Institutions and governance - Fit for decarbonisation

Brussels, 30 June 2015
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Basis

Guided by vision of 80%-95% emission reduction by 2050

Focus on how to strengthen EU climate action

- Mitigation
- Policies / rule setting
- Some aspects of favourable institutional set up
- Touch on implementation issues
- Not adaptation

Approach: Literature study, interviews, case studies
The Role of Law and Institutions

Authors: Mehling, Bausch, Donat, Zelljadt

Thematic focus:
- Institutional and political structures
- Regulatory approaches
- Conflicts and challenges

Country studies: EU, GER, PL, UK
European governance & the low-carbon pathway

Authors: Bausch, Roberts, Donat, Lucha

Contributions by IVM: Munaretto, Walz, Dimitriou

Thematic focus:
- overlaps between climate and energy policy
- de/centralisation of climate policies / rule setting

Case studies:
- EU ETS, RES support scheme, targets
- electricity grid infrastructure
European governance & the low-carbon pathway

Centralisation:

- Legal bindingness
- Level of harmonisation
- EU level institution building

Sliding scale – regional approaches
Some key insights - regulatory approaches

- Due to different history and preferences, regulatory approaches differ between MS
- Process of convergence due to learning and EU law
  - UK: FiT; GER: ETS
- Not an obstacle for specific European policy approaches
- New policy approaches might lead to court cases
  - Beware, as this is time consuming
- Be prepared for surprises: Theoretically optimal solutions do not tend to be the ones implementable in practice – and effects are sometimes surprising
Some key insights – de/centralisation

- No fixed correlation between degree of centralisation and level of mitigation ambition
  - Instead decisive: Policy design & level of ambition
- No perfect or even static equilibrium between central and decentral elements
- Centralisation often a process
- Not binary – often hybrid approaches
- De/centralisation needs capacity and institution building
  - E.g. EU ETS registry
Some recommendations

What should be created/protected

» structures which are politically “risk resilient” against a change in political landscape which is mitigation averse
  ▪ Example: Commissioner for Climate Action

» Freedom for frontrunners

» Incentives for frontrunners
  ▪ Example: EU ETS

» Flexibility to be able to react
  ▪ Example: ancillary investments for offshore meshed grid
Some recommendations

Create a learning system

- In particular for new approaches:
  - Member States as policy laboratories (example: RES support)
  - Or learn from other countries (example: Chinese ETS pilots)
- Implement monitoring and review mechanisms

Highlight climate mitigation in centralised policy areas

- e.g. trade

For regional approaches: Identify / create incentives for RE expansion
Some recommendations

Increase centralisation

- EU: GHG, RE & EEff targets backed by national targets
  - Important for
    - electricity grid planning
    - investment security
    - credibility at international level

- EU & regional: Increase electricity grid integration / coordination
Some key insights – potentially unfeasible

Would be good to have:

- Priorisation of decarbonisation / climate protection over other goals

Should not be a priority:

- Change of primary law – competency for energy mix
Thanks!

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