

Implications of the Paris Agreement for European Governance

The Paris Agreement marks a turning point in global action to combat climate change and vindicates decades of European Union (EU) investment in climate diplomacy and domestic action. Compliance with the Paris Agreement will require the EU to strengthen the ambition and arrangements so far put in place for EU climate and energy governance. In this way the Agreement is a critical opportunity for the EU to complete its unfinished governance arrangements to tackle climate change.

Governance is about the arrangements needed to ensure that Europe delivers the rapid and comprehensive decarbonisation of its economy by mid-century. The Paris Agreement has increased the urgency and momentum towards this objective, by committing the international community to hold global warming at well below 2°C and pursuing efforts to limit it to 1.5°C. The focus of the European Climate Foundation (ECF) on governance addresses an *incompleteness* in the EU policy response to this challenge. Although the EU offered a strong signal of its intent when it adopted the 2020 climate and energy package in 2008, the subsequent experience of implementing those arrangements revealed serious deficiencies in its design. For instance, there is no legal basis for a 2050 greenhouse gas reduction target apart from for the sectors covered by the EU Emissions Trading System (ETS), so EU climate governance fails to create a stable, long-term regulatory pathway for delivering whole-economy decarbonisation. In 2015 the ECF launched a new unit and worked intensely with its partners to ensure a dedicated focus on the quality of governance.

In the run up to the twenty-first session of the Conference of the Parties (COP21) in Paris, ECF

grantees delivered extensive thought leadership on the architecture of the EU's post-2020 Framework, which comprises the EU's Intended Nationally Determined Contribution (INDC). The Paris Agreement represents a significant breakthrough in international climate governance and could be a game changer for the EU's 2030 Framework. Compliance with the Paris Agreement will require the EU to raise its 2030 targets, clarify and strengthen its 2050 target, and reinforce specific legislation and other measures to drive the accelerated transition required by the Agreement.

Ironically, the strength of the Paris Agreement in creating a universal, binding and progressive but open climate governance architecture could pose risks to the quality of the EU's 2030/Energy Union planning and reporting framework. First, the Paris Agreement allows each country to choose its own ambition level, policies and measures (the INDCs) to achieve the overall goal of reducing greenhouse gas emissions. This arrangement could be used by EU Member States to argue that there should similarly be no top-down process within the EU to create a 2030 planning and reporting regime that ensures meaningful Member State pledges towards the EU's energy targets (e.g., 27% renewable energy by 2030). Second, as pressure intensifies on the EU post-Paris to reset its 2030 and 2050 greenhouse gas targets, and to strengthen the corresponding governance regimes (enshrined in the ETS and Effort Sharing Decision (ESD)), there is a risk that Member



States might only agree to such long-term ambition in exchange for more national flexibility, for instance allowing for the use of anthropogenic sinks – in particular afforestation (nominally a way to remove carbon from the atmosphere, but rife with problems of incomparability and impermanence) in place of reducing the use of fossil fuels.

The involvement of ECF grantees in the debate on the quality of EU governance post-2020 has helped in preparing to tackle these risks in 2016 and beyond. Compliance with the Paris Agreement’s target requires the EU to reset its 2030 and 2050 targets (and potentially the 2020 target given that the criteria for raising ambition as promised in 2008 have now been fulfilled). There is now a strong argument to be made that the EU should enshrine its 2050 target in law, through either separate amendments to the EU ETS and ESD or via a new economy-wide governance instrument. The EU’s plans to streamline its post-2020 regime for national plan making and reporting on progress towards meeting the

EU targets must strike the right balance between better regulation and good governance. To be credible, the regime must be flexible and better integrated but also sufficiently binding, transparent and long-term to unlock the conditions for a least cost, orderly and just low-carbon transition. Finally, the EU’s energy efficiency and renewable energy targets must be reset to align with the increased ambition, along with the removal of barriers and other reforms to the internal energy market.

In addition to delivering extensive thought leadership on core governance design architectures for the EU’s post-2020 Frameworks, the ECF governance strategy has aimed to ensure the better integration of a focus on good governance across ECF initiatives. The priority in 2016 for the ECF and its partners will be to support EU implementation of the Paris Agreement and to ensure it reviews the adequacy of its commitments in light of the challenge that is now in stark relief. Good governance will be central to this effort.

ALL ESSAYS AVAILABLE AT: www.europeanclimate.org

- Transformative Change, Tipping Points and Philanthropic Opportunities
- The Road to Paris and Beyond
- Dieselgate
- Scaling the 4 I’s of Energy Efficiency
- Energy Union: The Making-Of
- Assets for a Low-Carbon Society
- Implications of the Paris Agreement for European Governance
- Industrial Innovation for Competitiveness
- Driving Change During Low Oil Prices