



# EU climate and energy policy for 2030 and beyond

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30 June 2015

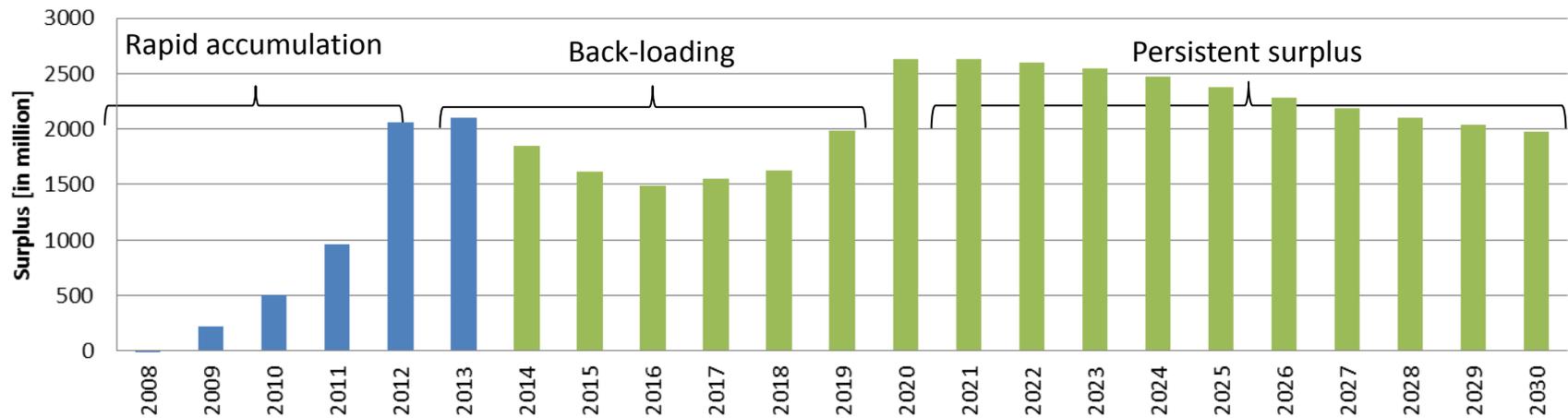
*Climate  
Action*

# The EU ETS and its role in Energy Union

- ❖ *The ETS is a functioning instrument to decarbonise (since 2005), applying across 31 countries, and half of EU's CO<sub>2</sub> emissions*
- ❖ *Binding linear reduction trajectory, with the EU-level price signal reinforcing internal market and uptake of low carbon technologies*
- ❖ *Shift since 2013 to significant auctioning, with Member States' revenues and dedicated funds supporting low carbon innovation*
- ❖ *Harmonised free allocations across EU for industries & heat, addressing risk of carbon leakage*
- ❖ *State-of-the-art and secure single electronic registry, and allowances fully included in financial market regulations*

# Backloading and the Market Stability Reserve

- ❖ *Long discussion following recession + influx of JI/CDM drawing to a close*



- ❖ *Continued imbalance would have profoundly affected ability to meet the medium-term target in a cost-effective manner*
- ❖ *EU ETS made more resilient to large demand shocks in future*



## EU ETS up to 2030

### 'A well-functioning reformed EU ETS' as main European instrument

Annual **2.2% cap reduction** from 2021 to deliver 43% cut

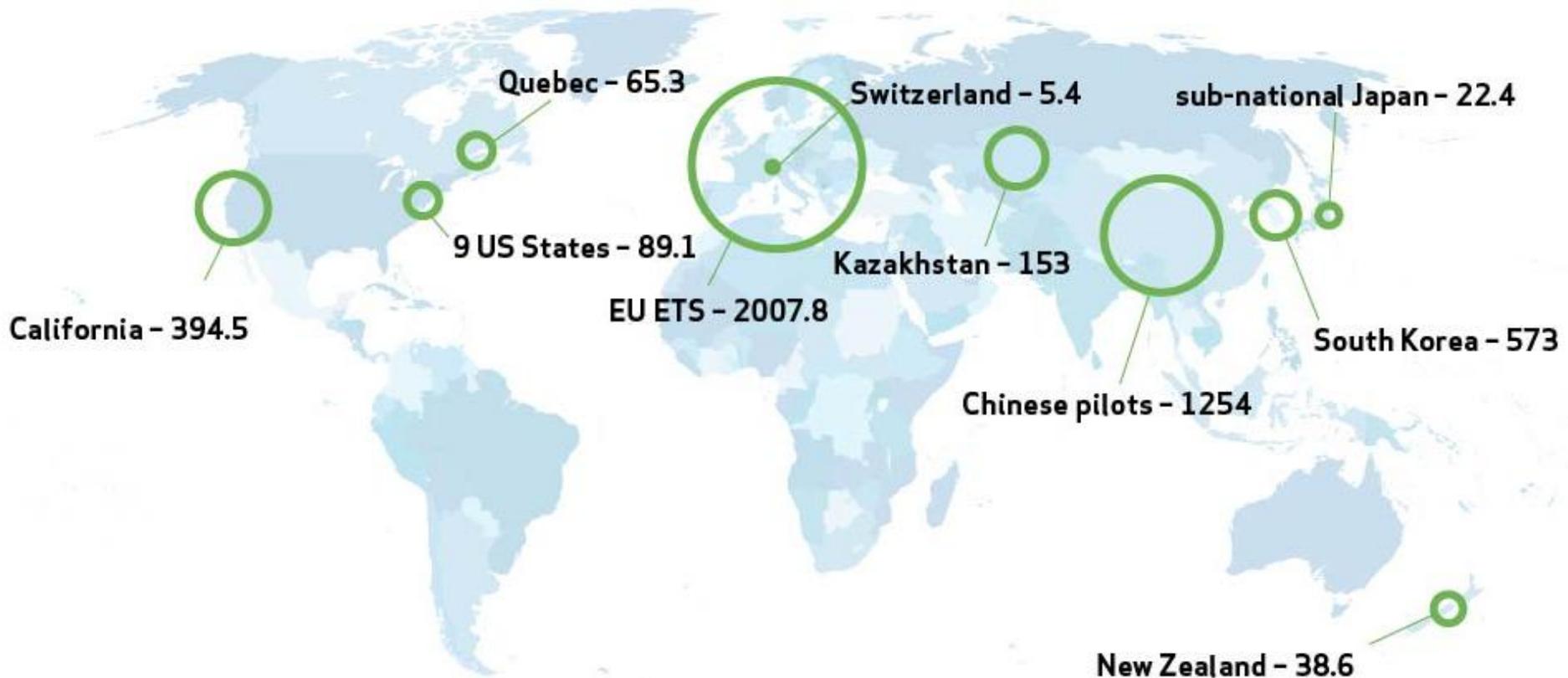
**Free allocation** to prevent carbon leakage **continued**

**Redistribution of auction revenue:** 90% among all 28 Member States / 10% among lower income Member States

Scaled up **Innovation funding** (400 million allowances)

**Modernisation fund** + nat.action to modernise power generation

# International uptake of ETS in 2015



❖ *More and more calls for actual carbon pricing*

# *To 2030 and beyond...*

- *Internalisation of external costs continuing (including progress on subsidies)*
- *Expanding application of climate and energy policies geographically, and as a proportion of economies*



This book was EC's Stavros Dimas' gift to Mr. Al Gore at the avant premiere of "An Inconvenient Truth" (8 March 2006)

- *Further enhancing synergies: for innovation and financing the transition*
- *Knowledge and experience-sharing*