



KEIA Webinar: The COVID-19 Crisis and the Green Deal

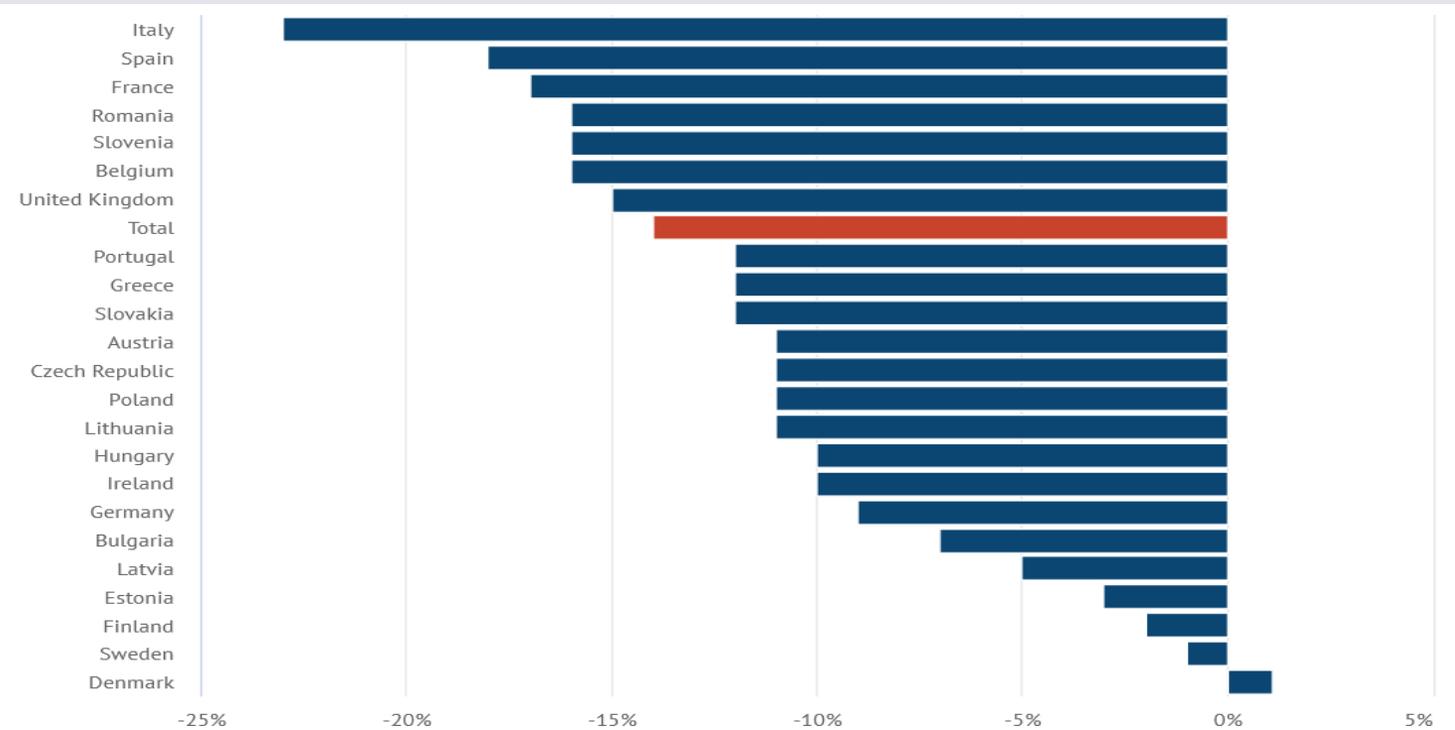
A European perspective

Matthias Buck

20 MAY 2020

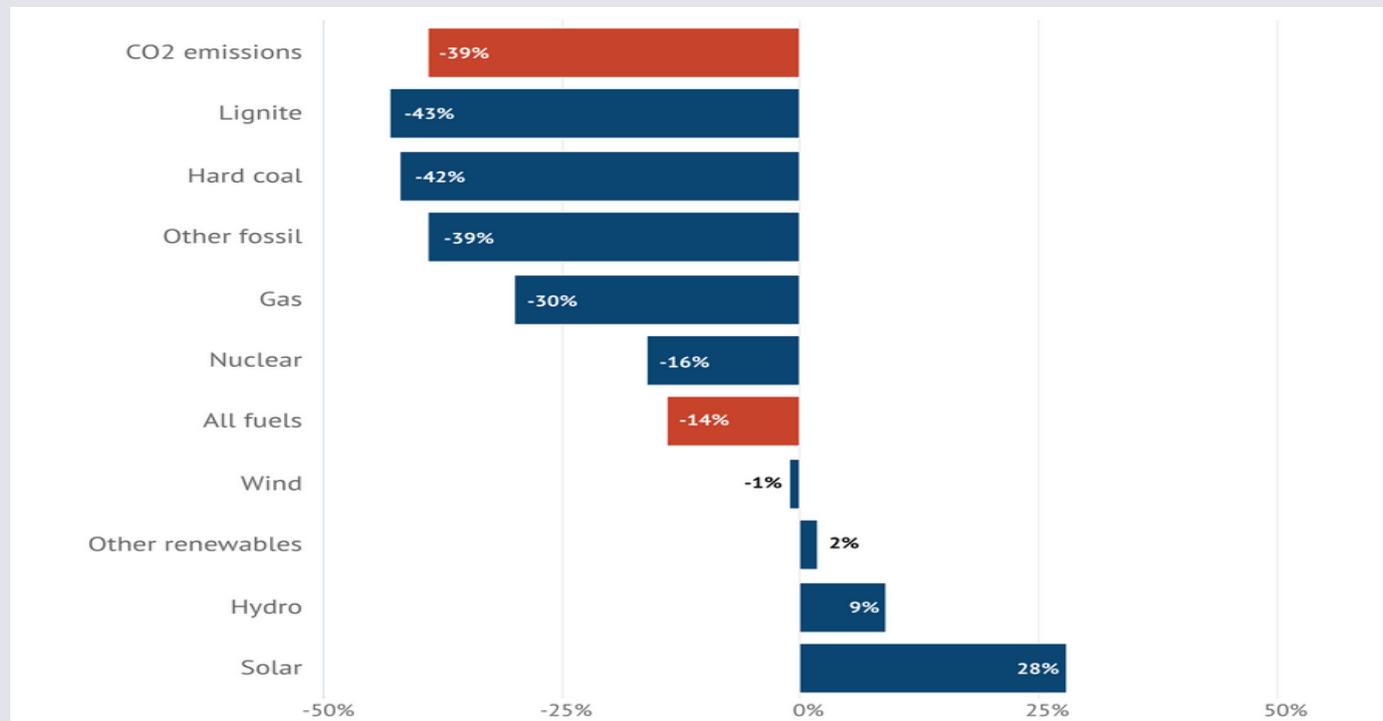
During the pandemic-related lock-down....
Electricity demand has fallen by 10-20% in most EU countries

Change in European electricity demand from 28 March to 26 April compared with the same period in 2019.



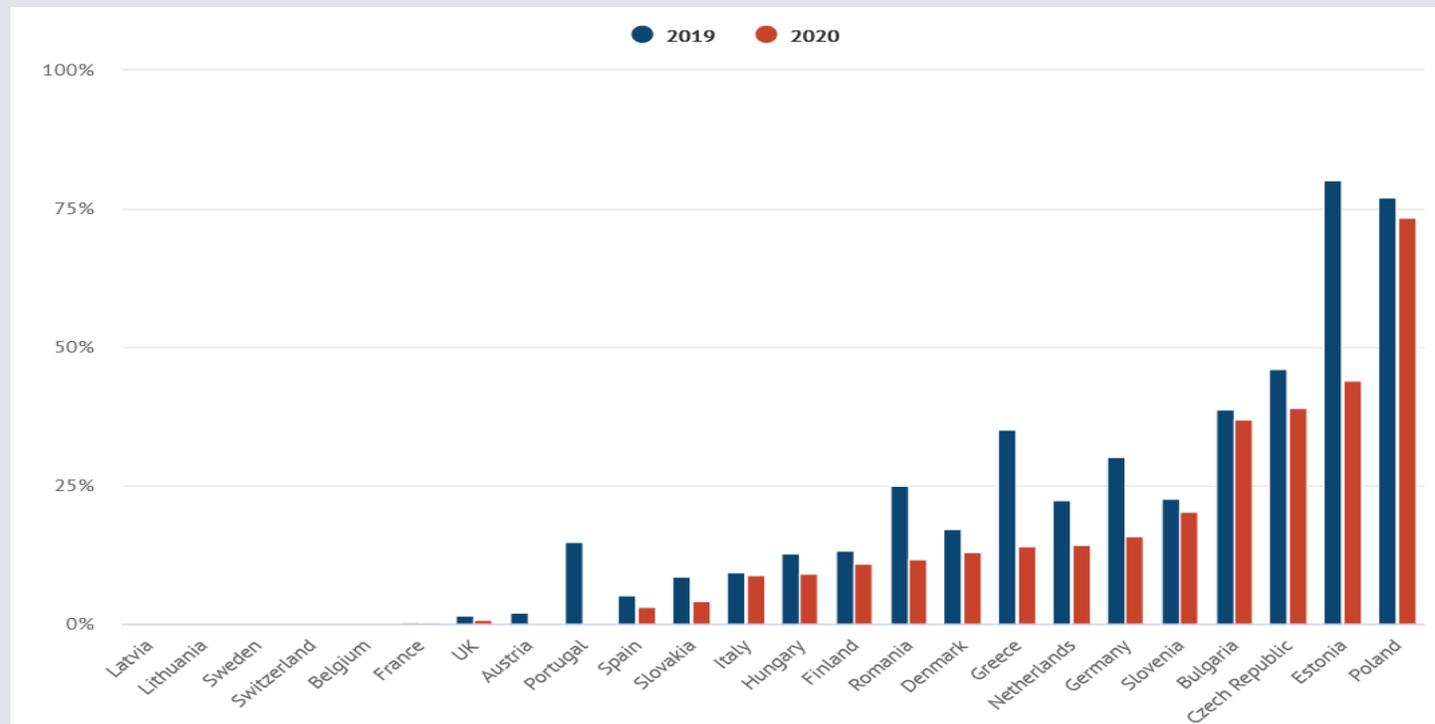
During the pandemic-related lock-down....
Reduced demand and reduced power from fossil fuels lead to drop in CO₂ emissions by -39%

Change in electricity output and CO₂ emissions for EU27 and UK from 28th March to 26th April compared with the same period in 2019



During the pandemic-related lock-down... Output of coal-plants in Europe has seen record low levels

Share of electricity demand met by coal from 28 March to 26 April compared with the same period in 2019

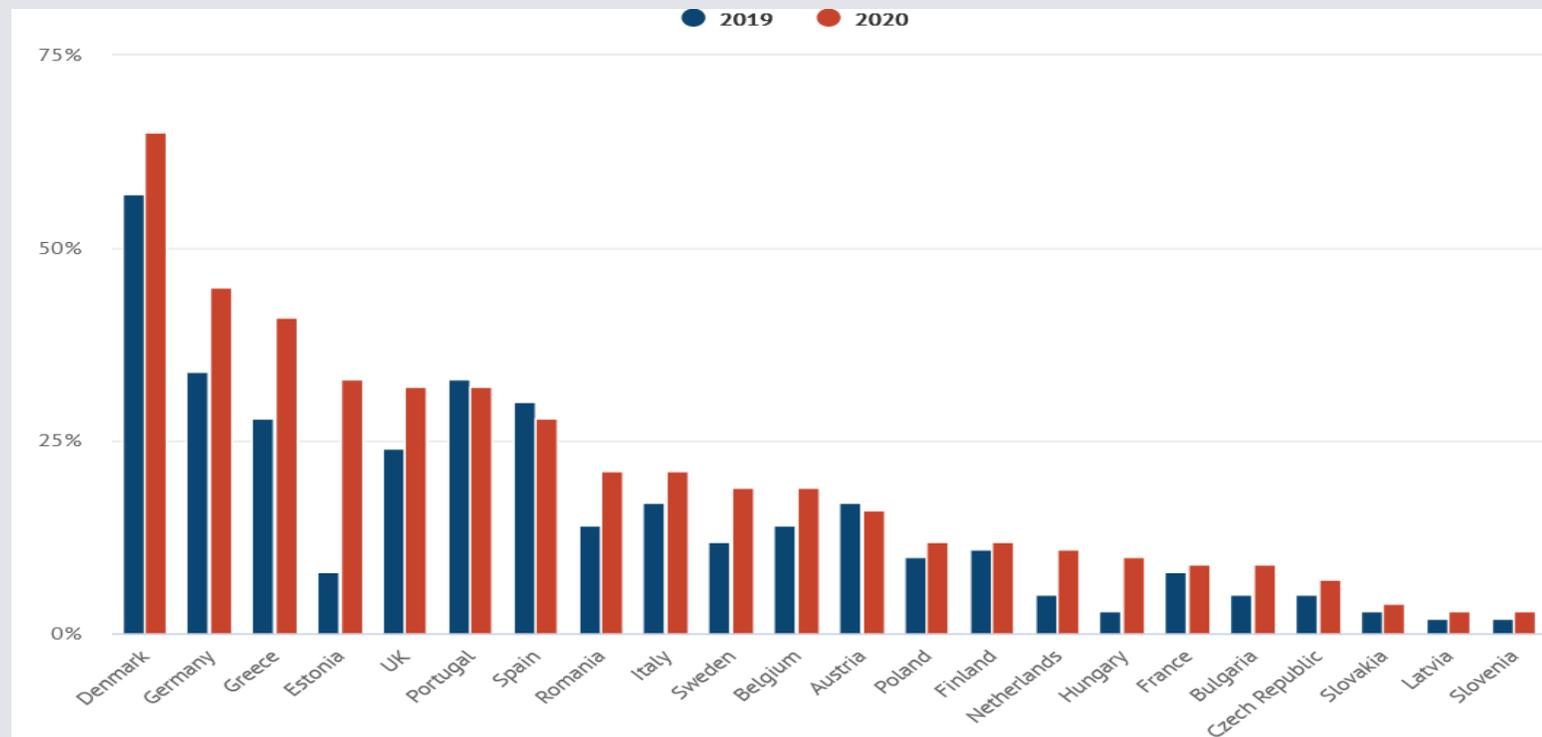


During the pandemic-related lock-down....

Europe has seen record shares of Wind and Solar PV, covering 23% of European electricity demand



Share of electricity demand met by wind and solar PV from 28 March to 26 April 2020 compared with the same period in 2019

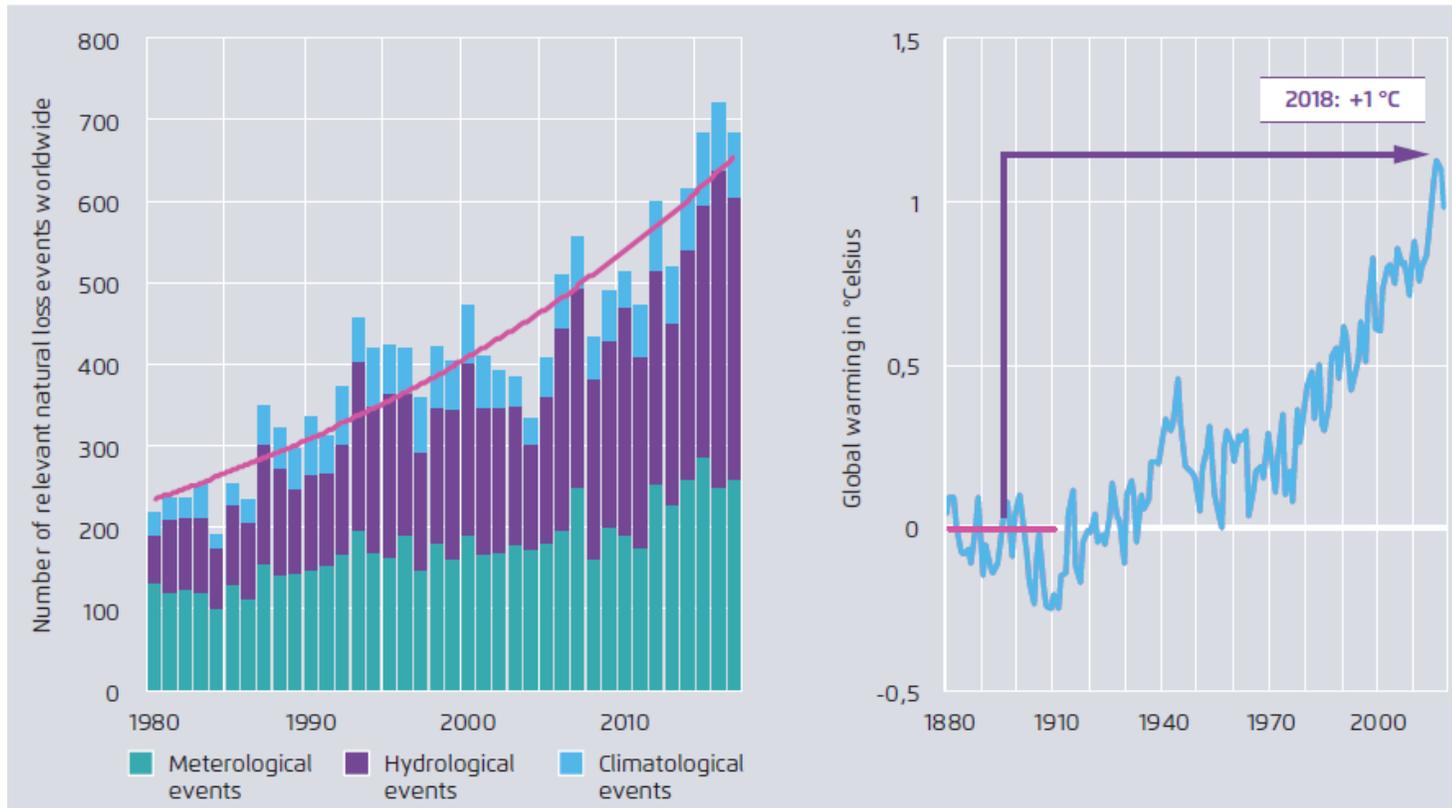


Ember 2020

The economic crisis caused by the COVID-19 pandemic adds to the ongoing Climate crisis

Climate change is real: since 1970 the rate of global warming has accelerated, and since 1980 extreme weather events have tripled

Figure 1



- The 2015 Paris Agreement obliges all countries to limit warming to well below 2°C.
- National pledges are insufficient to achieve this goal
- Decisive action in the next decade will determine whether irreversible tipping points in the climate system will be avoided with some certainty.
- Societal pressure to reduce emissions is growing
- Recoveries from COVID-19 are a moment of truth. Will we see fossil-heavy bouncing back or initiation of green reforms?

In December 2019, EU Heads of State decided that Europe will become greenhouse gas neutral by 2050. The „European Green Deal“ is Europe’s strategy to transition to ghg-neutrality



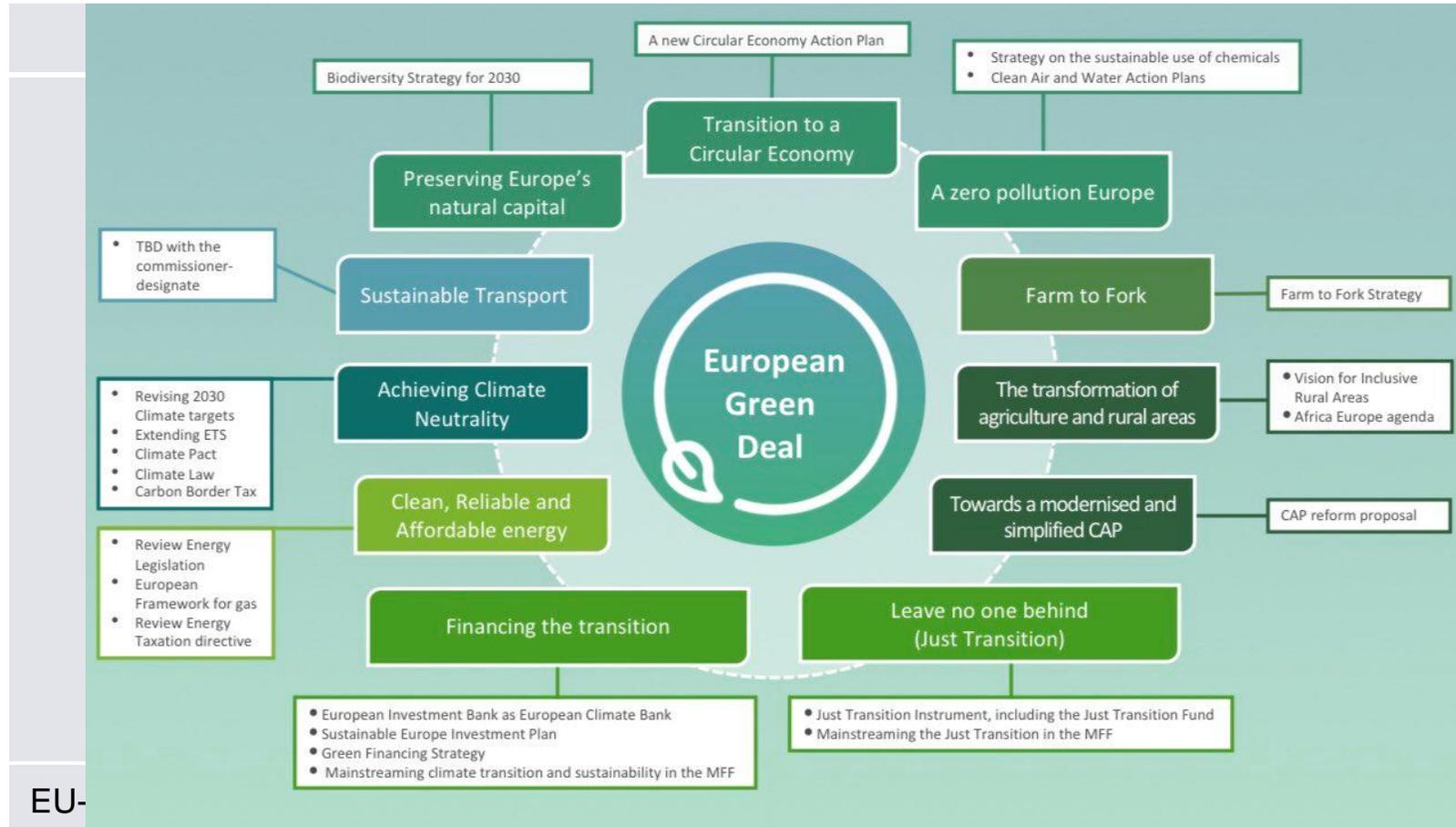
Brussels, 11.12.2019
COM(2019) 640 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE
REGIONS

The European Green Deal

- The European Green Deal is “**Europe’s new growth strategy**” that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use“.
- The „European Green Deal“ is the first overarching strategy that puts reducing ghg-emissions and resource use centre-stage.
- Annexed to the political communication is a **Roadmap** with political and regulatory actions. This roadmap is a starting point.
- EU leaders have doubled-down on the **European Green Deal** as the strategy to **emerge stronger and more resilient from the economic crisis caused by COVID-19**

The *European Green Deal* puts Climate and Energy Policy at the heart of the EU's policy agenda for 2019-2023; it stays there despite COVID-19



Sectoral measures to reduce ghg emissions and resource use (Buildings, Agriculture, Transport, Industry, Power)

Public and private investments aligned with climate protection and sustainability objectives

Just Transition. Particular focus on softening the socio-economic impact of the transition in East- and South-East Europe

Mainstreaming of climate priorities in the internal market and external trade

EU-

Priorities in the Green Deal Roadmap for 2020/2021 are: EU Climate Law, EU Industrial & Circular Economy Strategies, Legislative Package to increase 2030 climate ambition



Annex to the Communication on the European Green Deal
Roadmap - Key actions

Actions	Indicative Timetable ¹
Climate ambition	
Proposal on a European ‘Climate Law’ enshrining the 2050 climate neutrality objective	March 2020
Comprehensive plan to increase the EU 2030 climate target to at least 50% and towards 55% in a responsible way	Summer 2020
Proposals for revisions of relevant legislative measures to deliver on the increased climate ambition, following the review of Emissions Trading System Directive; Effort Sharing Regulation; Land use, land use change and forestry Regulation; Energy Efficiency Directive; Renewable Energy Directive; CO ₂ emissions performance standards for cars and vans	June 2021
Proposal for a revision of the Energy Taxation Directive	June 2021

Climate Neutrality. Proposal for Just Transition Fund (January 2020); Proposal for European Climate Law, to make 2050 ghg-neutrality objective binding (March 2020); Impact Assessments to increase EU 2030 climate target to -55% compared to 1990 (September 2020)

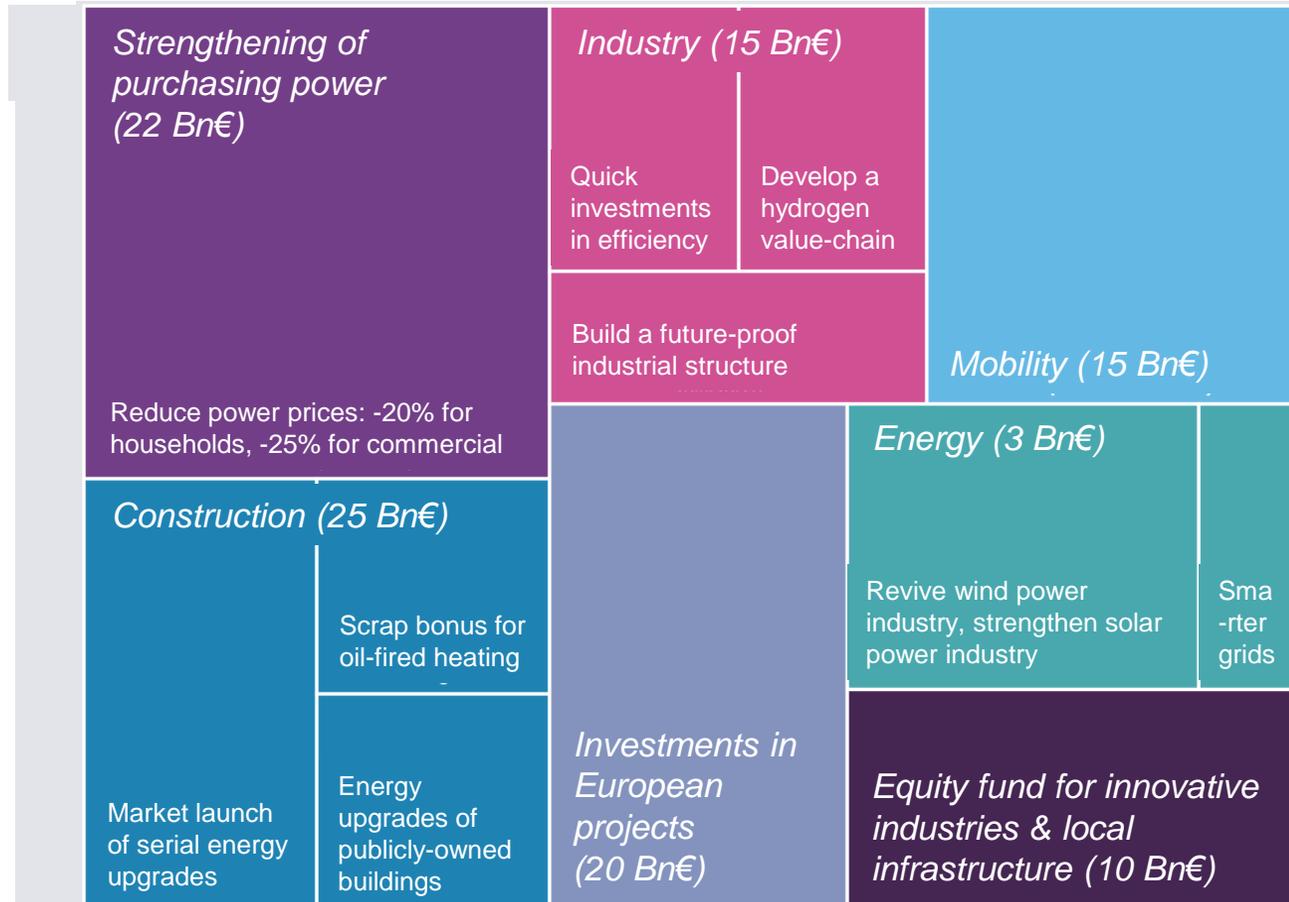
Industry. EU Industrial Strategy and EU Circular Economy Strategy (March 2020); Chemicals Strategy (Summer 2020), Initiatives to scale markets for ghg-neutral products and the production of green steel (2020)

Legislative package to increase EU 2030 climate ambition and prevent carbon leakage (June 2021). Will include ETS Directive, Effort-Sharing-Regulation, Energy Taxation Directive, LULUCF, Renewables Directive, Energy Efficiency Directive, CO₂ standards for cars & vehicles, border carbon adjustment & free allowances

The European Green Deal and Digitisation will be at the core of Europe's economic recovery

- The Commission leadership is sticking to the European Green Deal as Europe's growth strategy after growing support for this course of action (e.g., letter by multiple Member State ministers; Pascal Canfin letter) has balanced calls by some Member States and industry lobbies for re-opening and delaying climate legislation.
- Some policy-initiatives announced in the European Green Deal (EGD) are postponed. However, the Commission will propose front-loading heavy investments with strong and lasting economic stimulus effects as part of the EU's recovery package. Prime example: building renovation
- EU support for national recovery programmes that does not add to national debt of heavily indebted Member States is the most contentious and divisive issue that could pose an existential threat to the EU as political project and to the Eurozone. The stakes are high on all sides.
- Following the EU leaders meeting on 23 April, a „Recovery Fund“ linked to the next EU's multiannual budget (2021-2027) and an increased role of the European Investment Bank will be developed.
- Commission proposals for the „EU Recovery Fund“ linked to the EU multiannual budget are now expected for 27 May 2020. They may already be adopted by the European Council on 18/19 June 2020. A decision to increase EU climate ambition for 2030 is part of the debate.

Agora Energiewende's proposal for Germany: 100 Bn€ for growth and a future-proof Germany



Conditions for a successful economic stimulus:

- Sufficient volume to have impact: ~3% of GDP
- Fast delivery
- Fresh money – no additional tax or redirecting of money planned elsewhere
- Long-lasting effect
- Future-oriented, supporting the transition and strengthening resilience against future crises

For Europe we propose:

- Enabling framework, particularly on State Aid.
- The European Investment Bank should issue green bonds to augment its balance sheet and massively enhance its spending power
- Projects of Common European Interest: clean hydrogen, offshore wind, green steel, EV charging infrastructure, relocating PV industry

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Thank you for your attention!

Questions or Comments? Feel free to contact me:
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Agora Energiewende is a joint initiative of the Mercator Foundation and the European Climate Foundation.