



# The Paris Agreement and the EU 2030 agenda

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Karpacz, Poland

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# Overview of the Paris Agreement on climate change

## Legally binding agreement

All countries will be able to sign the agreement. This makes the first legally binding agreement where governance is by the Conference of Parties. All countries have to contribute through Nationally Determined Contributions (NDCs).

## Long-term goal

“Well below 2 degrees” and 1.5 degrees included core targets of the Paris Agreement and international action for the first time. Importantly, this also includes “global peaking” of greenhouse gas emissions.

## INDC target review every 5 years

First review in 2018 to apply to 2020 targets onwards. Second review to take place in 2023 to apply new targets for 2025, etc. Targets cannot be decreased. They can remain the same or increase.

## Transparency, accountability and compliance

All emission reductions will be measured using the same metrics. This avoids double counting and ensures net emission reductions which means that planting trees does not replace mitigation efforts for polluting sources.

# Next steps

**February/March 2016:** European Commission presents overview of the Paris Agreement.

**March 2016:** European Council (heads of governments) discuss Paris Agreement and next steps to 2018 targets.

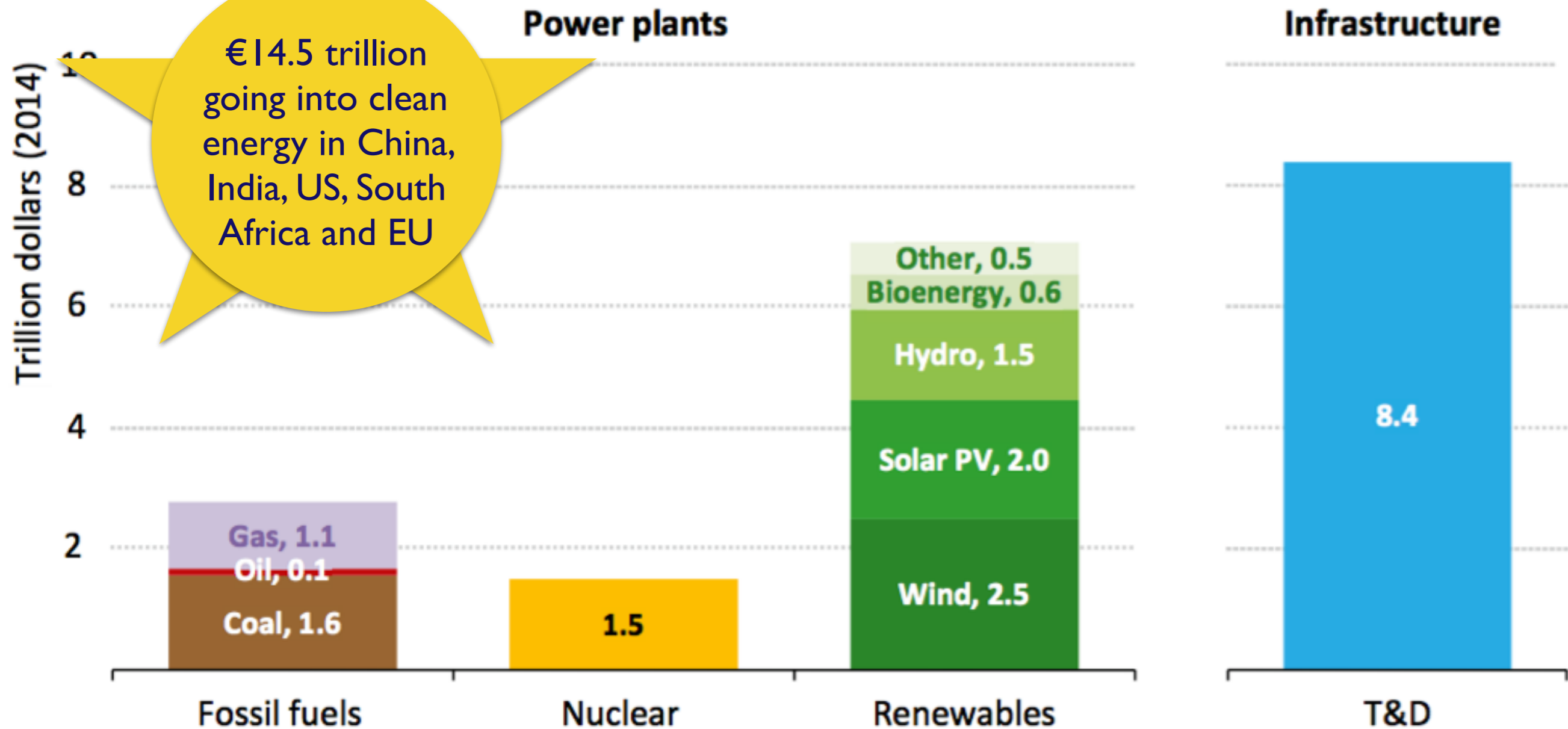
**April 2016:** EU will sign the new treaty. Ratification process will take about 18 months.

 **2017:** IPCC presents 1.5 degrees scenario. Carbon budget expected to be about 55 Giga Tonnes.

 **2018:** Paris Agreement stock take of NDC and needed action based on past activity and latest science.

**2023:** New NDCs submitted.

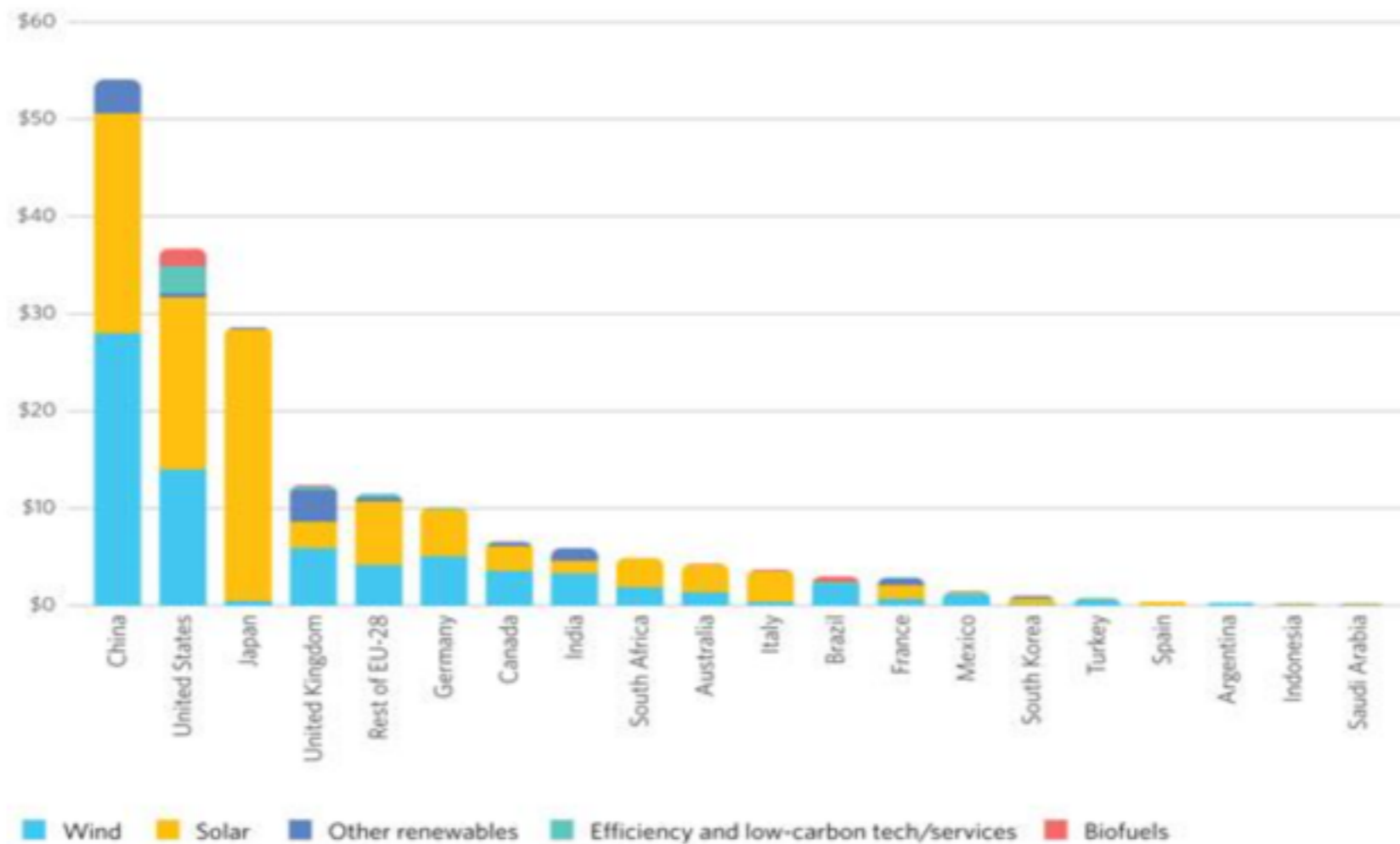
# INDCs: Global cumulative investment in the power sector 2015-2040



# Research and development (b)

## And a first mover advantage in jeopardy

Investment by Country and Sector, 2013 (in US\$ billions)  
China garners 29% of G-20 clean energy investment



Source: BNEF taken from European Commission (DG Energy)

# EU 2030 package opportunities

## Finance

**Innovation Fund:** Supports commercial-scale demonstration of key clean technologies such as CCS, renewables, energy storage and industrial feedstocks/processes.

**Modernisation Fund:** Between €9-28 billion available for investment in energy system modernisation (energy savings, renewables, distribution systems and grids).

**Energy Efficiency:** Commissioner Arias-Canete stated on 17 December that the Commission would come forward with a 40% target in 2016.

**Electricity Market Reform:** Major overhaul of the European electricity market. It will allow for better integration of renewable energy and financial rewards for demand-side savings.

## Investment

**Renewable Energy target:** EU-wide target which enabling architecture on priority dispatch, cross-border cooperation, grid integration and financing.

**Decarbonisation of transport:** Communication coming in February/March. Sets up possible debate on electrification, CO2 in cars targets to 2025, shipping and aviation.

**Emissions Trading:** Review in progress. Key areas of reform are i) Modernisation Fund ii) Innovation Fund iii) how to incentivise industry to make investment in efficient production processes iv) how to maximise investment from power companies.

## Global trends

### Stranded assets

Fossil fuel capacity will become increasingly costly and uncompetitive because of the need for earlier closure but also through the rise of low-cost, cleaner alternatives with a strong consumer lifestyle element like electric cars, household electricity storage, household and decentralised renewables.

### “Moving plates”

Many regions, industries and companies that were dominate in the high-carbon world will find their prestige and position decline unless they are able to transition to sustainability. This transition will create a considerable opportunity for new wealth and prosperity to emerge.

### Falling clean tech costs

Solar, wind and other renewable energy costs are to fall dramatically to the point that small-scale (household level) will become consumable products. This will impact on large scale energy utilities.

### New entrants

Many new countries (China, India, Vietnam, South Africa enter the clean technology markets) creating larger markets and serious competition to EU intellectual property leadership.

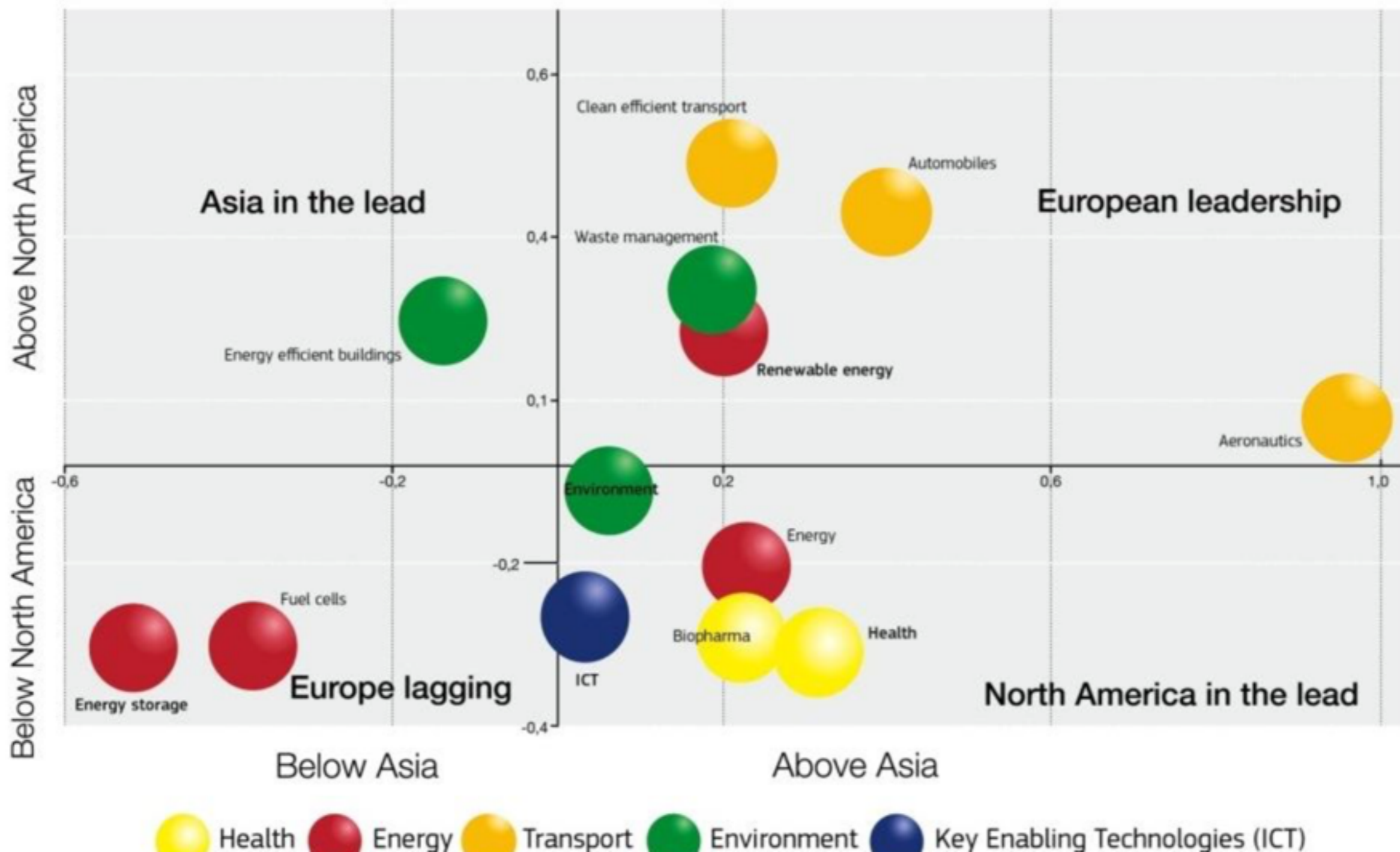
Also new entrants are emerging in conventional industries like automobiles with the coming of the iCar, Google car LeTv car around 2019.

Big data management and the rise of “platforms” will continue shake up conventional business models.



# Research and development (a)

Europe not in a dominant position on all energy related research



Source: European Commission (DG Energy)



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