

LIFE Climate CAKE PL

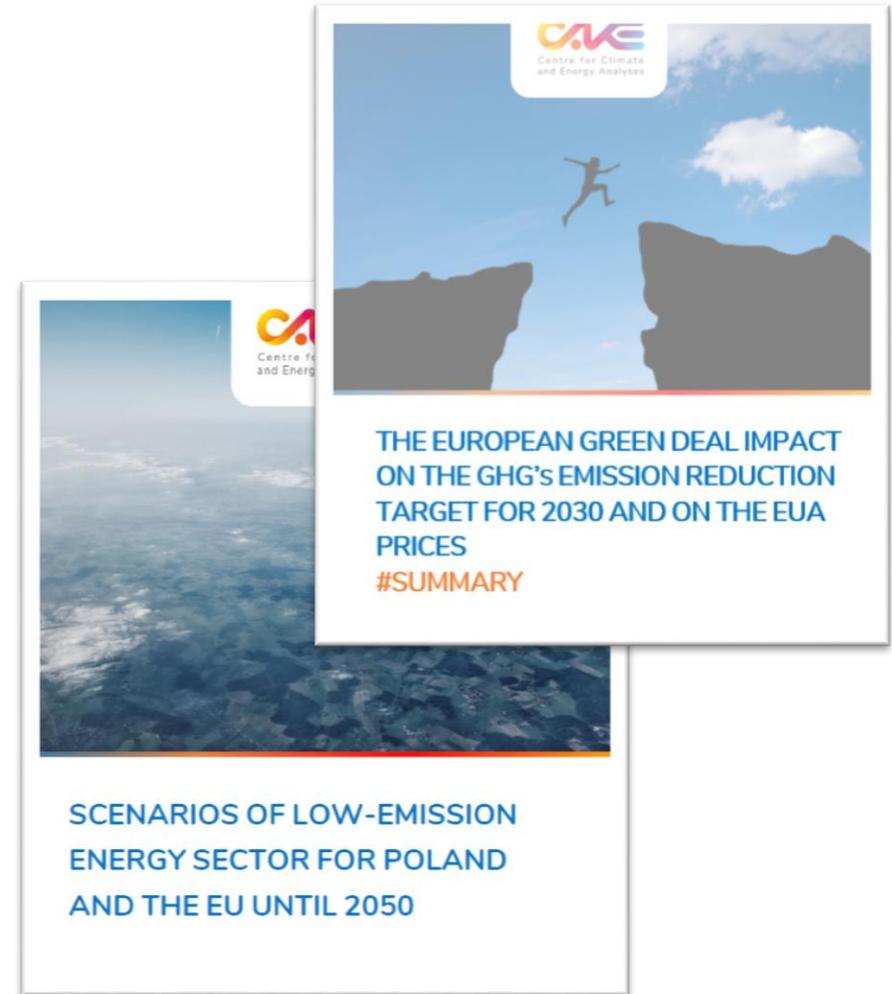
The European Green Deal impact on the
GHG's emission reduction target for 2030
and on the EUA prices

European Green Deal 2050 - Challenges of transformation
12rd May 2020



EUROPEAN CLIMATE POLICY

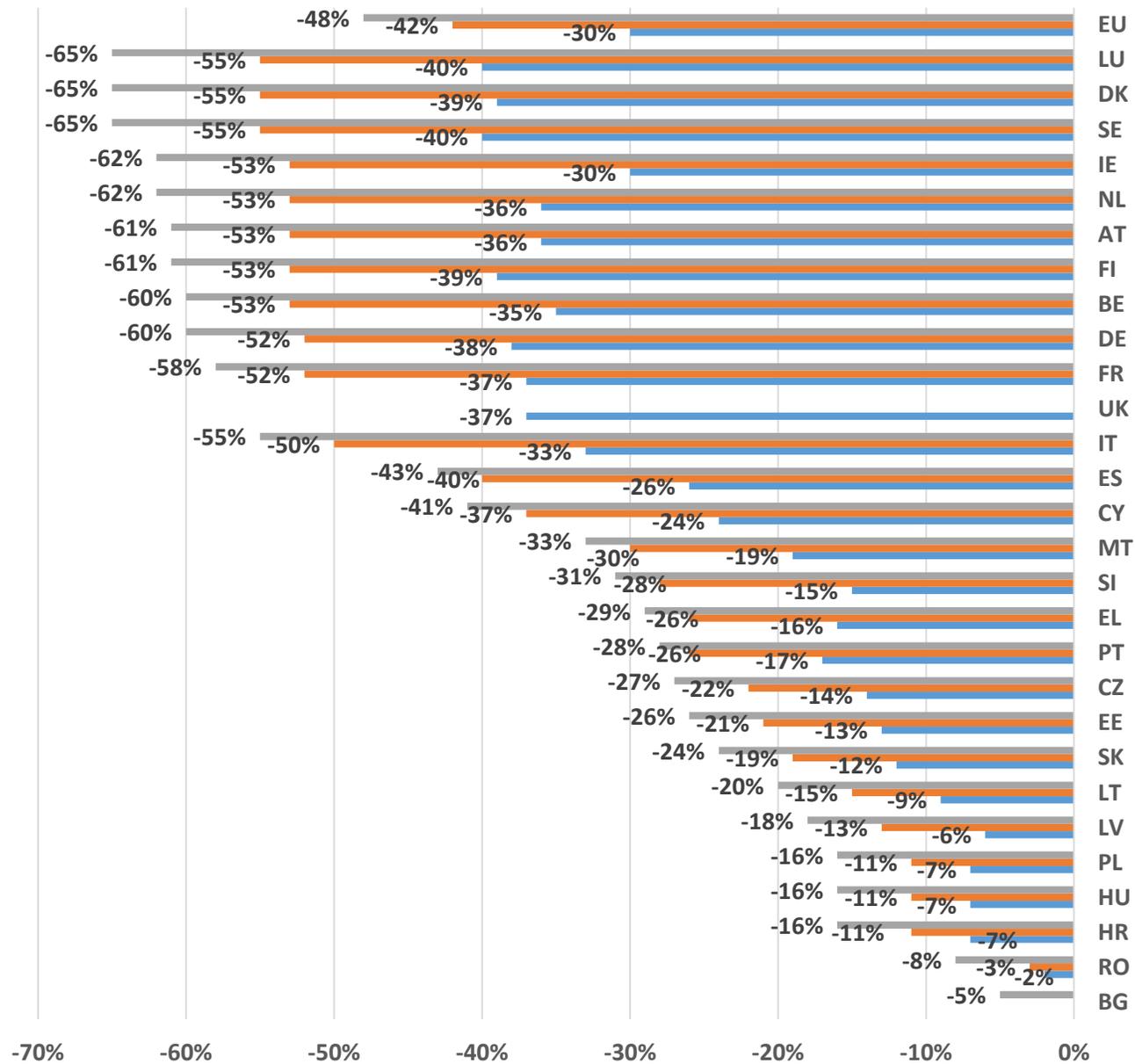
- ▶ **GHG reduction** - achieving climate neutrality by 2050
- ▶ **Revision of the EU 2030 reduction targets** - raising the target in the range of 50-55% after taking into account NECPs submitted by MS's (until 30/09/2020)
- ▶ **Amendment of the EU ETS Directive and non-ETS Regulation** (until 30.06.2021)



SCENARIOS – REDUCTION EFFORTS BETWEEN THE EU ETS AND NON-ETS SECTORS

Scenario	GHG reduction targets in EU-28		
	Reduction of GHG emissions in 2030 vs. 1990	Target in the EU ETS in 2030 vs. 2005	Target in the non-ETS in 2030 vs. 2005
Baseline	40%	43%	30%
GHG50	50%	52%	42%
GHG55	55%	57%	48%

Source: CAKE/KOBiZE



SCENARIOS IN NON-EU ETS

- ▶ Reduction target in non-ETS sectors allocated between Member States based on their 2013 **GDP per capita**

■ Scenario GHG55 (48% non-ETS target)
 ■ Scenario GHG50 (42% non-ETS target)
 ■ Baseline scenario (30% target in non-ETS)

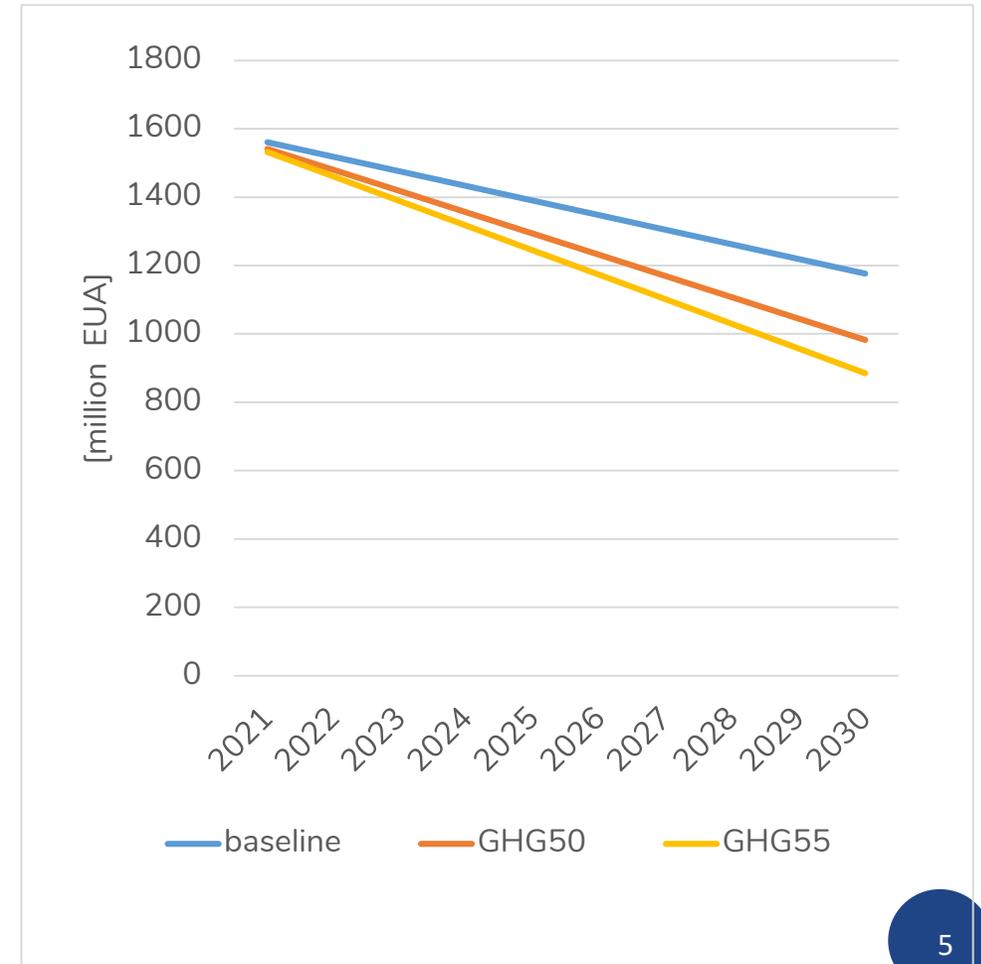
Source: CAKE/KOBiZE

SCENARIOS IN EU ETS

Scenarios	LRF* (2021-2030)	Annual EUA reduction (2021-2030) in the EU ETS [in million]
Baseline <i>(EU ETS 43%)</i>	2,20%	42,71
GHG50 <i>(EU ETS 52%)</i>	3,20%	62,13
GHG55 <i>(EU ETS 57%)</i>	3,70%	71,83

*LRF - Linear Reduction Factor - determining the amount by which the total number of allowances in the EU ETS is reduced each year

The number of allowances in the EU ETS resulting from the change in the LRF in 2021-2030

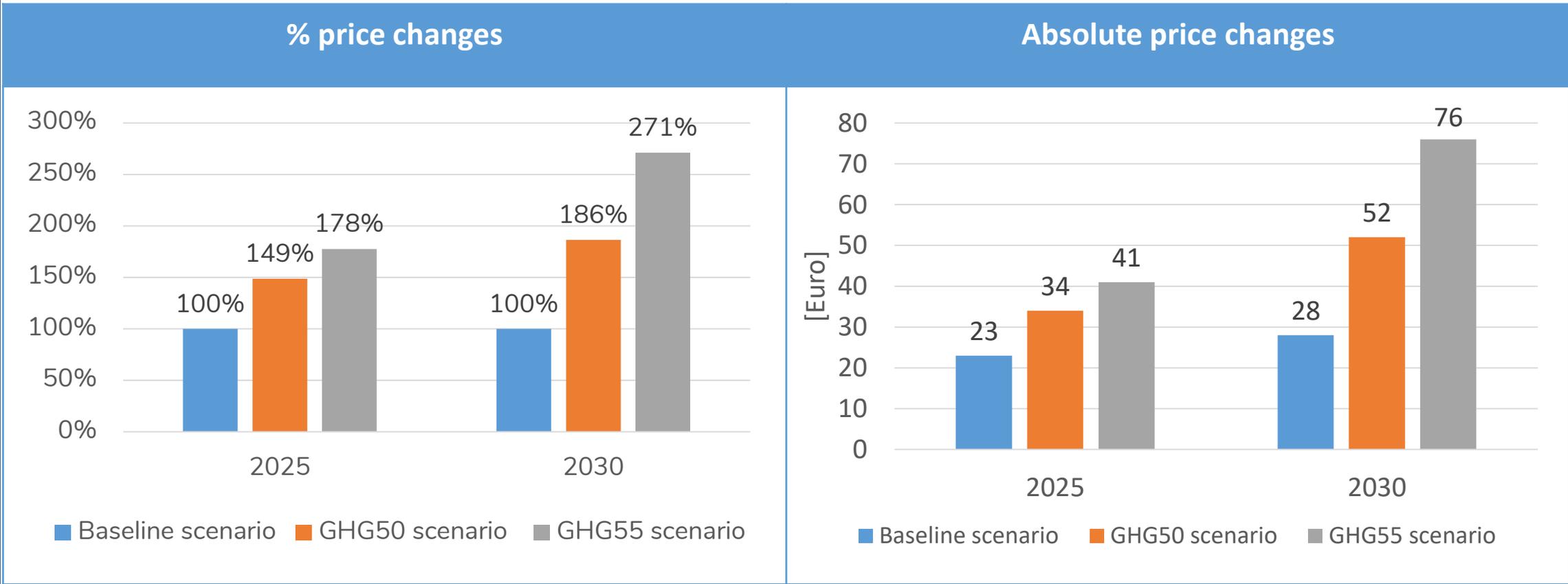


CHANGE IN GHG's EMISSION IN RELATION TO THE BASELINE SCENARIO IN THE EU ETS [IN MT EQ. CO₂]

	Emission in 2025	<i>Emission in 2025 vs. baseline scenario</i>	Emission in 2030	<i>Emission in 2030 vs. baseline scenario</i>
Baseline scenario (Technical Note - Results of the EUCO3232.5)	1 415	<i>100%</i>	1041	<i>100%</i>
GHG50 scenario	1 329	<i>94%</i>	937	<i>90%</i>
GHG55 scenario	1 285	<i>91%</i>	861	<i>83%</i>

In 2019, emissions in the EU ETS are amounted to 1,41 billion tonnes of CO₂ eq. (without UK)

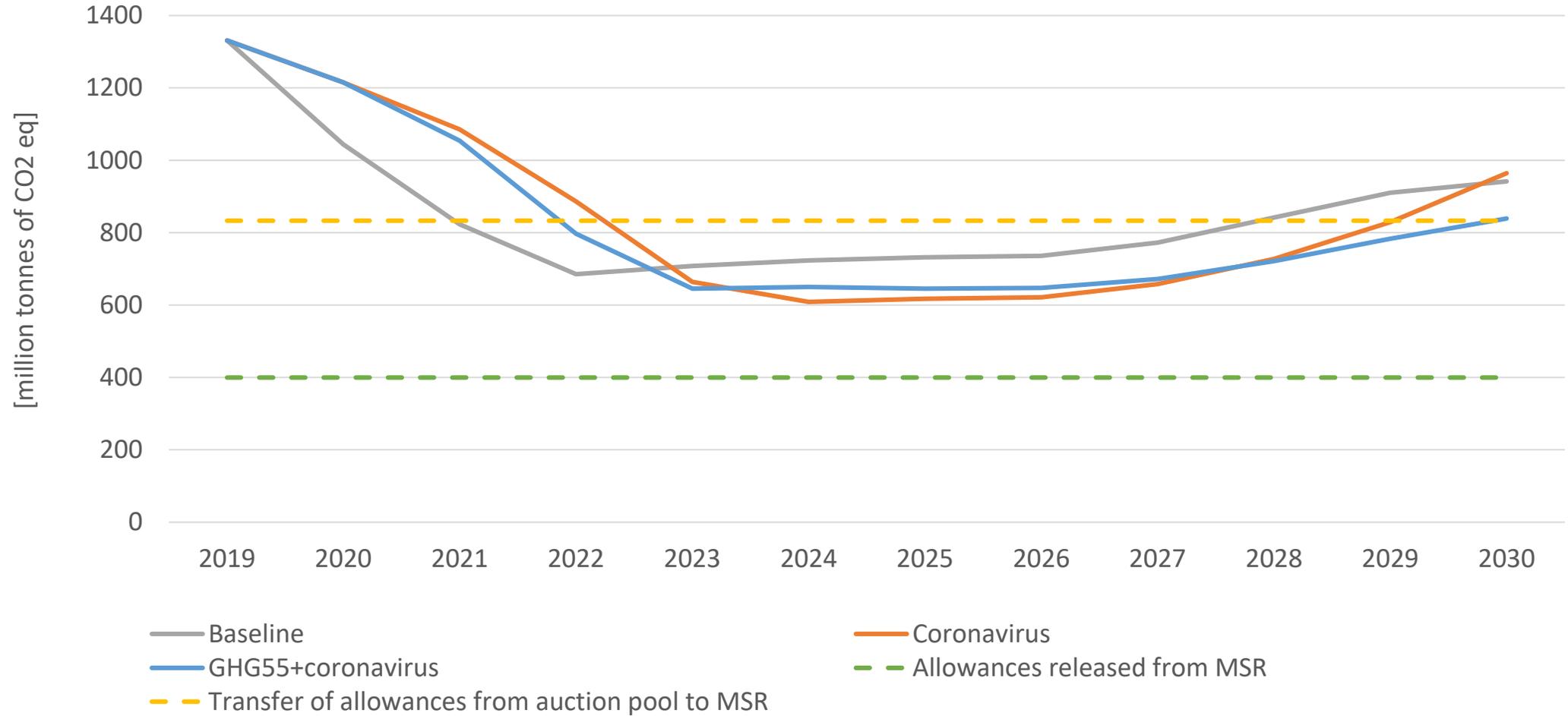
EUA PRICES IN THE 2030 PERSPECTIVE



HOW COVID-19 WILL AFFECT EU ETS?

- ▶ The MSR should cope with the situation and remove the surplus resulting from the coronavirus crisis with some delay
- ▶ If emissions in the EU ETS **fall by 10% in 2020** and it will return to pre-crisis levels in 3-years period (until 2023). **We do not expect that this crisis (IF SHORT) will have significant effect on the EUA price in the last years of the 2021-2030 period of the EU ETS**

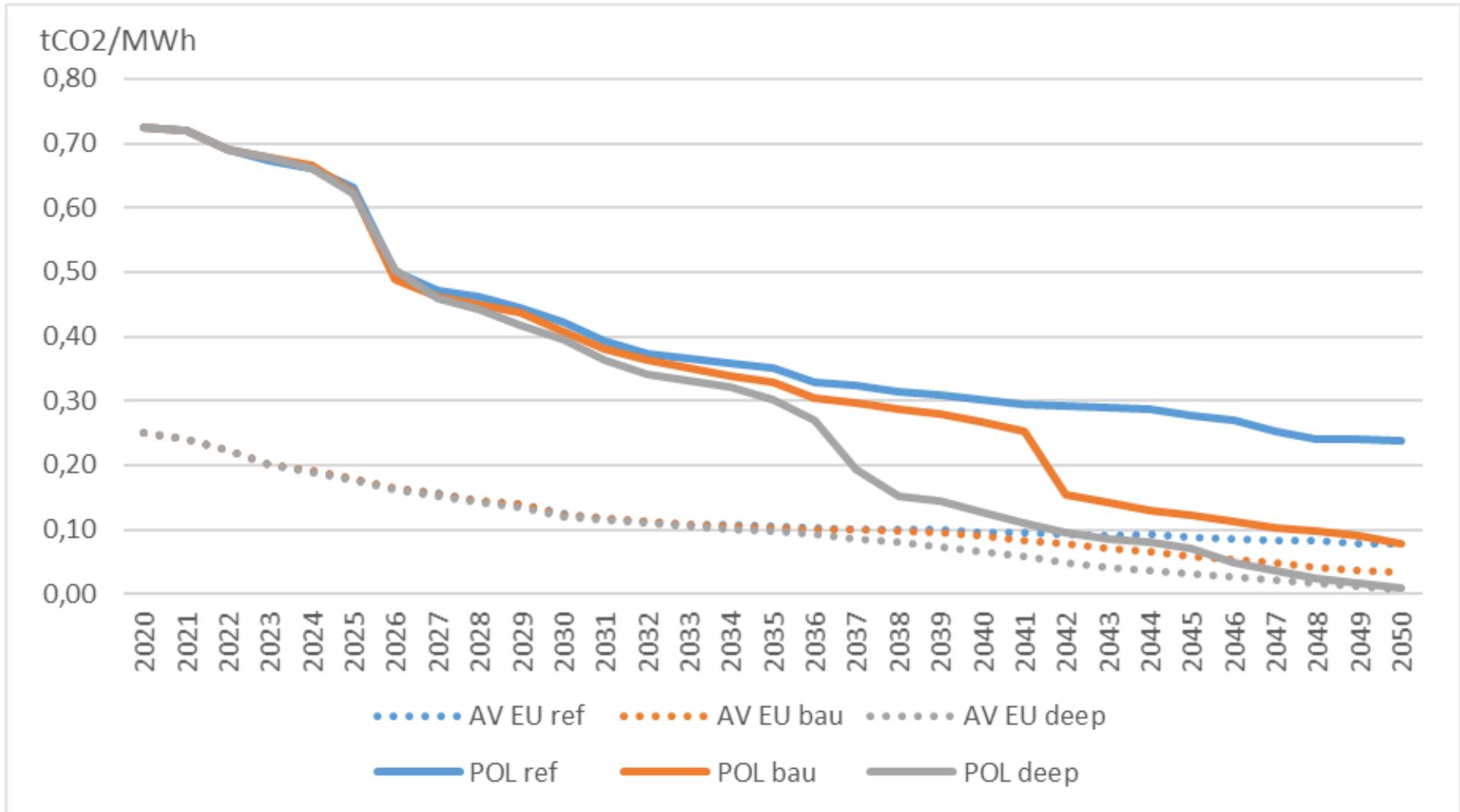
AGGREGATED SURPLUS OF EUA IN EU ETS AND MSR UNTIL 2030 (COVID-19 SCENARIO)



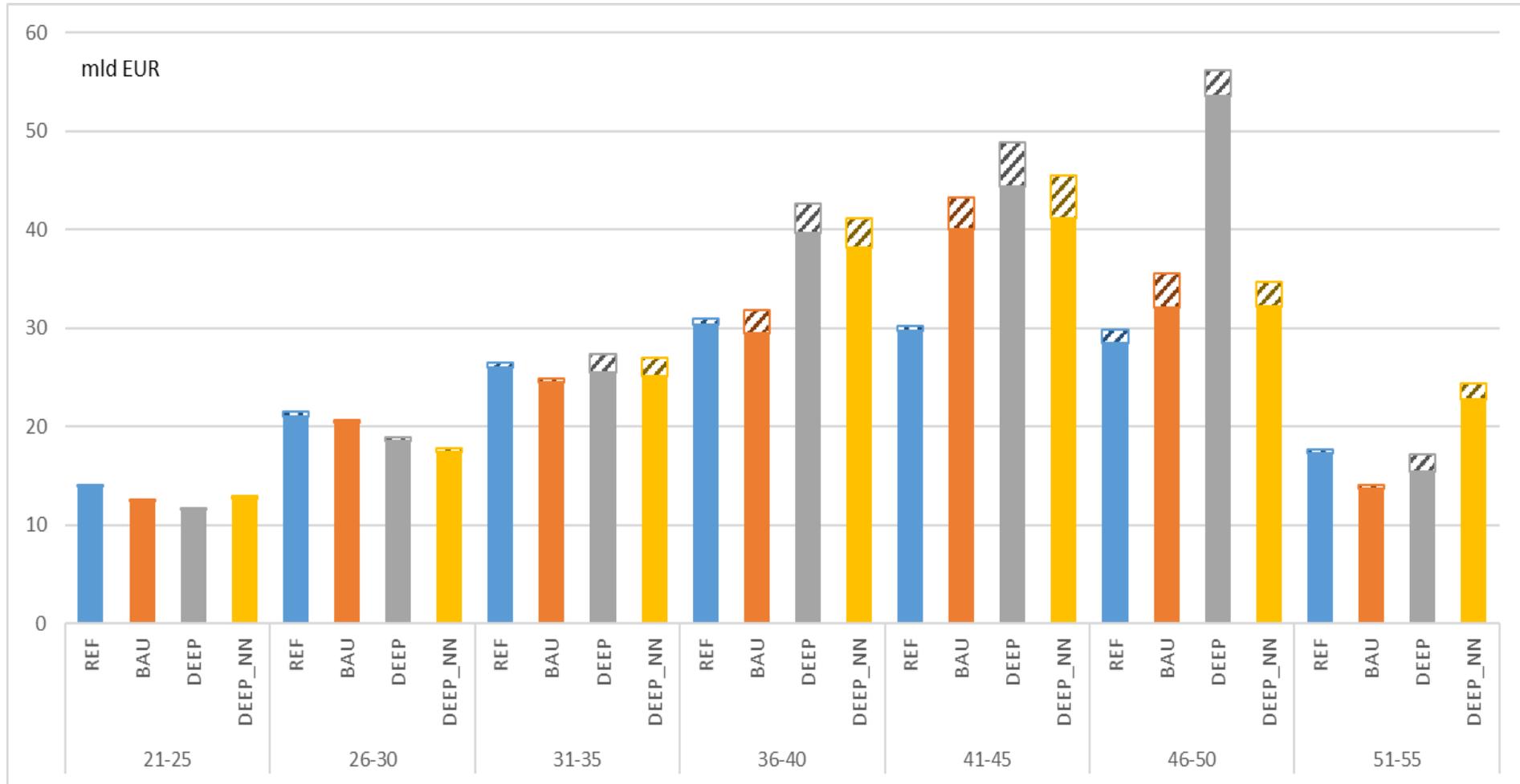
Additional aggregated surplus of allowances on the market in COVID-19 scenario:
 2020 - 170 mln 2021 - 260 mln, 2022 - 200 mln.

SCENARIOS OF LOW-EMISSION ENERGY SECTOR FOR POLAND AND THE EU UNTIL 2050

CARBON INTENSITY OF ELECTRICITY PRODUCTION - POLAND vs. EU



INVESTMENT FOR THE PERIOD 2021-2055 IN POLAND



CONCLUSIONS

- ▶ Need for in-depth impact assessment for Green Deal and Climate Law
- ▶ COVID-19 outbreak complicates the situation
- ▶ Rising emission price to 76 Euro / EUA in 2030 - means increase risk of carbon leakage
- ▶ Do we need new measures to protect sectors?
- ▶ Does the amendment of the EU ETS Directive mean a new distribution of funds to support MS's in energy transition?
- ▶ What about additional burden in non-ETS?

Thank you!

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