



PRESSEINFORMATION

Expert assessment: The path of least resistance will miss the climate target

Hidden risks and opportunities of the EU scenarios for a 55% climate target 2030

Potsdam, December 9th 2020 - An EU decision this week to ramp up the climate target for 2030 will be about more than the mere willingness to make greater political efforts towards climate neutrality in 2050. The target also shapes German climate policy. Experts from the Kopernikus energy transition project Ariadne, funded by the German Federal Ministry of Education and Research, scrutinized the EU Commission's most important scenarios for more ambitious measures. Should the EU continue to rely on a varied mix of instruments lacking a clear concept for their interactions, it runs the risk of failing to meet its new goals, their research shows.

The EU Commission put three main scenarios with a chance of achieving the 55% EU climate target for 2030 up for debate: To meet more ambitious climate targets, the EU could either strengthen regulatory measures as a priority, in particular by strongly intensifying renewable energy and energy efficiency policies. It could also make CO₂ pricing the key instrument by introducing emissions trading in the transport and buildings sectors and for smaller industrial plants. Or it could move forward with the existing policy mix, in which regulatory measures are strengthened while the existing emissions trading for large energy and industrial installations is either extended to include more individual sectors, or a second and new emissions trading scheme is set up in parallel. The researchers now examined these policy paths for two decisive factors: the short-term feasibility and the long-term likelihood of meeting the climate target.

"Focus on regulation" or "Focus on CO₂ pricing"?

In the regulatory scenario, the EU would step up its action on energy efficiency and renewable energy. "This path can cause deep interventions in national energy structures. If Member States have reservations, the EU will not have the legal competence to adopt these measures," political scientist and Professor Michèle Knodt from the Technical University of Darmstadt, member of the Ariadne Consortium and Director of the Jean Monnet Centre of Excellence "EU in Global Dialogue", explains. This scenario offers a high probability of meeting the targets in the long term: "The regulatory scenario can function as a coherent legislative package through the key instrument of an EU-wide tightening of targets and measures for renewable energies and energy efficiency. A prerequisite, however, is that the existing enforcement mechanisms of the EU Commission towards the Member States, such as sanction mechanisms, are tightened as well."

In the EU Commission's carbon pricing based scenario, the CO₂ price would become the key instrument, for example by strongly expanding emissions trading with the new sectors shipping



(intra-EU), buildings and transport. This path is challenging because politicians and ultimately industry must be prepared to accept very high CO₂ prices if necessary. "However, these barriers could be overcome by a fair and socially just CO₂ pricing concept. If the EU were prepared to accept high CO₂ prices taking this into account, a uniform CO₂ price across all Member States and sectors would be convincing as a coherent, cost-efficient key instrument with a high degree of credibility in meeting the target", climate economist and Professor Ottmar Edenhofer, Head of the Ariadne project and Director of the Potsdam Institute for Climate Impact Research and the Mercator Research Institute on Global Commons and Climate Change, says.

Rather continue on the middle road? The usual policy mix runs the risk of missing its target

"As a middle course, a change in the familiar mix of policy instruments appears to be the most easily enforceable path in the EU in the short term. But this path of least resistance could entail risks in the long term," lawyer and Professor Sabine Schlacke of the University of Münster, member of the Ariadne consortium, explains. A policy mix scenario will only work if the partly overlapping and possibly also contradictory instruments and enforcement mechanisms for meeting the climate targets are coordinated. "If these inconsistencies are not addressed and incorporated into the EU policy package, a mix will not ultimately offer the best of two policy worlds. On the contrary, due to measures impeding one another, it will fail to meet the climate target altogether", Schlacke sums up.

A credible policy mix should therefore be based on a clear regulatory principle and be accompanied by instruments aligned with the climate targets, according to the experts of the Kopernikus project Ariadne. This could be along the lines of a key instrument for emissions reductions such as CO₂ pricing, with accompanying regulatory instruments that specifically address unrecognized obstacles such as the accelerated expansion of infrastructure. Finally, a policy mix should also be equipped with a continuous adjustment mechanism that regularly reviews and further develops the fulfilment of targets and adapts to changing framework conditions, for example through an independent scientific advisory board. The experts conclude that this should be taken into account urgently in the EU Commissions proposals for a reform of the regulatory framework that is expected next year. Otherwise, they warn, the path just taken up with the European Green Deal could already be lost on the first few metres.

Further information:

Michèle Knodt, Michael Pahle, Nils aus dem Moore, Ottmar Edenhofer, Ulrich Fahl, Benjamin Görlach, Mirjam Kosch, Fabian Pause, Grischa Perino, Sabine Schlacke, Matthias Duwe, Luke Haywood, Brigitte Knopf, Miriam Köster, Thorsten Müller, Robert Pietzcker, Eva-Maria Thierjung, Maximilian Wilner (2020): Wegmarken für das EU-Klimaziel. Versteckte Risiken und Chancen der Szenarien der EU-Kommission für den Pfad zur Klimaneutralität. Ariadne-Kurz dossier.

Weblink to the Ariadne Dossier (in German): https://www.pik-potsdam.de/ariadne/kurz dossier_eu-klimaziel2030



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About Kopernikus project Ariadne

In Greek mythology, Ariadne's thread enabled Theseus to safely navigate the labyrinth of the Minotaur. This is the guiding principle of the Ariadne energy transition project. In a consortium of more than 25 scientific partners, Ariadne moderates a joint learning process between politics, business and society in order to provide guidance and orientation for decision makers. We are Ariadne:

adelphi | Brandenburg University of Technology Cottbus – Senftenberg (BTU) | German Energy Agency (dena) | German Institute for Economic Research (DIW Berlin) | German Aerospace Center (DLR) | Ecologic Institute | Fraunhofer Cluster of Excellence "Integrated Energy Systems" (CINES) | Helmholtz-Zentrum Geesthacht | Hertie School | Nuerthingen Geislingen University (HfWU) | German Economic Institute | Guidehouse GmbH | ifok | Institute for Climate Protection, Energy and Mobility | Institute For Advanced Sustainability Studies (IASS) | Mercator Research Institute on Global Commons and Climate Change (MCC) | Oeko-Institut | Potsdam Institute for Climate Impact Research (PIK) | RWI – Leibniz Institute for Economic Research (DIW Berlin) | Foundation 2° – German Business for Climate Protection | Foundation for Environmental Energy Law | TU Darmstadt | Technical University of Munich | Universität Hamburg | University of Münster | University of Potsdam | University of Stuttgart – Institute of Energy Economics and Rational Energy Use (IER) | ZEW – Leibniz Centre for European Economic Research

About the Kopernikus projects

The Kopernikus projects form one of the largest German research initiatives on the energy transition. Their aim is to help make Germany climate-neutral by 2050, with a clean, secure and affordable electricity supply. Funded by the Federal Ministry of Education and Research (BMBF), they develop holistic solutions to achieve the climate targets:



Representatives from industry, science and civil society work together in all projects. Over a period of ten years, the Kopernikus projects will work on climate-friendly solutions, from technical applications on an industrial scale to the implementation of policy instruments.

Further information on the Kopernikus projects: <https://www.kopernikus-projekte.de/en/home>

