

WINTER 2020

# Shifting gears: Achieving climate neutrality by 2050

EVENT REPORT



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# Climate action, not words: will COP26 be the tipping point?

## Shifting gears?

Is the EU executing the decisive gear-shift that is needed not only to meet its own ambitious climate targets and agree on its vision for climate neutrality by 2050, but also to successfully lead the way globally?

Experts gathered at the Friends of Europe debate 'Shifting gears: Achieving climate neutrality by 2050' – held in Brussels on 19 February – to assess where Europe is at, what it needs to do, where it's going and whether it will arrive on time.

Moderator and Director of Insights at Friends of Europe, **Dharmendra Kanani** said that with a new Commission in place and its stated 'European Green Deal' ambitions, as well as the imminent unveiling of the new European Climate Law, the assessment of member states' National Energy and Climate Plans, and the COP26 coming up in Glasgow in November, it's an interesting time for the climate agenda that has a "last chance saloon" feeling about it.

"Everyone is really thinking of Glasgow as the tipping point that we should look forward to – but should it be, can it be, given all the different drivers that are at play, not least politics?" he said, adding that the constant re-negotiation of targets was delaying action.

Participants heard perspectives from the International Energy Agency, the private sector's Electricité de France (EDF), the European Commission Directorate-General for Energy, and Climate Action Network Europe.

There was agreement that more needed to be done to create the conditions for consumers to more easily transition to renewable energy sources, and that Europe – which accounts for 9% of global CO<sub>2</sub> emissions – must use its ambition to take an assertive leading role in getting other countries on board with tackling the climate emergency.

## Where are we on the climate agenda?

Providing an overview, **Laura Cozzi**, Chief Energy Modeller at the International Energy Agency (IEA), noted that energy still represents 80% of global CO<sub>2</sub> emissions and the figure has been consistently rising but, contrary to expectations, the data for last year showed the figure had plateaued.

This was mostly the result of a significant decrease in emissions from the energy sector in Europe, the USA, Japan and India, due to a mixed picture of coal-to-gas switching, an increase in renewables and the use of nuclear.

“This tells us that when we deploy all the technologies, we can go fast,” she said.

On a more sombre note, developing countries’ emissions increased significantly. Cozzi also warned that in Europe’s passenger vehicle sector, emissions were continuing to grow – due to 40% of recent buyers choosing large cars that emit more – and that the narrative around rising sales of electric cars was creating a “distorted” perception. She said the area in which Europe needed to take the most action was in building and retro-fitting buildings. But in neither case would targets be achievable without “consumer buy-in”, she added.

All the scenarios show that Europe’s emissions need to decrease by at least 60% by 2030, which exceeds even the most far-reaching statements from the EU, she said, adding, “Are we on track for that? Probably not.”

The Director of Climate Action Network Europe, **Wendel Trio**, said the most recent UN report showed the emissions gap the world is facing in 2030, comparing current commitments with what is needed, was “enormous” at 25 gigatons of CO2 equivalent. He said the statistics illustrated how crucial it was to get other countries on board.

While targets are discussed, the fundamental question of the marketplace, and how the issue of carbon neutrality plays into that, was not being tackled head on, highlighted Kanani.

“I’m not sure we have convinced ourselves that we can create a new economic model. That is at the heart of it. How much money do we really need to make, can we make money in a sustainable way, and do we need to think about our livelihoods and how we consume?” he said.

“ At what point do we really get our acts together and get moving? Because that window is narrowing by the month

**Dharmendra Kanani**, Director of Insights at Friends of Europe

### Is the EU doing enough, and at the right speed?

One of the “frustrations” about the climate dialogue is that so much time is expended on what the targets should be and how we manage the politics, that action ends up being delayed, said Dharmendra Kanani.

“At what point do we really get our acts together and get moving? Because that window is narrowing by the month,” he said.

Director for Energy Policy Coordination at the European Commission Directorate-General for Energy, **Paula Pinho**, said things were already changing, citing the commitment to becoming the first climate-neutral continent as something that would

have been “taboo” even two years ago.

“Now we are in the final days of preparing a piece of legislation proposing exactly this. I think it’s a big breakthrough, daring to put this in a legal act,” she said.

Acknowledging that member states’ initial draft plans on delivering their share on renewables and energy efficiency had “not added up”, she said while all the final plans had not yet been received, “the gap has narrowed”.

“We are coming closer, but it may still not be enough. We will have to come together and put national measures combined with measures at EU level in order to make sure we will be able to deliver on the current 2030 target. If we want to go further, then we’ll have to do even more.”

“ We are aiming at carbon neutrality and nobody else is even trying that. It can be risky, you can lose money, you can get lost. The key thing is you must have the right compass

**Erkki Maillard**, Senior Vice-President for European and International Affairs at EDF Group, and Diplomatic Advisor to the CEO

**Erkki Maillard** Senior Vice-President for European and International Affairs at EDF Group, and Diplomatic Advisor to the CEO, said he believed Europe’s “trailblazing” approach was stacking up.

“We are very ambitious and that’s a good thing. We are aiming at carbon neutrality and nobody else is even trying that. It can be risky, you can lose money, you can get lost. The key thing is you must have the right compass. We believe that the right compass is the fight against CO2 emissions.”

He said among the positive moves coming from the Commission were reform of the Emissions Trading System (ETS) and the planned strategy on electrification.

“There are shortcomings, of course. It is going to be a very difficult journey,” he added.

A crucial element of the journey is getting the timing right. What is the Commission doing to ensure that by the European Council meeting in June, there is a credible plan to meet the 2030 targets? Kanani asked Pinho.

“Clearly in the agenda for this year is the idea to come up with this plan of how we are going to deliver on even 50% of greenhouse-gas emissions. I am not sure it will be in June. The idea is it’s in the summer,” said Pinho.

“ We are now looking into the potential of all sectors, how they can contribute to reducing greenhouse-gas emissions. The scope is much larger, therefore the complexity of the exercise is much bigger

**Paula Pinho**, Director for Energy Policy Coordination at the European Commission Directorate-General for Energy

“But what is important is that we are now looking into the potential of all sectors, how they can contribute to reducing greenhouse-gas emissions. The scope is much larger, therefore the complexity of the exercise is much bigger.”

Wendel Trio urged the Commission to adopt its new emissions reduction target, of at least 50%, in June.

“It’s about the international process,” he said, including the run up to COP26 and an EU-China summit in September.

“September is the moment that we can bring the EU and China together in a positive momentum. These are the two biggest emitters that are committed to staying in the Paris Agreement.”

“ It is not the end of climate action but it is the end of the collective revision of the targets. Because for the rest of the world the process finishes in Glasgow

**Wendel Trio**, Director of Climate Action Network Europe

He said if the target increase happened after Glasgow “then it will be EU only”.

“It is not the end of climate action but it is the end of the collective revision of the targets. Because for the rest of the world the process finishes in Glasgow. They will stop their conversations. And the EU might do it alone, but it will not bring the rest of the world on board. And that’s the crucial issue.”

### **All aboard? Creating the right conditions for all consumers**

Are consumers at the centre of transitioning to a climate-neutral economy? How do we create an ecosystem that ensures citizens are well informed and have equal access to affordable and straightforward choices when it comes to, for example, their homes and transport?



1. **Wendel Trio**, Director of Climate Action Network Europe
2. **Erkki Maillard**, Senior Vice-President for European and International Affairs at EDF
3. **Laura Cozzi**, Chief Energy Modeller at the International Energy Agency (IEA)
4. **Paula Pinho**, Director for Energy Policy Coordination at the European Commission Directorate-General for Energy



“We are at the stage of the transition where it’s not only about companies, it is about making sure consumers buy into this transition, otherwise we will not make it”, said Laura Cozzi.

Paula Pinho said when it comes to buildings, Europe needs to increase the renovation rate and make them energy-efficient but this was proving to be “a low-hanging fruit that is extremely difficult to pick”.

“The business case is that it’s not yet suitable for the consumer to benefit from it. We are looking into that as we speak. It is not because of a lack of ingredients – they are all there.”

One example of a shortcoming in the current set-up is that someone who wants to buy a heat pump to increase efficiency in their heating system pays a high price, and the fuel they use is not equally taxed across Europe, said Erkki Maillard.

“If we want to decarbonise [sectors] such as housing we need to adapt and change the regulations,” he said.

A Belgian politician who contributed said the country had a history of incentivising consumers, but schemes are only accessible to the minority who can fund the capital outlay. “That means that whatever market incentives you put on it, for many people it becomes a harassment,” he said.

Kanani argued that a different, more “managed market”, approach is needed to support behaviour change, especially in poor communities.

“One of the concerns I have always had is that consumers have to wire themselves around the system rather than the system wiring itself around them. We need to have a systemic approach between the private and the public sector that looks that problem in the eye, state by state, area by area...and I don’t think we even have that in the narrative.”

## **Nuclear: the elephant in the room?**

Can we ‘make it’ without nuclear, or do we risk backing the wrong horse in the decarbonisation race?

The NGO movement is not a fan of nuclear energy, said Trio, who added that building new nuclear power plants in Europe can’t happen without subsidies.

“Even with subsidies it’s hard to see how it will happen. In the UK they had a subsidy well above the market price, and still investors ran away. I am afraid betting on nuclear is going to be a wrong bet because economically it will not happen unless we get massive subsidies from China and Russia going into certain Eastern European countries,” he said.

Erkki Maillard from EDF, which produces the majority of its electricity via nuclear, said the IEA itself had stated that without nuclear “we can’t make it”.

He said the three governments that had sanctioned the UK project “know the value they are buying when they build a nuclear power plant – there will be jobs, independence and sovereignty, and CO2-free electricity in a stable manner”.

“I am not saying it is the solution – we’re saying, with others, that this is part of the solution. We know that renewables will be the big chunk of the next generation, but today, excluding nuclear and not creating a level playing field and equal opportunities for all CO2-free technologies is a madness. Where is the CO2 compass here?”

Laura Cozzi said she agreed with both Trio and Maillard, in that building new nuclear facilities in Europe would be “very tough”, yet “there is existing nuclear that is currently still the cheapest option out there”.

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**Laura Cozzi**, Chief Energy Modeller at the International Energy Agency (IEA)

### Europe leading the way forward

If the EU really wants to fulfil a leadership role, it needs to bring other countries on board and that’s only possible if it adopts a new greenhouse gas emissions target by June, well in time for COP Glasgow, said campaigner Wendel Trio. But Glasgow should be seen as a “stepping-stone” rather than the “moment of make or break”, countered Laura Cozzi.

Whatever precise path is taken towards climate neutrality, there was broad consensus that Europe now finds itself in a position to potentially lead global efforts towards that destination.

But will the Green Deal lead by really being about a different economic growth model? asked Kanani: “At the heart of this is how you create a green innovation-based industrial strategy for Europe that really leapfrogs the others. That requires ambition and leadership.”

“The European role is unique and incredible this year,” said Cozzi. Moreover, there is a “huge industrial story” in Europe that it should be telling, she added, including being ahead of the game in offshore wind, hydrogen power and in greening gases.

“We should facilitate the diffusion of this technology as much as possible. We should be bringing out the positive stories of European industrialisation, jobs and exports and bringing in the strong leadership of Europe going forward.

“If Europe makes it then the world can make it. It is a hope for the world. If Europe does not make it then the world will not make it. But Europe alone will not be enough.”



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1. **Sergio Alfaro Salas**, Ambassador of Costa Rica to the EU
2. **Dharmendra Kanani**, Director of Insights at Friends of Europe
3. **Nadia Allen**, American Chamber of Commerce to the EU
4. **Erkki Maillard**, EDF; **Paula Pinho**, European Commission and **Wendel Trio**, Climate Action Network Europe



More pictures of the event

