is addressing. Heterogeneity is not about ambition, but rather about *how and when* to achieve the Paris goals. As a reminder, climate ambition for the next decades is defined in the Paris Agreement at global level and at the European Commission's long-term vision at EU level. The EC's long-term vision, which points towards carbon neutrality by 2050 is a very useful concrete guide in providing a needed and important pathway.

From the countries' side, it is critical -for implementation and support- that each of them develops a clear understanding of its role in the transition and the possible socio-economic impacts, opportunities and challenges that could be faced. Countries should also define their trajectories, taking into account local circumstances. Torres Gunfaus emphasised that it is essential for the country-level assessments to be embedded in a EU and a global context, to help identify cooperation opportunities and to ensure consistency with the global objective set by the Paris Agreement.

Torres Gunfaus explained how the research from COP21 RIPPLES is designed to connect dots in the climate change policy space by cover the multiple scales (country-level, EU, global), short and long-term



perspectives, the physical transformation with socio-economic dimensions and aspects of governance, technology and finance conditions inherent to the transition. She then presented examples of policy cases that reveal the importance of connecting these different dimension.

### Policies in different time horizons

This situation was presented with different options for substituting coal in Poland, which can be seen in the tables below.

Now	Long-term
<b>Coal</b> (over 50% of total primary energy consumption and over 80% of the electricity supply)	Decarbonising strategies relying on RE show a high dependence on wind energy. Dependency on a <b>single energy source</b> entails the risk of a fragile transition, with risks of delayed deployment or technical problems with integrating high shares of variable RES and transmission lines.
	Decarbonising strategies relying on gas lead to the risk of increased reliance on a <b>single country (Russia) imports</b> and of short-term investment in gas infrastructure becoming <b>stranded assets</b> .

Figure 2: long-term options for leaving behind over-reliance on coal

Implications at country-level	Implications at EU-level
Preparing for further accelerated deployment of variable RES (infrastructure planning, clear signal for the energy sector and technology suppliers).	Supporting modernization of grid to integrate high share of variable RES
Developing portfolio of viable alternative low-carbon options (e.g. biomass, CCS)	Supporting development of alternative low-carbon energy sources that may strengthen diversification of supply
Considering the gas infrastructure decisions in light of the long term transition, be to address supply security or underdeveloped grid issues	

Figure 3: implications of options mentioned on Figure 3

Seeking for a robust and balanced solution in the long term requires taking into consideration that there are different options, i.e. it is not a binary decision, i.e. coal-to-gas or coal-to-electricity, and the decisions take place in a sequential manner, as today’s decisions open the number and type of options in the future.

### Policies at different scales

When considering different scales, the question formulated for the case of Bulgaria is: *how to align decarbonisation with the country’s socio-economic priorities?*

In Bulgaria, keeping residential and industrial energy prices low has been (and continues to be) a political priority. Currently, due to a combination of price regulation and intra-EU cooperation measures, the country has seen:

- a) the development of gas supply infrastructure and electricity trade with neighbouring countries,
- b) little investment by the domestic industrial sector in low-carbon technologies.

Regarding Bulgaria’s position in the context of EU action towards carbon neutrality, the country may face risks such as:



- a) reduced competitiveness of the Bulgarian industrial sector induced by little historic investment in modernisation
- b) reduced support to fossil fuel-based investments and maintenance of related infrastructure,
- c) higher energy prices induced by measures that raise the price of carbon in the EU.

Having in mind the current situation and the mentioned risks, Bulgaria and the EC should develop a common agenda to support a robust transition in the country, taking into account the following elements:

- support a just transition for coal mining
- grid interconnectivity
- reduce the infrastructure and deployment upfront costs for renewable energy
- support the modernisation of energy intensive industries
- provide clear and coherent signals from EU on energy transition to local stakeholders

After the Bulgarian case, Torres Gunfaus presented the case of the Italian position on the emerging world of e-mobility, as a historical vehicle manufacturer. She presented the following table detailing the Italian automotive industry's current situation with regards to decarbonisation.

Italy decarbonising in isolation	Italy embedded in a decarbonising world
<ul style="list-style-type: none"> <li>• Both the qualitative and the quantitative analysis display that there is only a weak development of industrial capabilities in Italy regarding e-mobility components.</li> <li>• In trade, Italy is a net importer and its commercial competitiveness mostly negative with some exceptions for a few selected products (parts of electric accumulators).</li> <li>• No long term strategic and industrial vision and defined a coherent and integrated set of policy measures to accompany the transition towards electric mobility is in place.</li> <li>• Serious vulnerability for the entire segments of its value chain (those characterizing internal combustion engines) to become obsolete and disappear, mostly SMEs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large transnational companies with plants/operations in Italy may have great influence on capacity for the local industry to adapt and/or develop an advantage within this sector (e.g. FCA merging RENAULT?)</li> <li>▪ Large share of SMEs' exported vehicle components go to country with large vehicle manufacturing industries (Germany, UK). A changing demand from these countries could induce SMEs to adapt.</li> <li>▪ Countries cooperation may support particular specialisation and lead to opportunities and access to economies of scale that were unattainable. E.g 'Airbus of batteries'</li> </ul>

Figure 4

This situation brings specific challenges for the automotive industry, both for Italy and the EU: a) How can Italy reduce vulnerability of this sector, especially SMEs)? b) How can Italian R&D investments with a broader scope (i.e. robotics) dialogue with transnational companies? And c) How can the EU build a competitive European industry across value chains and across countries based on strengths and weaknesses of Member States?

### *Policies under socio-economic perspectives*

Torres Gunfaus continued her presentation, formulating the question on what stands for affordability in countries that are coal dependent, have much less energy-efficient stock (especially buildings) and lower GDP.



- EU model results show a growing share of final energy consumption as a part of GDP between 2020 and 2030 for a number of decarbonising scenarios in most countries. The high share of final energy consumption over GDP in certain countries raises concerns on affordability and increases its vulnerability if the transition triggers further increases.
- Certain countries (Hungary, Slovakia, Slovenia, Poland, Estonia and Czech Republic) have experienced dramatic spikes -reaching 14%-17% energy bill over GDP in 2008- whilst other countries have largely remained within the usual boundaries of 8-10%. These countries have higher exposure and sensitivity to fuel price shocks.

Suggested measures that could be taken at Member State and EU levels to absorb price shocks in those vulnerable countries is key to strengthening the affordability dimension of energy security.

First, there is need to embark on pathways that:

1. reduce energy import bill relative to GDP to zero
2. bring household energy bill in dwellings below BAU scenario all over the period
3. help achieve lower international energy prices.

In addition to these measures, it is necessary to implement policy packages and accompanying measures at different scales.

In conclusion, Marta Torres Gunfaus summarised the implication of heterogeneity in climate policies, both EU-wide and for each Member State.

- A dedicated EU strategy to support MS-level measures as a requirement for action on demand-side (efficiency, moderation of demand) that can enable a smooth transition.
- There are certain conditions for EU-level investments, cooperation strategies and solidarity mechanisms to increase robustness of country and EU transitions, such as:
  - tailor measures to the requirements of each country
  - take into account countries' exposure to different forms of risks and emerging economic opportunities
  - investments that can help absorb the challenges of the short-term transition and anticipate the risks of long-term lock-ins. This is particularly relevant for the industrial roadmap framework, the EU energy market development in terms of infrastructure (interconnection), regulation (gas market) and investments, together with a research and innovation agenda.
- Good understanding of heterogeneities is important to help the assessment of countries' capacity for actual transformation on the ground, and support implementation.
- For NECPs and national long-term visions for climate action, this would require assessing:
  - the alignment between short- and long-term, providing the space to align NECPs and national long-term visions;
  - the integration of the local socio-economic implications of the transition
  - embedding into an evolving EU and world that moves towards carbon neutrality, where opportunities emerging from cooperative approaches are considered
  - securing the incorporation of demand-side policies and actions at national-level. All the previous assessment requirements are there to provide sufficient guarantees for



countries to be equipped to define their own role in the EU transformation towards neutrality, and ensuring this role is consistent with this long-term goal.

### Main discussion points

The representative from a lower-income EU Member State took the floor, starting with providing insights on that country's case based on the previous presentation by Marta Torres Gunfaus on heterogeneity. Some of the point raised by this representative, building on the same case, were:

- EC must take into account the realities of individual Member State when crafting EU-wide climate policies.
- For that country, it is key to highlight the existence of non-EU neighbouring countries that are relevant for the country's economic and climate strategy. Bulgaria aims to remain competitive at the regional level, which includes both EU and non-EU countries.
- This lower-income country achieved its set targets for 2020 in 2013, many years in advance, but it doesn't mean that it was done the best way.
- Transition should be focused on the needs of the population, which need to be involved.
- As in many post-2000 MSs, country authorities have not faced significant public pressure for high ambition, as the population doesn't see the benefits derived. In many parts of this country, people base their incomes on the coal industry, and the government finds it hard to explain to those communities that they need to find new jobs, and find public acceptance for those plans.
- Investment in renewables in the region is low, as markets are small and the cost of capital is high, so the economy of scale and the possibilities for integration are not very good.

The next comments came from the representative from a higher-income EU Member State, who made three comments on the circular and sharing economy, on the socioeconomic impacts of energy transition, and on carbon pricing. This participant highlighted the case of that country, which had during half a year a national open debate on pricing carbon emissions in the non-ETS sectors.

Afterwards, another participant gave his insights on the NECPs processes:

- The European framework has to take into account the appetite of certain countries for more ambitious targets. We have to keep in mind, the 2050 long term vision gives a quest for NECPs to be consistent.
- There is need for more clarity in policies of how to reach the targets, which at the national level could be more or less ambitious. Having that clarity will attract investment.
- Upcoming recommendations of the Commission, after two years of work, should be deep, broad, constructive. Best practices should be identified, and there should be carefully formulated for societal buying of the just transitions to happen. This has to be considered, for example, for the transport transformation in the next 10 years. Because these may help the regional cooperation debate between countries on how this practice can be replicated.
- A key element for the NECPs update in 2023 should be the inclusion of concrete measures to deliver transitions.



Later on, other participants at the Policy Dialogue –including representatives from Member States- made comments in the aspects of heterogeneity and the messages from previous commenters.

A participant mentioned that the EU needs to be ready to accommodate certain differences to some extent, and to implement good governance rules on the ground, which can be done from Brussels, but some elements have to be covered by NECPs. On good governance, there is a good number of tools and resources, as well as academic and research institutions that can support governments.

Another representative, for the case of Poland, highlighted the case presented by Marta Torres Gunfaus as accurate and brought additional detail:

- There is a role expected for renewables energies as part of the national plans in Poland, and the share should be increased
- The main challenge, however, is to have a stable source of energy in the system. Poland will be increasingly resorting to natural gas from overseas as a transit towards cleaner energy. This goes next to a desired diversification as a key element, as Poland wants to avoid reliance on Russian gas.
- As in Bulgaria, the cost of energy for the average citizen which imply higher energy poverty rates is a major concern - 20% of average incomes go there, rather than the average 8-10% in the EU.
- Recognising improvements in Poland, a growing economy and an increased impact in the world, there is more awareness of climate action, while traditionally there has been more focus on employment issues.
- Another thing to be aware is the size of housing – the average Polish flat is one third of the average in Denmark.

During the rest of the session, other participants commented on the session’s presentation, on sectoral policies and climate targets, support to Member States, differentiation policies, regional specificity and heterogeneity in sector plans –with the example of automotive sector and the weight of energy costs in CEE economies.

#### 4. Final reflections

The event was able to bring important insights into key aspects of the EU climate policy. Important takeaways for COP21 RIPPLES research include:

- the impact (or not) of reviewing and strengthening of target for 2030 –with the other option being to focus on solid 2050 targets. There was significant debate on the role of the 2030 milestone to drive implementation. An important takeaway from conversations is that setting targets involves a deep analysis of the economic trends and physical transformation alongside the political scenario.
- The concurrence about linking the domestic and the international discussion on targets and strategies. The EU can be a global leader in ambitious, but without active campaigning for



increasing ambition from all signatories of the Paris Agreement, that leadership does not have a practical use. International cooperation can make a difference on domestic ambition, which is not always captured in EU domestic processes.

- Regarding the issues of heterogeneity, participants appreciated the insights provided and the illustrative examples, giving a sense of consensus for heterogeneity to be at the core of current discussions for both the EC's long-term vision and the NECPs review processes, with further need to understand 'how' to capture this heterogeneity.
- There is currently –and for a short time- an open window for seizing the opportunity to embed ambition targets in the MFF, the main instrument for conducting the EU's budget, for its next period (2021-2027)

## Annex I: Agenda

**COP21: Results and Implications for Pathways and Policies for Low Emissions  
European Societies (COP21 RIPPLES)**

# **Brussels Policy Dialogue: Insights for EU and Member States' Climate Agenda**

**Friday 7 June 2019**  
*Under Chatham House Rules*

**Venue: Bruegel**  
33 Rue de la Charité, 1000 Brussels, Belgium

## **DRAFT AGENDA**

*This Policy Dialogue will address the following questions:*

- *What are the socio-economic consequences of NDCs and deeper mitigation pathways for the EU and its Member States, key emerging economies and globally, particularly with regard to innovation and low emissions technology deployment; energy security; trade, energy-intensive industries, and competitiveness?*
- *What incentives and barriers do these socio-economic implications create for the implementation of NDCs and their revision towards achieving Paris compatible trajectories?*
- *What lessons can be learned for the EU strategic agenda on climate going forward?*

*COP21 RIPPLES provides a foundation for this discussion through an assessment of: a) national and global GHG and energy system scenarios, and b) the development of the international climate regime. It also provides the international enabling conditions underpinning the transformations required in the energy system.*

**11:00 - 11:30 Welcome & Registrations  
Tea & Coffee**

**11:30 - 13:00 Session 1: Is it smart to stick to current 2030 policies and approaches?**

[15min] **Georg Zachmann**, Senior Fellow at Bruegel, presents the policy brief on EU 2030 climate ambitions

[10min] **Oliver Sartor**, Senior fellow at IDDRI, presents paper on priorities and options for the next five years of EU climate policy

---



---

[15min] High-level discussants comments  
by **Artur Runge-Metzger**, Director of International and Climate Strategy at DG CLIMA

[50min] Round-table discussion with attendees

**13:00 - 14:00 Lunch**

**14.00 - 15.30 Session 2: Country heterogeneity in the EU low-carbon transition**

[15min] **Marta Torres Gunfaus**, Senior Research Fellow at IDDRI presents the policy brief on country heterogeneity

[15min] High-level discussants comments  
**Petya Icheva**, Head of Energy Team at the Permanent Representation of Bulgaria to the EU (tbc)

**Tóth Balázs**, Climate Attaché at the Permanent Representation of Hungary to the EU (tbc)

**David Morales**, Senior Research Fellow at European Climate Foundation (tbc, lead author of the independent NECP evaluation)

[1h] Round-table discussion with attendees

---

**COP21 RPPLES Project Partners:**

[www.cop21ripples.eu](http://www.cop21ripples.eu)