

Climate change policy and EU ETS implementation

WELCOME

The RIPAP support activities and workshop introduction

Monique Voogt

Technical workshop
Skopje, Macedonia, 04.07.2018.

- RIPAP - Regional Implementation of Paris Agreement Project
- Supporting Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia, and Turkey
- Support capacity building for:
 - Implementing the Paris Agreement
 - Low emissions development strategies
- Support regional cooperation through:
 - Exchange of information
 - Best practices
 - Experience
 - Awareness-raising on low emissions development

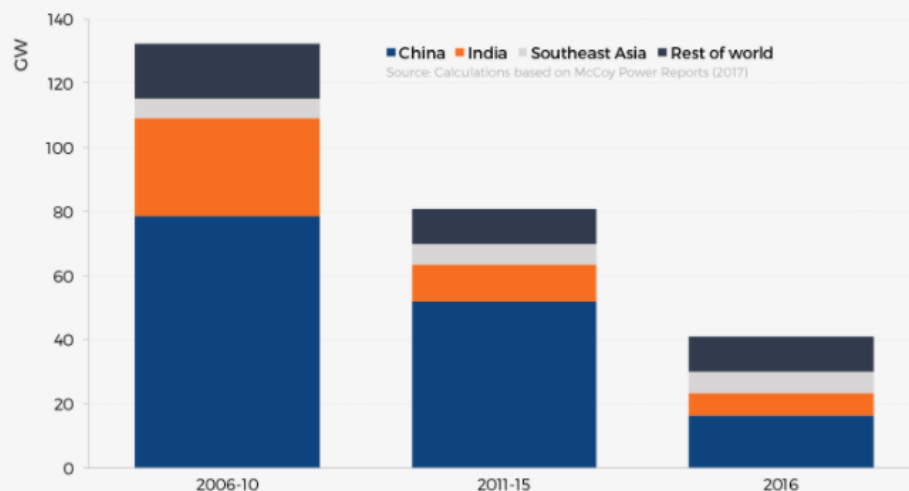
Концепція національного пакету законодавства у сфері моніторингу, звітності та верифікації викидів парникових газів в Україні

9 Січня 2018, 14:40

Allianz to stop selling insurance to coal companies

FINANCIAL TIMES

Average annual final investment decisions for new coal-fired power capacity
World Energy Investment 2017



COP21 • CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE



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Human Dynamics Consortium



This training

Climate Change Law and Action Plan

- Planned developments in Macedonia
- Lessons learned from Albania
- Lessons learned from Serbia

EU Emissions Trading System

- Understanding the requirements, impacts and opportunities
- Learn lessons from current implementations
- Identify preparation needs

Speakers



- Ms. Teodora Grncarovska, Ministry of Ministry of Environment and Physical Planning



- Ms. Laureta DIBRA, Albanian Ministry of Infrastructure and Energy



- Ms. Dragana Radulovic, Serbian Ministry of Environmental Protection



- Ms. Eliska BYSTRICKY – EU ETS expert



- Ms. Melita ZDILAR, Croatian Ministry of Environment and Energy



- Ms. Ivana LAKOVIĆ, HEP Group, Croatia
- RIPAP expert Ms. Monique VOOGT

The RIPAP project is implemented by a consortium consisting of:
Human Dynamics (lead), the Regional Environment Center, Aether,
Klimapolitika and SQ Consult



REGIONAL ENVIRONMENTAL CENTER

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The EU climate policy framework

Monique Voogt

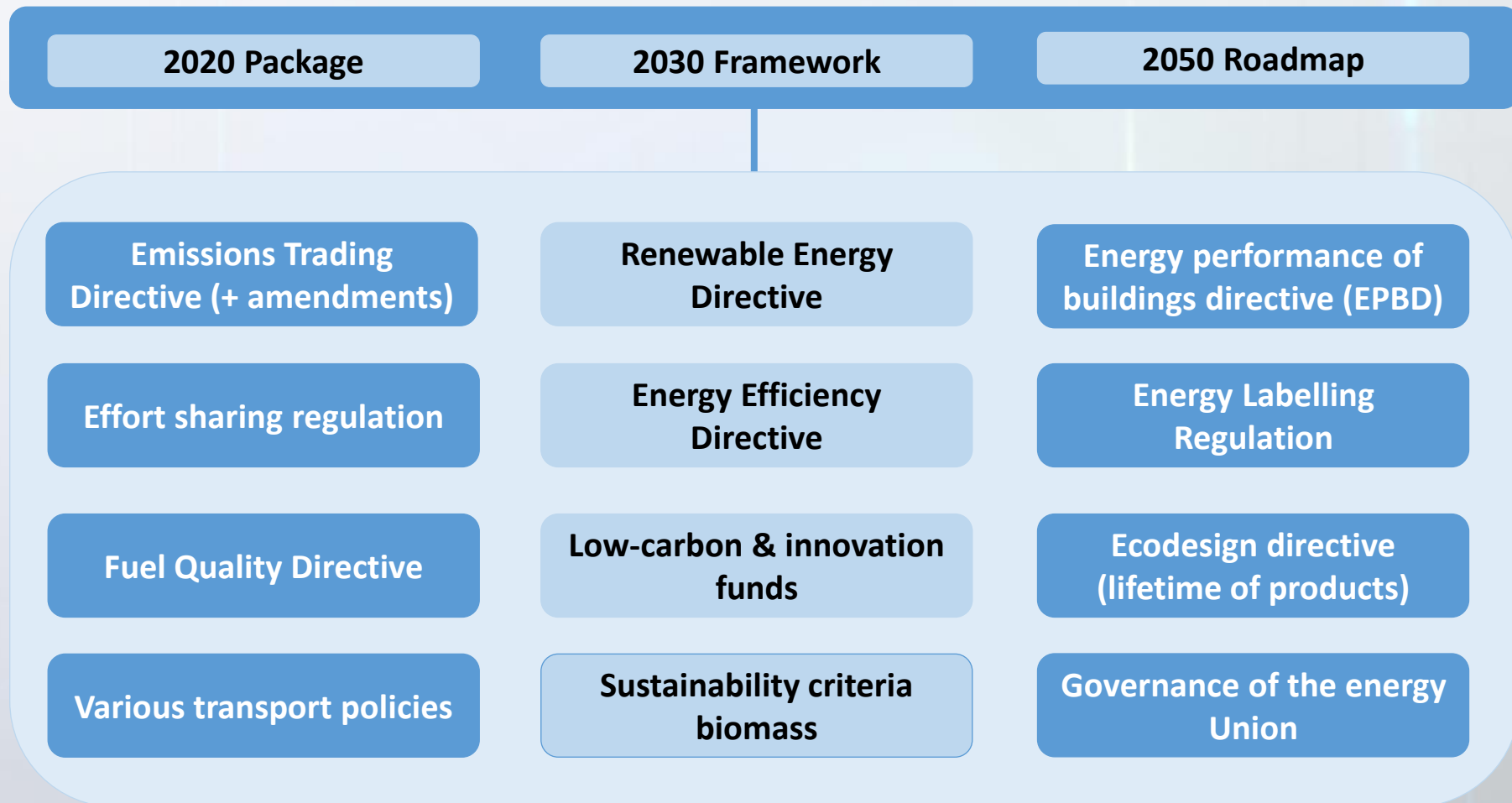
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Increasing energy and climate ambitions



	2020	2030	2030-new
Renewable energy	20%	≥ 27%	32%
Energy efficiency	20%	≥ 27%	32.5%
GHG reduction	20%	≥ 40%	≥ 40%

EU energy & climate policy framework



Recent energy and climate agreements

The June 2018 agreements:

- EU-wide target for renewable energy of 32% by 2030 and for energy efficiency of 32.5% by 2030
 - Includes an upwards revision clause for both RES and EE by 2023
- Each country should present an “integrated national energy and climate plan” by 31 December 2019, covering 2021-2030
 - Next plan by 1 January 2029 and every ten years thereafter

Recently updates were also agreed on the Energy Performance of Buildings Directive and the Energy Labelling Regulation.

Updates main climate regulations: the Effort sharing Regulation (non-ETS emissions), on land use, land use change and forestry (LULUCF) and the Emissions Trading Directive for phase IV

The EU Emissions Trading System

Monique Voogt

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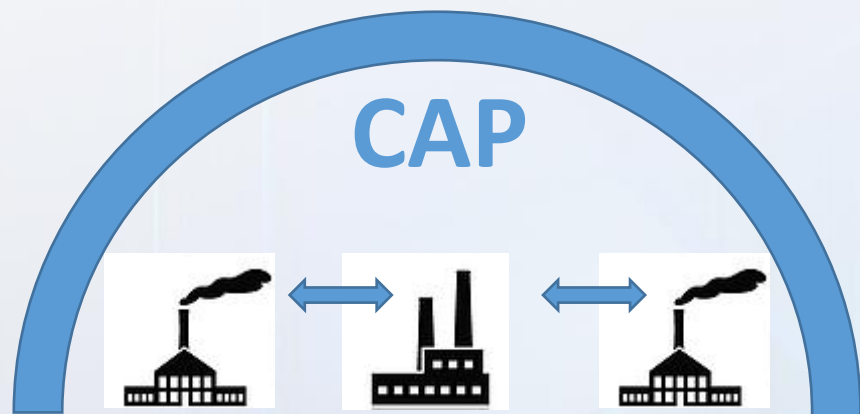


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What is ETS? What is the EU-ETS?



Cap & Trade

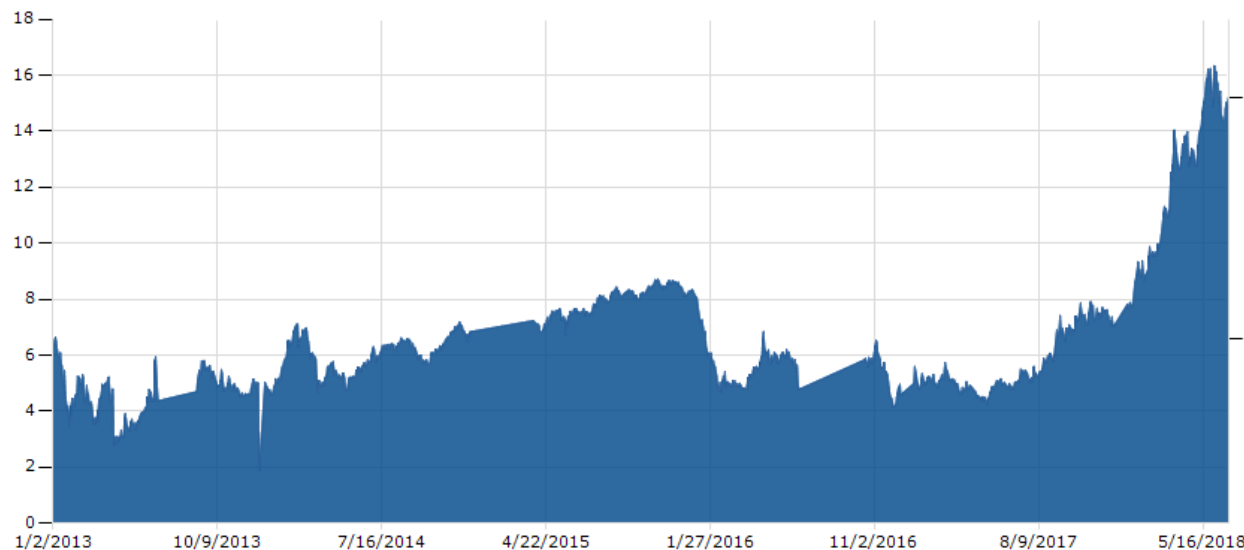
- Total emissions in the system are capped
- Flexibility on where reductions take place
- Allows individual companies to choose: abate or trade

- operates in 31 countries (EU-28 + IS + LI + NO)
- Covers more than 11,000 installations
- Targets power stations, energy-intensive industry and airline companies
- Covers \pm 45% of the EU's GHG emissions
- Target 2020: - 21% (compared to 2005)
- Target 2030: -43% (compared to 2005)

Main changes phase IV revision

- Cap reduction 2.2 % / year from 2021 onwards (currently -1.74%/year)
- Market Stability Reserve created from January 2019
 - Addresses the surplus of allowances and adjusts supply of allowances to the market needs
- Allocation: Auction remains primary choice
 - Free allocation to industry with reduced carbon leakage list and update of benchmark values
- Creation of Low-carbon and Innovation Funds
 - Innovation fund (>450-500 M EUAs) to support RES, CCS and EE in industry
 - Modernisation fund (2% of the cap) to modernise energy systems in lower income EU-MS

Price development EU ETS

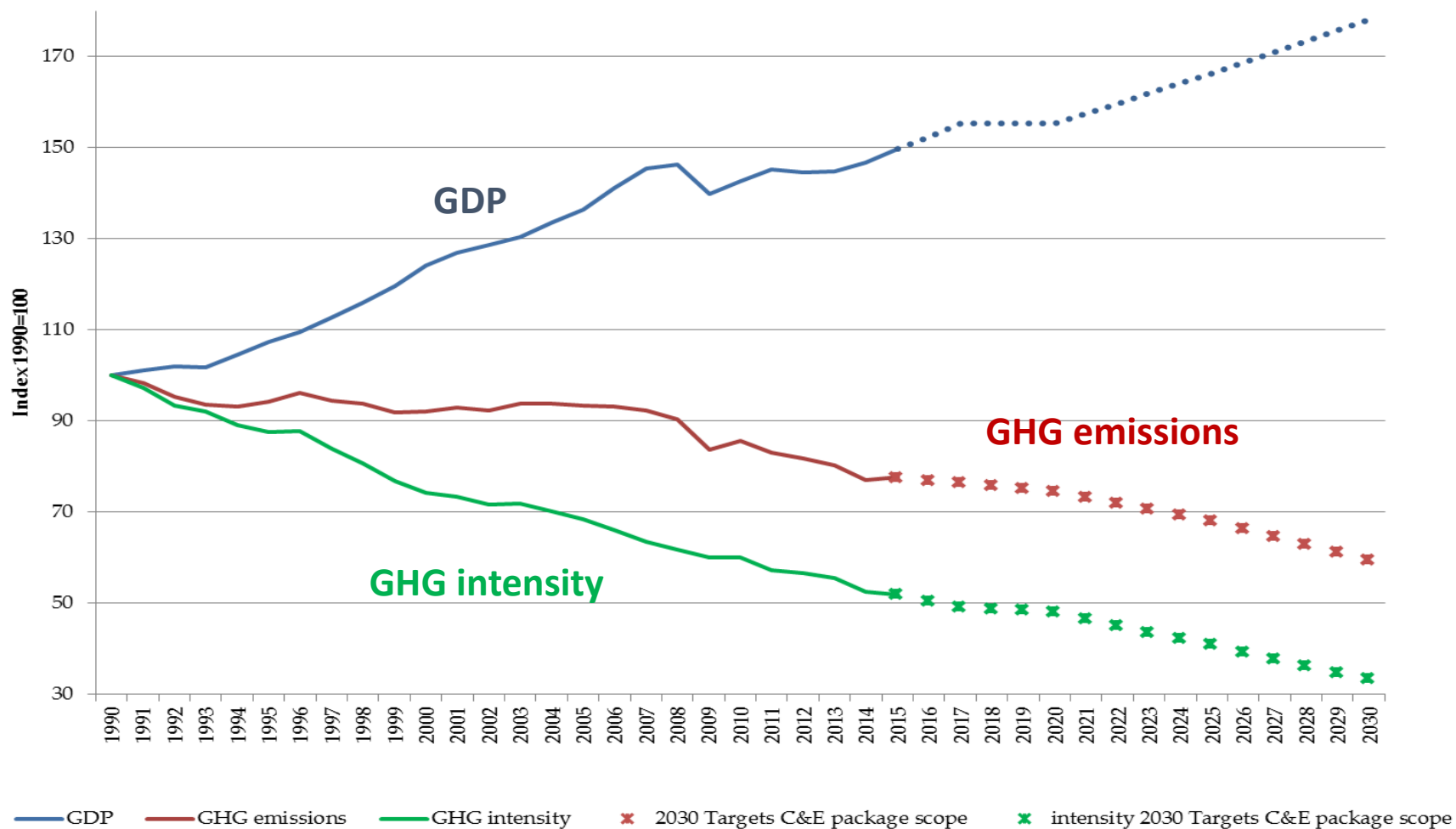


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Decoupling in EU economy

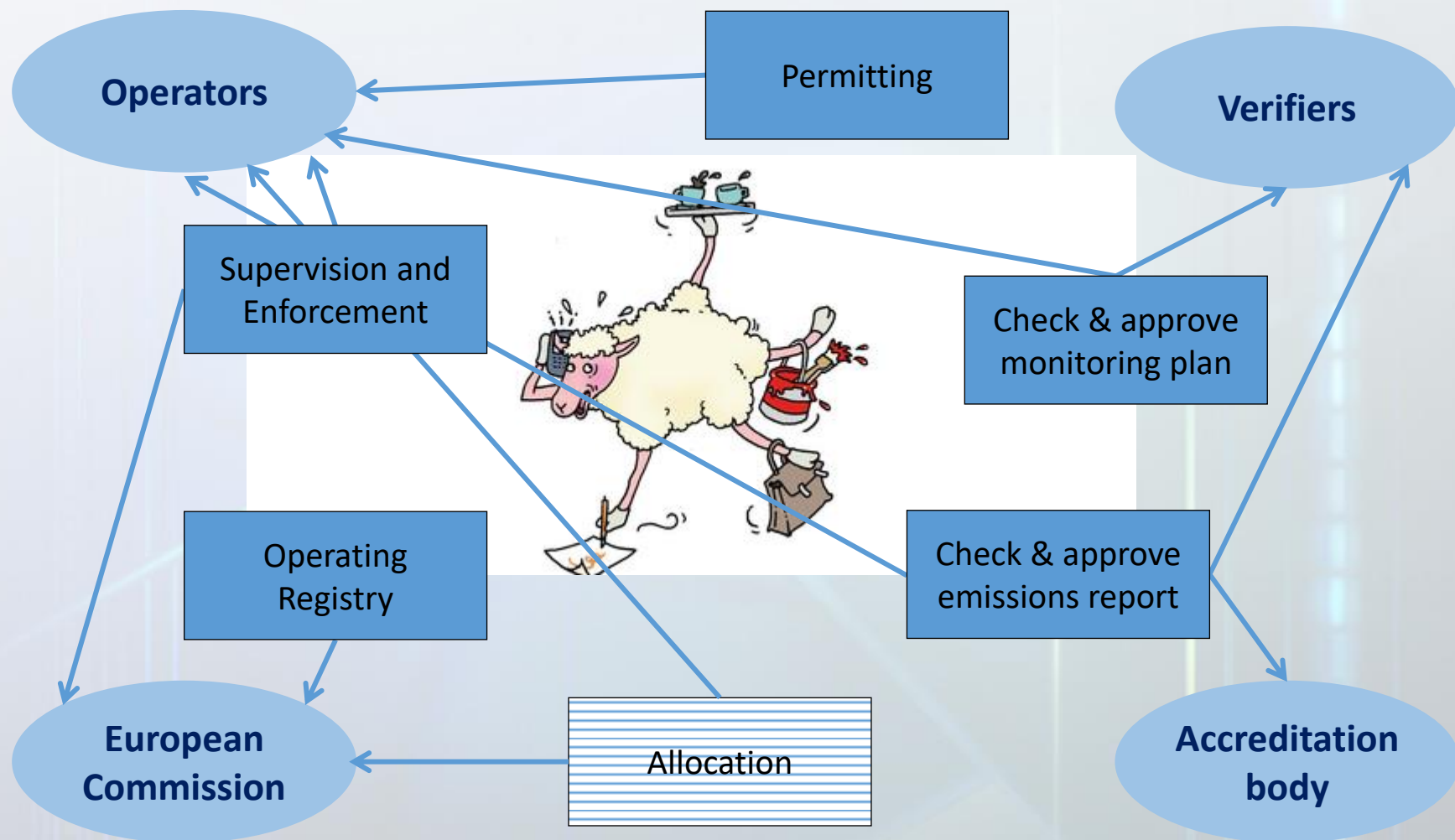


Summary of impacts

- EU allowance prices have not been at a level that they single-handed support low-carbon investments
- BUT expected price increases are impacting future investments
- AND the combination of economic developments, world market prices and strengthening regulations has:
 - strongly impacted the fuel mix of energy production, especially in electricity
 - therewith resulted in a strong negative cash flow of fossil fuelled plants
 - Strongly reduced energy intensity in EU-28 while GDP continued to grow
=> high level of decarbonisation of EU-28 economy



Role of Competent Authorities



Obligations for operators

- Apply for a greenhouse gas emissions permit
- Prepare a Greenhouse gas monitoring plan ('MP')
- Monitor emissions and report any significant changes to the authorities (update MP if required)
- Prepare annual GHG emissions report (in line with approved MP)
- Submit verified GHG emissions report to the authorities
- Submit improvement report, if relevant
- Manage EU ETS allowances in a registry account; ensuring the amount of allowances surrendered = verified amount of emissions