



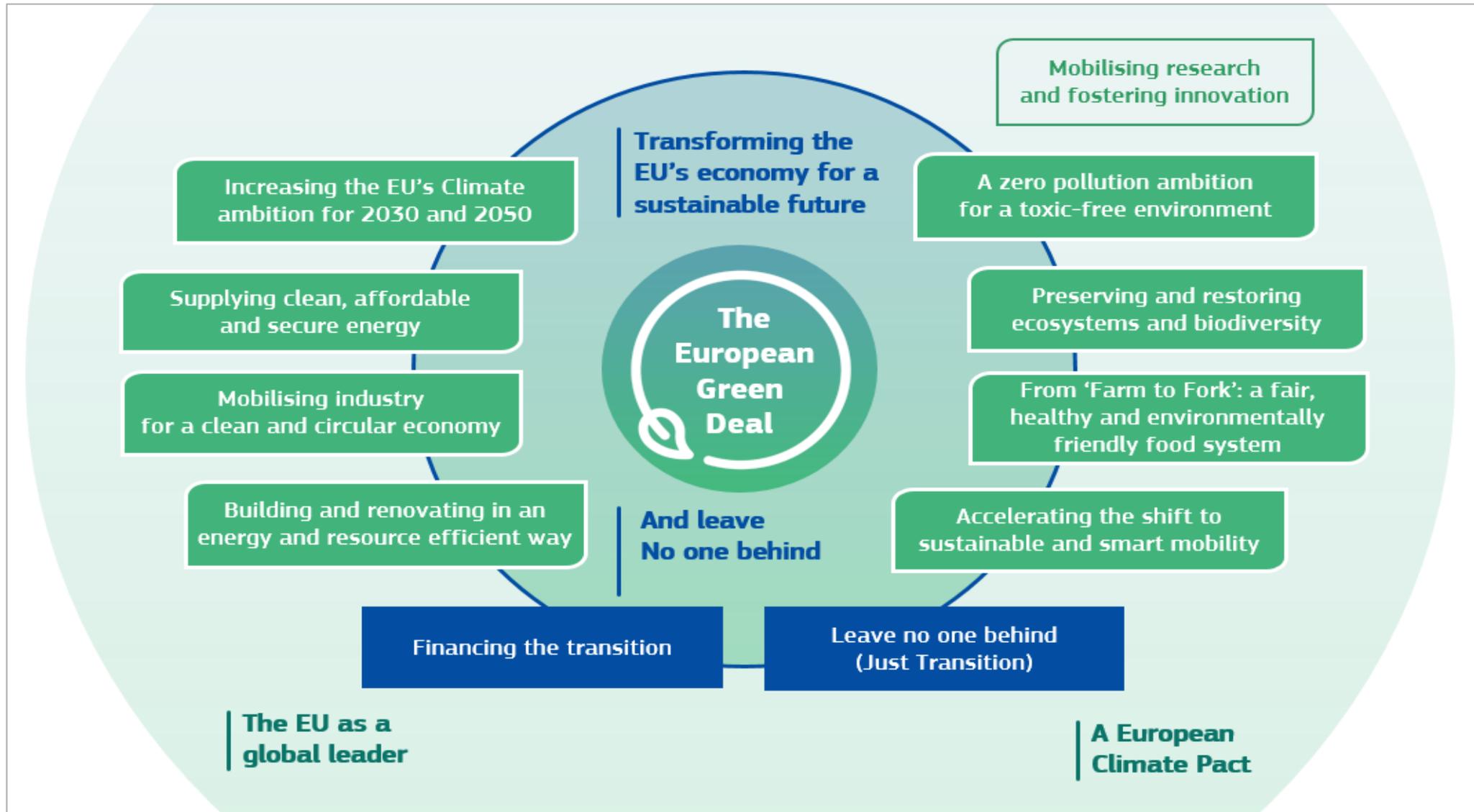
# EUROPEAN GREEN DEAL

The European Climate Law and  
the “Fit for 55” Package

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# The European Green Deal



# The European Climate Law

# European Climate Law

- European Climate Law Regulation adopted on 30 June 2021
- Union-wide climate-neutrality objective 2050
- New 2030 target of at least 55% net greenhouse gas emissions reduction
- Mechanism for setting 2040 target

# European Climate Law

## Main elements:

- Setting the objective of **climate-neutrality by 2050** into law
- Establishing the **updated 2030 target**
- Provision for review and assessment of progress
- Articles highlighting the role of adaptation and public participation

## Why is it important?

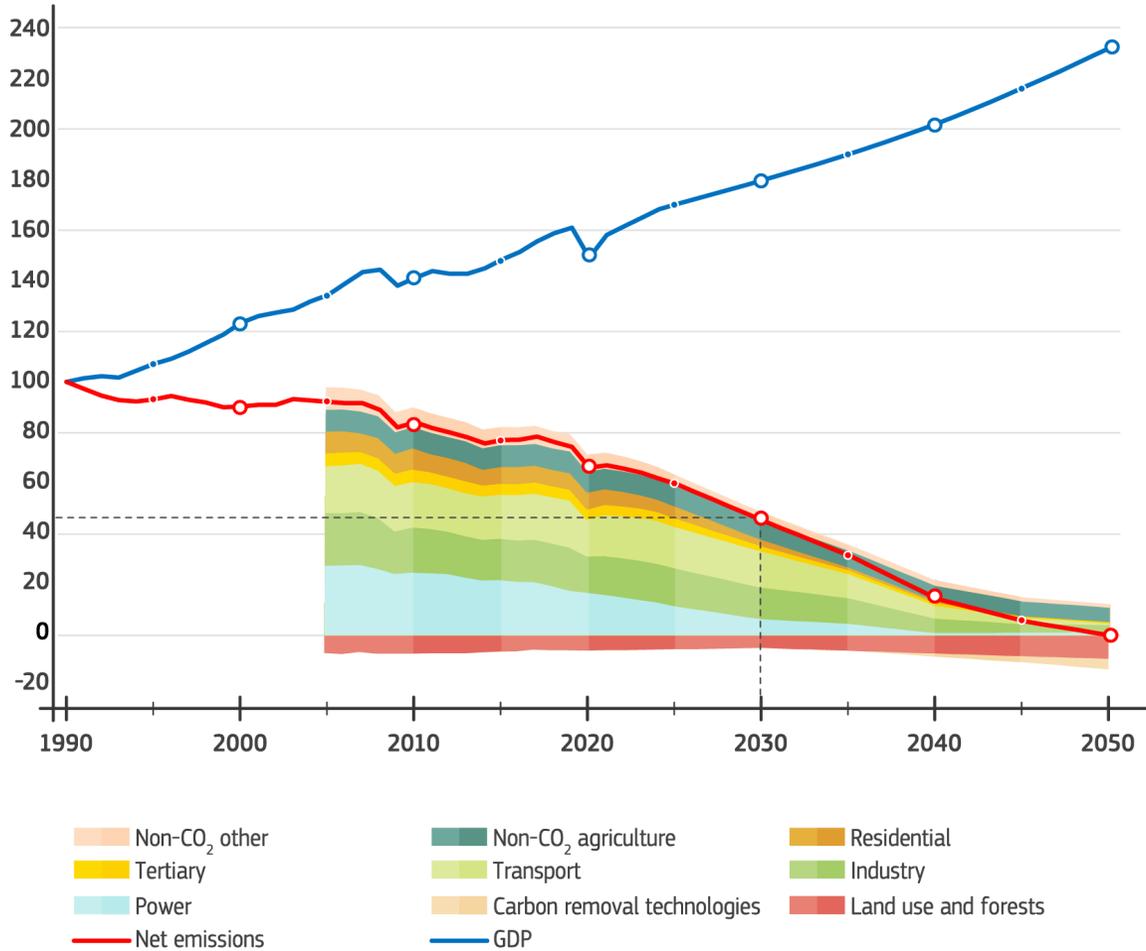
- Our path to climate-neutrality by 2050 is irreversible
- A clear signal to investors about the direction of policy for next 30 years
- Europe is committed to its Paris Agreement pledges



# Climate-neutrality objective

- Objective: to achieve “**net-zero**” emissions (Article 2)
- It is a **Union-wide** objective.
- It is an **economy-wide** objective.
- The climate-neutrality objective will be **achieved domestically**.
- Commitment to aim for **negative emissions** after 2050.

# Climate-neutrality objective (2)



# The new 2030 Climate Target

**2030 target:** *Domestic reduction of net greenhouse gas emissions (emissions after deduction of removals) by **at least 55%** compared to 1990 levels (Article 4(1)).*

## **Safeguards regarding the carbon sink:**

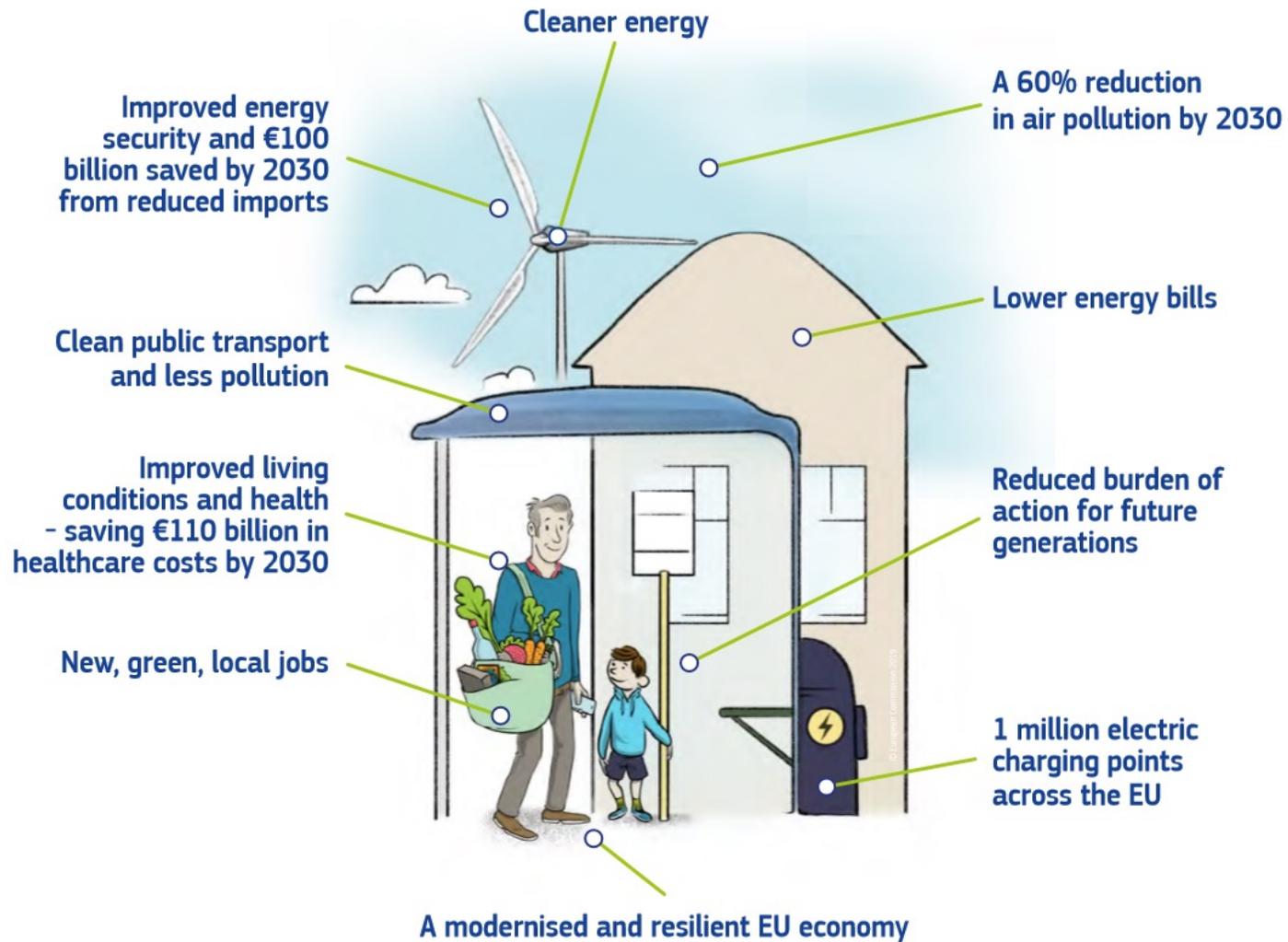
- The contribution of net removals to the target is **limited** to 225 MtCO<sub>2</sub>Eq.
- EU institutions and Member States to **prioritise emissions reductions**
- **LULUCF:** EU to aim for a higher volume of carbon sink in 2030
- **Commission statement** committing to make proposals for a LULUCF Regulation in line with the ambition of the 2030 Climate Target Plan

# Implementing the new 2030 Climate Target

The Commission reviewed and proposed legislation in July 2021:

- Reinforced and expanded **EU Emissions Trading System**
  - Updated **Effort-Sharing Regulation**
  - Strengthened **Land Use, Land Use Change and Forestry Regulation**
  - Revised **Energy Efficiency & Renewable Energy Directives**
  - Tightening of **CO2 emissions performance standards for cars and vans**
  - **Carbon Border Adjustment Mechanism & Energy Taxation Directive**
- The Commission will **monitor** whether the expected outcome of the package would achieve the target and may **take measures** in case of an expected gap (Article 4(2)).

# Implementing the new 2030 Climate Target (2)



# Mechanism for setting a 2040 target

Commission will make legislative proposal for **2040 climate target** at the latest **within 6 months after the first global stocktake** (i.e. first half of 2024, Article 4(3))

- Taking into account the Climate Law assessments and outcomes of the global stocktake
- Considering criteria laid down in Article 4(5)

**Specific review clause linked to international developments** (Article 4(5) and (6)):

- Commission may propose to revise the 2040 target within 6 month after the second global stocktake
- Article kept under review in the light of international developments, including with regard to discussions on common timeframes

# Greenhouse gas budget

Commission to publish the projected **indicative Union's greenhouse gas budget for the period 2030-2050** (Article 4(4))

- Indicative total volume of net greenhouse gas emissions that are expected to be emitted in that period without putting at risk the Union's commitments under the Paris Agreement.
- To be published in a **separate report** when making the proposal for the **2040 target**
- Based on the **best available science** and taking into account the **advice of the European Scientific Advisory Board on Climate Change** and the relevant **Union legislation** implementing the 2030 climate target

# Assessment of progress

- **Periodic assessment** of progress in line with the cycles of the Paris Agreement (Articles 6-8)
- Builds on Member States reporting under the **Energy Union Governance Regulation**.
- Introduces (limited) changes to the Governance Regulation (Article 13).
- **If progress is insufficient**, the Commission may:
  - Propose **new measures at EU level** (Article 6), or
  - Make **recommendations to Member States** (Article 7).

# A strengthened role for adaptation

## Article on adaptation to climate change (Article 5)

- Union and Member States to ensure continuous **progress** on adaptation
- Lays the ground for **new EU adaptation strategy** of February 2021
- Union institutions and Member States to ensure that adaptation policies are **coherent, mutually supportive and mainstreamed** into all policy areas
- Guidance on **Member States' adaptation strategies**
- Commission **guidelines for management of climate risks**

# Mainstreaming and public participation

## The Climate Law:

- Ensures **mainstreaming of climate** into all future EU legislation;
- It tasks the Commission to **assess the consistency of any draft measure or legislative proposal with the climate-neutrality objective and 2030 and 2040 climate targets and with progress on adaptation** and to include that assessment in the impact assessment (Article 6(4))
- Underlines **importance of public participation** in design / implementation of climate policy (Article 9).
- **'Climate Pact'** launched in December 2020.

# Scientific Advisory Board on Climate Change

- New scientific body established within the EEA, but independent from it; supported in its work by a secretariat hosted by the EEA (Article 12).
- Serves as a point of reference on scientific knowledge relating to climate change by virtue of its independence and scientific and technical expertise, to underpin the European Union's climate action and efforts to reach climate neutrality by 2050.

## Membership:

- 15 senior scientific experts covering a broad range of relevant disciplines
- Four years renewable

# Scientific Advisory Board on Climate Change (2)

## Mandate (Article 3)

- Considering latest IPCC findings with regard to information relevant to the EU
- Scientific advice/reports on Union measures, targets and GHG budgets and their coherence with the objectives of the Climate Law and the Paris Agreement
- Contributing to the exchange of independent scientific knowledge
- Identifying actions and opportunities

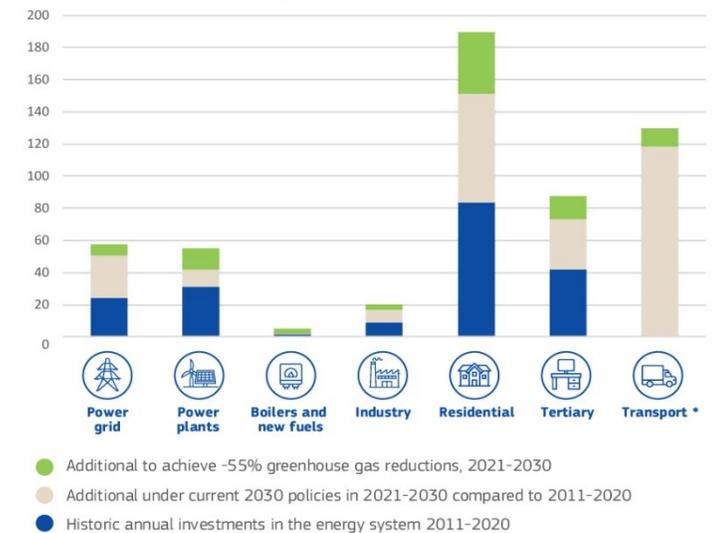
# Fit for 55 – At a glance

# Climate Target Plan

The Climate Target Plan published in September 2020 shows that “at least 55% target” by 2030:

- 1) is feasible;
- 2) will put us on the right trajectory towards climate neutrality;
- 3) requires more effort and contribution of all sectors of economy.

**Average annual investment 2011-2020 and additional investment 2021-30** under existing policies and to achieve -55% greenhouse gas emission reductions (in billion EUR 2015)

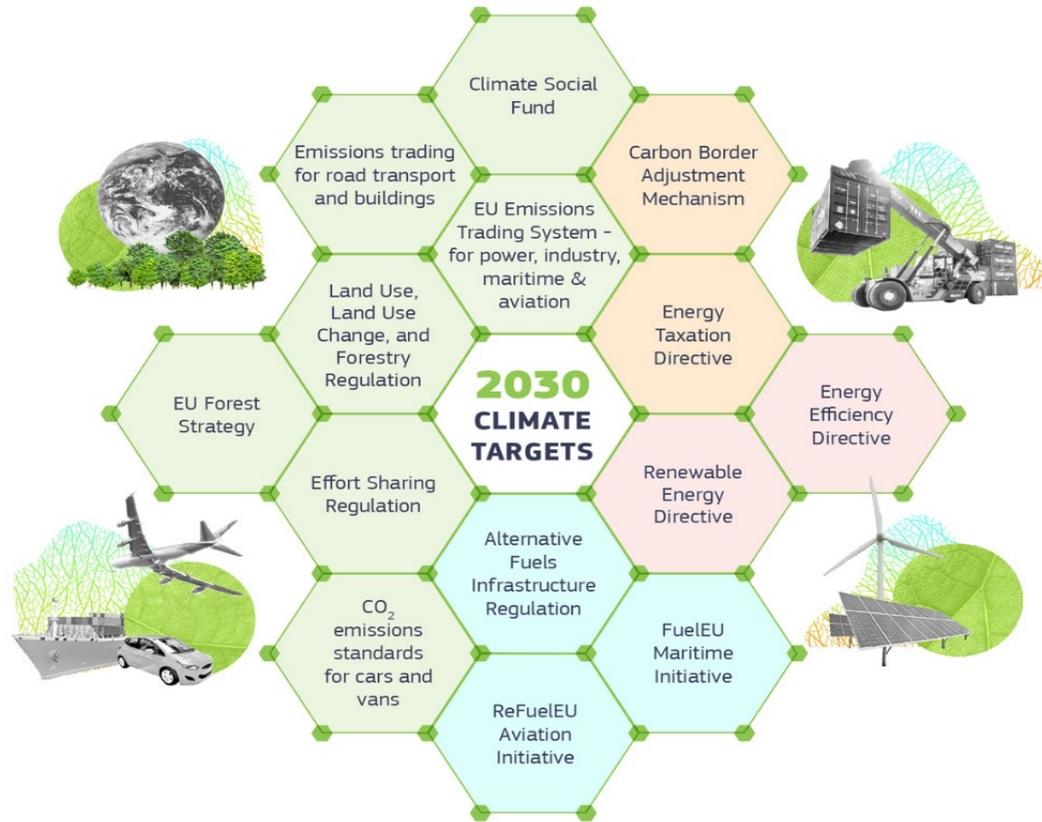


\* transport only shows additional investment

Climate Target Plan – Investment Challenge

The Climate Target Plan prepared the ground for the necessary transformation of policies for the decarbonisation of the European economy as set out in the European Climate Law

# The Fit for 55 Package – Overview



The package aims to make the EU ‘fit for 55’ and **deliver the transformational change** needed in a

- **fair,**
- **cost-efficient and**
- **competitive way.**

It cements the **EU’s global leadership** by action and by example in the **fight against climate change**

# Policy mix at a glance

Pricing	Targets	Rules
<ul style="list-style-type: none"><li>• Stronger Emissions Trading System including in aviation</li><li>• Extending emissions trading to maritime, road transport, and buildings</li><li>• Updated Energy Taxation Directive</li><li>• Carbon Border Adjustment Mechanism</li></ul>	<ul style="list-style-type: none"><li>• Updated Effort Sharing Regulation</li><li>• Updated LULUCF Regulation</li><li>• Updated Renewable Energy Directive</li><li>• Updated Energy Efficiency Directive</li></ul>	<ul style="list-style-type: none"><li>• Stricter CO<sub>2</sub> performance for cars &amp; vans</li><li>• New infrastructure for alternative fuels</li><li>• ReFuelEU: More sustainable aviation fuels</li><li>• FuelEU: Cleaner maritime fuels</li></ul>
Support measures		
Using revenues and regulations to promote innovation, build solidarity and mitigate impacts for the vulnerable, notably through the new Social Climate Fund and enhanced Modernisation and Innovation Funds		

The Fit for 55 Package consists of a set of **inter-connected proposals that strike a careful balance** between pricing, targets, standards and support measures.

# Presentation of proposals

# EU ETS



## Existing ETS

- Increase of 18 pp of emissions reduction (from -43% to -61% by 2030)
- Remove free allowances for aviation
- Inclusion of maritime transport

## New ETS

- For road transport and buildings, operational as of 2025
- Emissions reduction of 43% by 2030
- Social Climate Fund to address possible social impacts

# Support measures for a fair transition

- The **Social Climate Fund**: 1) **support households, transport users, and micro-enterprises**; 2) **support investments** in energy efficiency, buildings renovation, clean heating and cooling, integration of renewable; 3) **provide direct income** support for vulnerable households; 4) **finance zero-and low-emission mobility**
- **Financed by the EU budget**, using an amount equivalent to **25% of the expected revenues ETS building and road transport**. It will provide **€72.2 billion** for the period **2025-2032**



# A Social Climate Fund for a fair transition

- The **Social Climate Fund** will mobilise EUR 72.2 billion for the period 2025-2032 to:



Support **households, transport users, and micro-enterprises** affected by the impact of the new



Support **investments in energy efficiency and renovation of buildings, clean heating and cooling**



Provide **direct income support** for vulnerable households



Help finance zero- and low-emission **mobility**

# ESR and LULUCF

## ESR

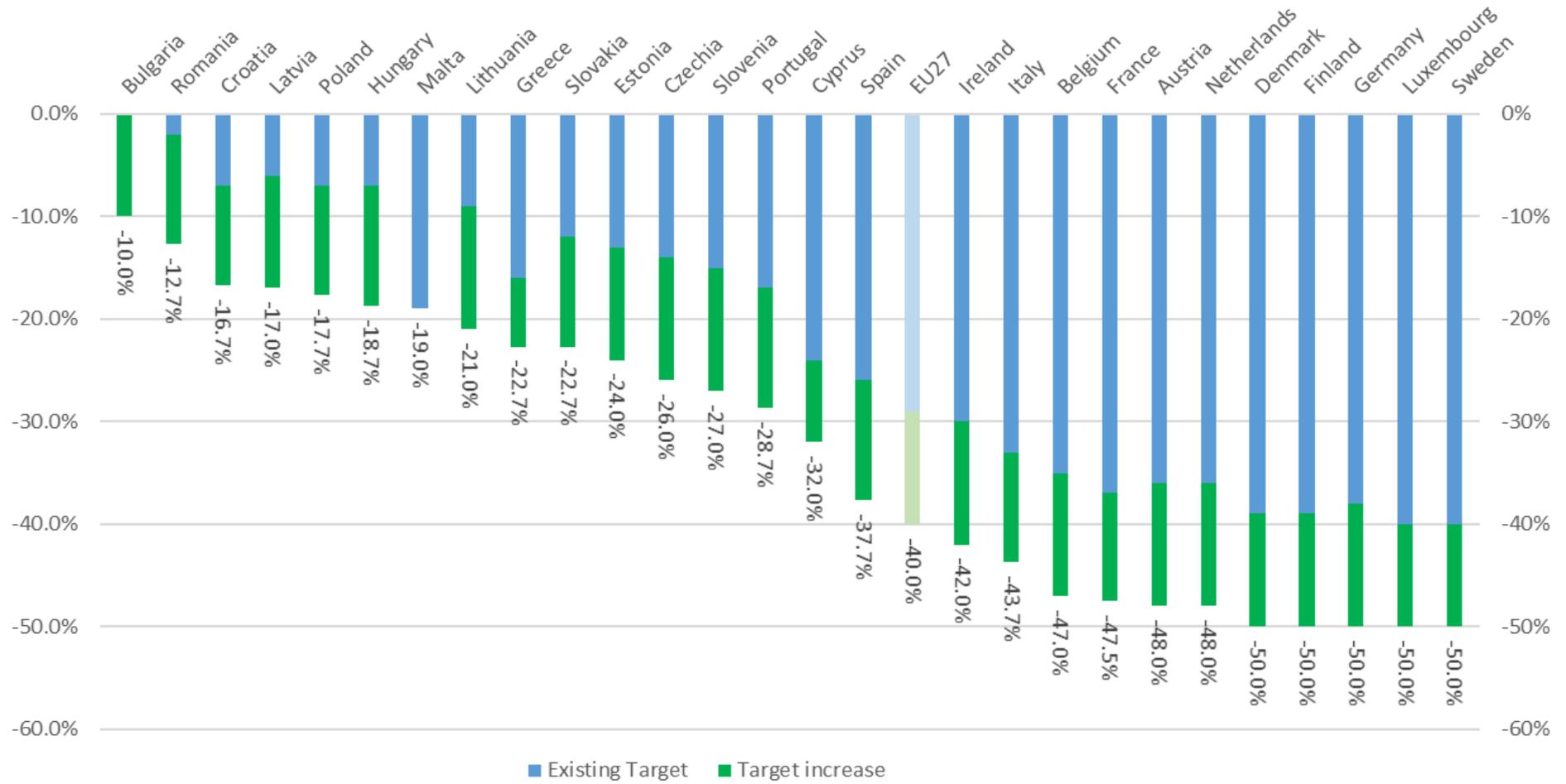
- Increase of 11 pp of emissions reduction (from -29% to -40% by 2030)
- Keep existing architecture and scope: will continue to cover road transport and buildings sectors, alongside their inclusion in the new ETS

## LULUCF

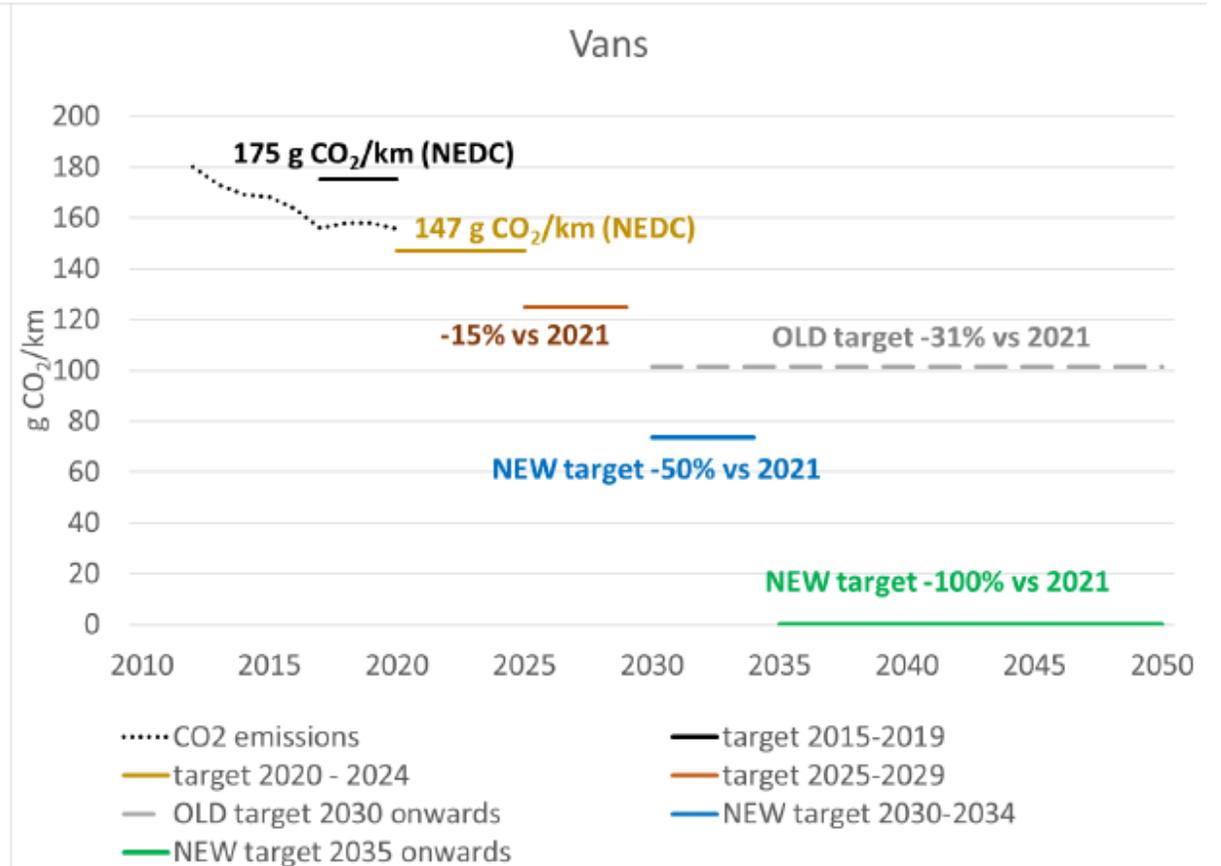
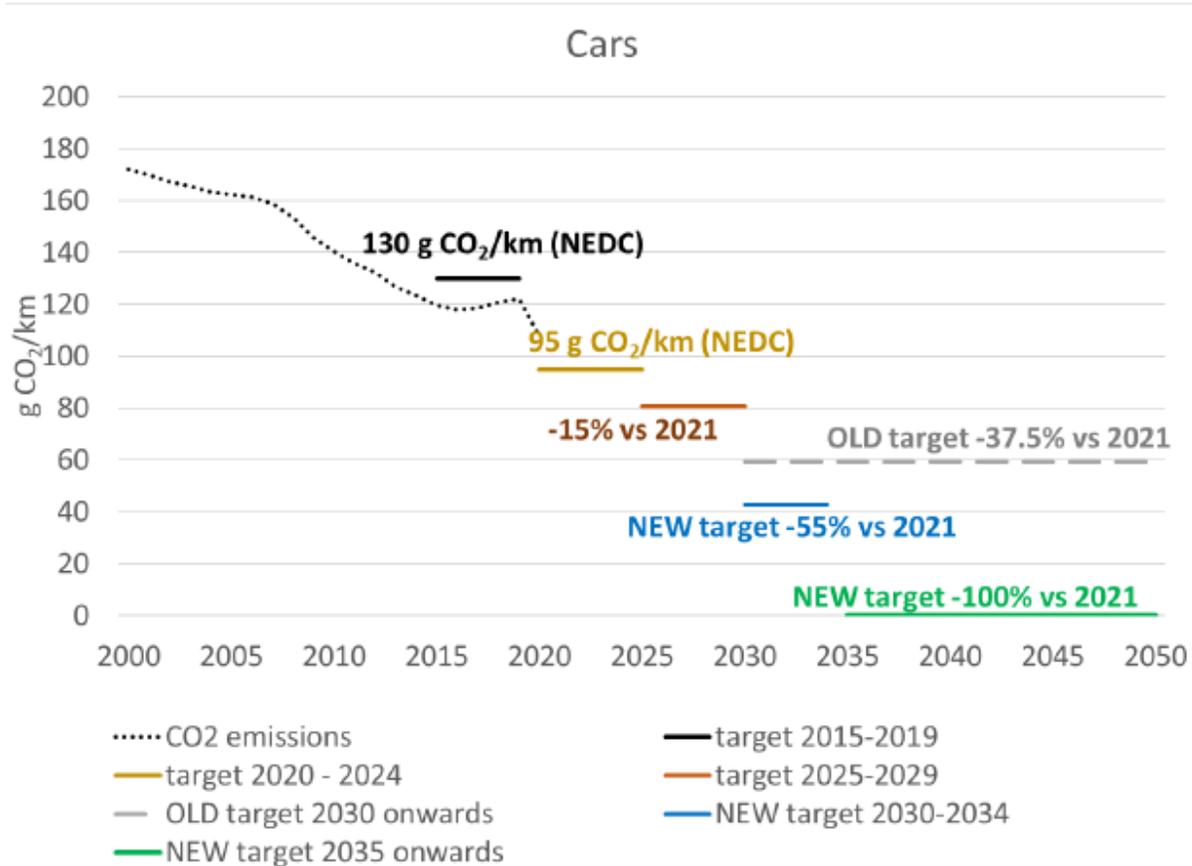
- Binding targets to increase net carbon removals from 2026 to 2030
- Significant simplification of rules
- Proposed EU-wide target of climate neutrality in land use, forestry and agriculture sector by 2035



# National GHG reduction targets in the sectors outside of the existing EU-ETS



# Stricter CO<sub>2</sub> performance for car and vans



# Revising the Renewable Energy Directive

- Increased renewables ambition in key sectors (heating and cooling, transport, industry, buildings) (EC now proposes 45%)
- Boosting the deployment of and the investment in renewable energy
- Sustainable bioenergy reinforced criteria in line with the EU Biodiversity Strategy

**Renewables** in the EU energy mix



**19.7%**

Current renewables share (in 2019)

**32%**

Current EU 2030 target

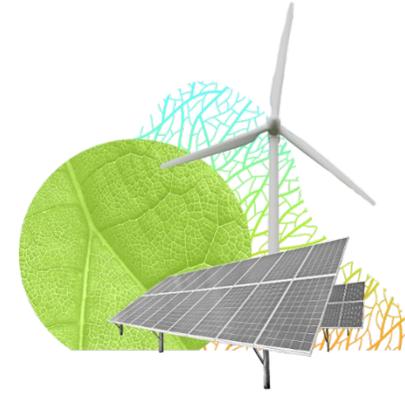
**40%**

New EU 2030 target



# Revising the Energy Efficiency Directive

- Indicative Member State contributions to the EU-level energy efficiency target
- Reinforcement of the Energy Efficiency First Principle
- Measures to alleviate energy poverty and boost consumer empowerment



**17.0-17.4%**

Current energy efficiency savings for primary and final energy consumption (in 2019)

**32.5%**

Current EU 2030 non-binding target (relative to 2007 projections)

**36-39%**

New EU 2030 binding target for final and primary energy consumption

# Policy measures on transport

- Stronger CO2 emissions standards for cars and vans
- Alternative Fuels Infrastructure Regulation
- ReFuelEU Aviation Initiative
- FuelEU Maritime Initiative



# Policy measures on taxation and trade

- Revision of the **Energy Taxation Directive**:  
Shifting tax incentives away from fossil fuels and towards clean technologies
- New **Carbon Border Adjustment Mechanism**:  
Carbon price on imports of a targeted selection of products to prevent 'carbon leakage'



# Revising the Energy Taxation Directive

- **A new structure of tax rates**
  - based on the energy content and environmental performance of the fuels and electricity
  - Minimum rates adjusted to reflect the most recent prices, and automatically adjusted annually.
- **A broadened taxable base**
  - Most national exemptions and rate reductions will be removed.
  - Kerosene used as fuel in the aviation industry and heavy oil used in the maritime industry will no longer be fully exempt from energy taxation for intra-EU voyages in the EU

# A Carbon Border Adjustment Mechanism against the risk of carbon leakage

- Puts a carbon price on import of goods most at risk of carbon leakage



**CEMENT**



**IRON & STEEL**



**ALUMINIUM**



**FERTILISER**



**ELECTRICITY**

- CBAM certificates mirrors the ETS price
- Free ETS allowances phased out (10p.p. per year) as CBAM is phased in between 2026 and 2035.



Thank you

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