



**Energy Law, environment and investments in the context
and after Covid-19 virus**



Perspective of European Green Deal after Covid-19 virus

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Agenda

- **What is European Green Deal?**
- **8 reasons why European Green Deal matters for Western Balkan**
- **Conclusion**

What is European Green Deal ?



- ‘Reset commitment to tackle **climate change**’
- Prove that ‘**climate neutrality**’ can be done **in practice**
- Climate policy has ‘**economic benefits**’

The Green Deal as political strategy: robust and extensive technical and political preparation

- Based on Nov 2018 Long-term Strategy (‘One Planet for All’)
- Successor to Energy Union
- **New:** a) Social dimension (‘just transition’), b) more industrial policy, c) EU climate diplomacy



Aligning all EU policies to climate objectives



'Shake up of all policies'

Begin of economic transformation over one generation (30 years)

Long Term Strategy Options

| | Electrification (ELEC) | Hydrogen (H2) | Power-to-X (P2X) | Energy Efficiency (EE) | Circular Economy (CIRC) | Combination (COMBO) | 1.5°C Technical (1.5TECH) | 1.5°C Sustainable Lifestyles (1.5LIFE) |
|---------------------------------|---|---|--|--|--|---|--|---|
| Main Drivers | Electrification in all sectors | Hydrogen in industry, transport and buildings | E-fuels in industry, transport and buildings | Pursuing deep energy efficiency in all sectors | Increased resource and material efficiency | Cost-efficient combination of options from 2°C scenarios | Based on COMBO with more BECCS, CCS | Based on COMBO and CIRC with lifestyle changes |
| GHG target in 2050 | -80% GHG (excluding sinks) ["well below 2°C" ambition] | | | | | -90% GHG (incl. sinks) | -100% GHG (incl. sinks) ["1.5°C" ambition] | |
| Major Common Assumptions | <ul style="list-style-type: none"> Higher energy efficiency post 2030 Deployment of sustainable, advanced biofuels Moderate circular economy measures Digitilisation | | | | <ul style="list-style-type: none"> Market coordination for infrastructure deployment BECCS present only post-2050 in 2°C scenarios Significant learning by doing for low carbon technologies Significant improvements in the efficiency of the transport system. | | | |
| Power sector | Power is nearly decarbonised by 2050. Strong penetration of RES facilitated by system optimization (demand-side response, storage, interconnections, role of prosumers). Nuclear still plays a role in the power sector and CCS deployment faces limitations. | | | | | | | |
| Industry | Electrification of processes | Use of H2 in targeted applications | Use of e-gas in targeted applications | Reducing energy demand via Energy Efficiency | Higher recycling rates, material substitution, circular measures | Combination of most Cost-efficient options from "well below 2°C" scenarios with targeted application (excluding CIRC) | COMBO but stronger | CIRC+COMBO but stronger |
| Buildings | Increased deployment of heat pumps | Deployment of H2 for heating | Deployment of e-gas for heating | Increased renovation rates and depth | Sustainable buildings | | | CIRC+COMBO but stronger |
| Transport sector | Faster electrification for all transport modes | H2 deployment for HDVs and some for LDVs | E-fuels deployment for all modes | Increased modal shift | Mobility as a service | | | <ul style="list-style-type: none"> CIRC+COMBO but stronger Alternatives to air travel |
| Other Drivers | | H2 in gas distribution grid | E-gas in gas distribution grid | | | | | Limited enhancement natural sink |

Nov. 2018 Long-Term Strategy 'One Planet for All'



Green Deal: Does it matter for Western Balkan ?

1. Well-prepared logical next step for EU climate, energy and industrial policy
 - From Energy Union to European Green Deal
 - From (Nov 2018) EC Long-Term Strategy to Climate Neutrality
2. EU is not alone
 - Other EU member states: UK, France, Finland, Sweden, etc.
 - Japan, Canada, China (2060)

Green Deal: Does it matter for the Western Balkan?

3. More and more laws to push climate neutrality in practice: sustainable finance taxonomy, carbon pricing, product standards/technical standards

- Competitiveness: High carbon/GDP becomes a liability, e.g. Russia, China
- Trade: carbon border adjustment mechanism
- Key is energy: solar PV, wind, biomass etc.

4. More and more methodologies to monitor and account for carbon (in energy and in products, embedded)

- Once developed, they will be used in trade, in competition, by investors, Central Banks, etc.

Green Deal: Does it matter for the Western Balkan?

5. Investors (financial markets, private investors) less and less finance carbon assets – or at a premium fee. Insurance companies will less and less underwrite high-carbon projects or carbon-related risks (“risk and resilience”).

6. EU support in all areas will depend on alignment with EDG objectives *without* political discretion; ex. EIB lending, all EU Funds

Green Deal: Does it matter for the Western Balkan?

7. EU Climate Diplomacy will focus on EGD objectives

- 'Green Deals' with key partners
- Governments leading on Paris Agreement leaders will converge around similar objectives

8. Covid-19 recovery is green: a minimum of 37% for 'green' objectives + 'do no harm principle' ('National Recovery and Resilience Plans'); EU Budget: 30% for climate.

Conclusion





Thank you

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