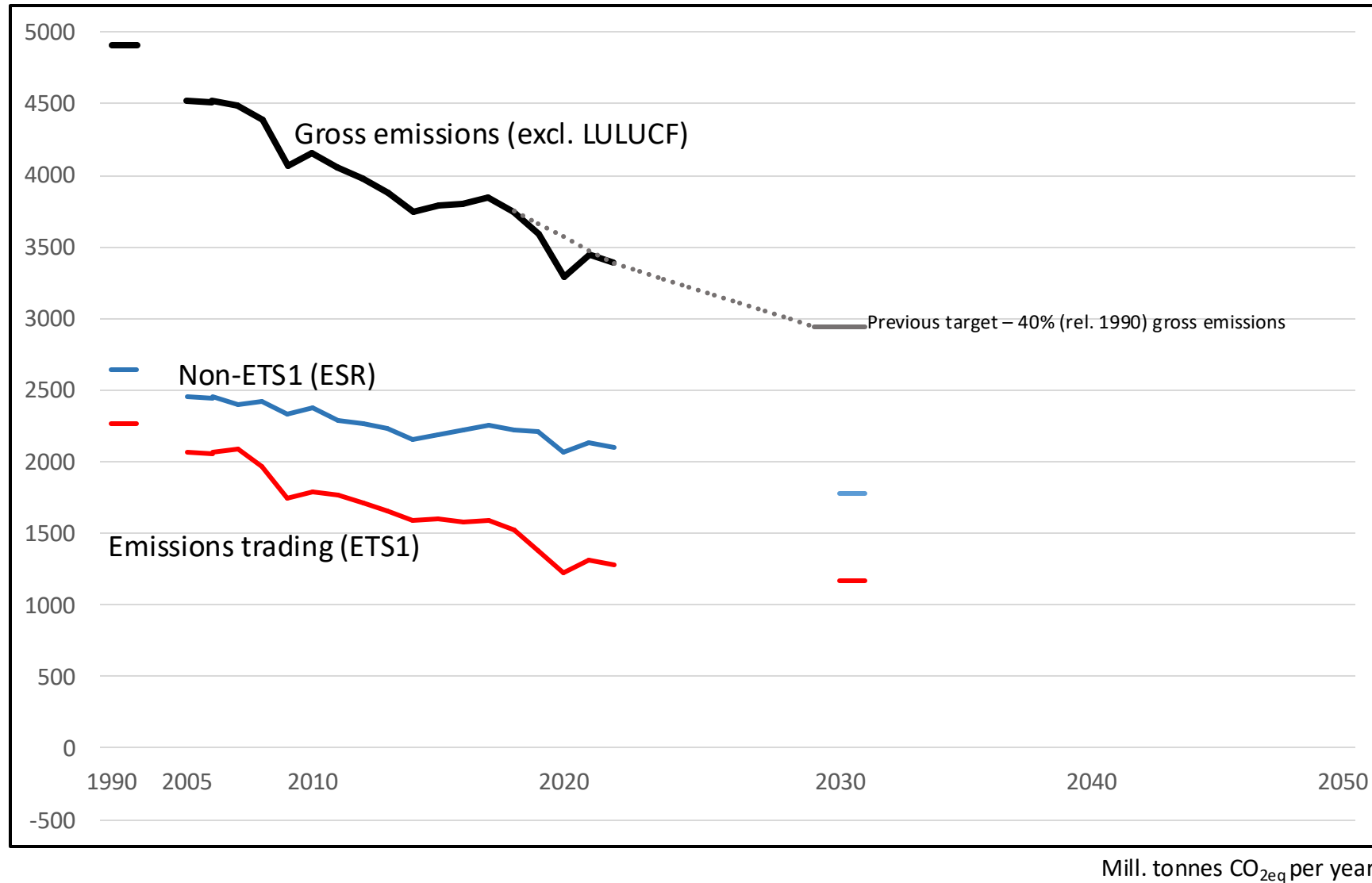




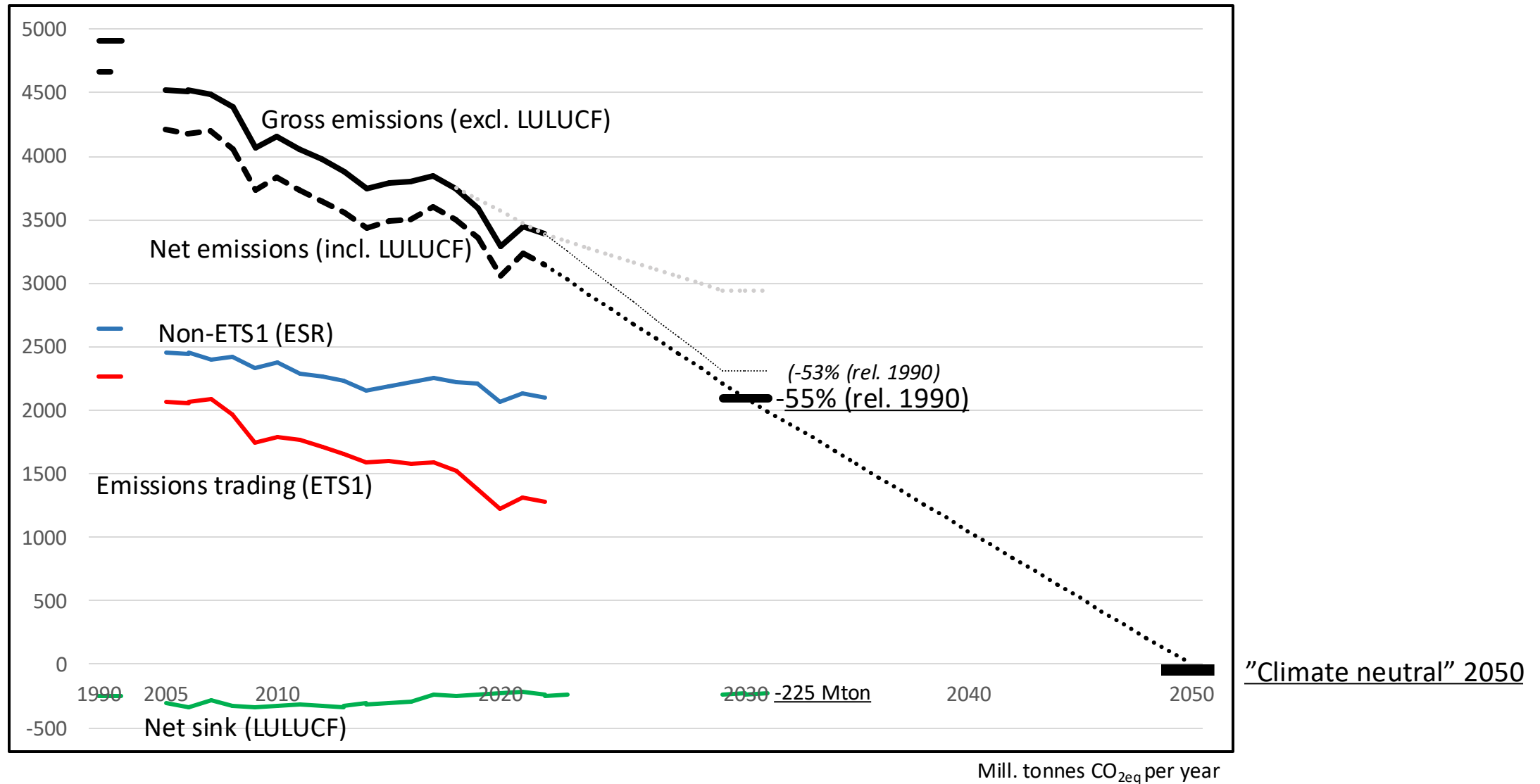
Climate politics heating up – on the new EU climate legislation

Triple F Autumn Conference
October 15, 2024
Magnus Nilsson

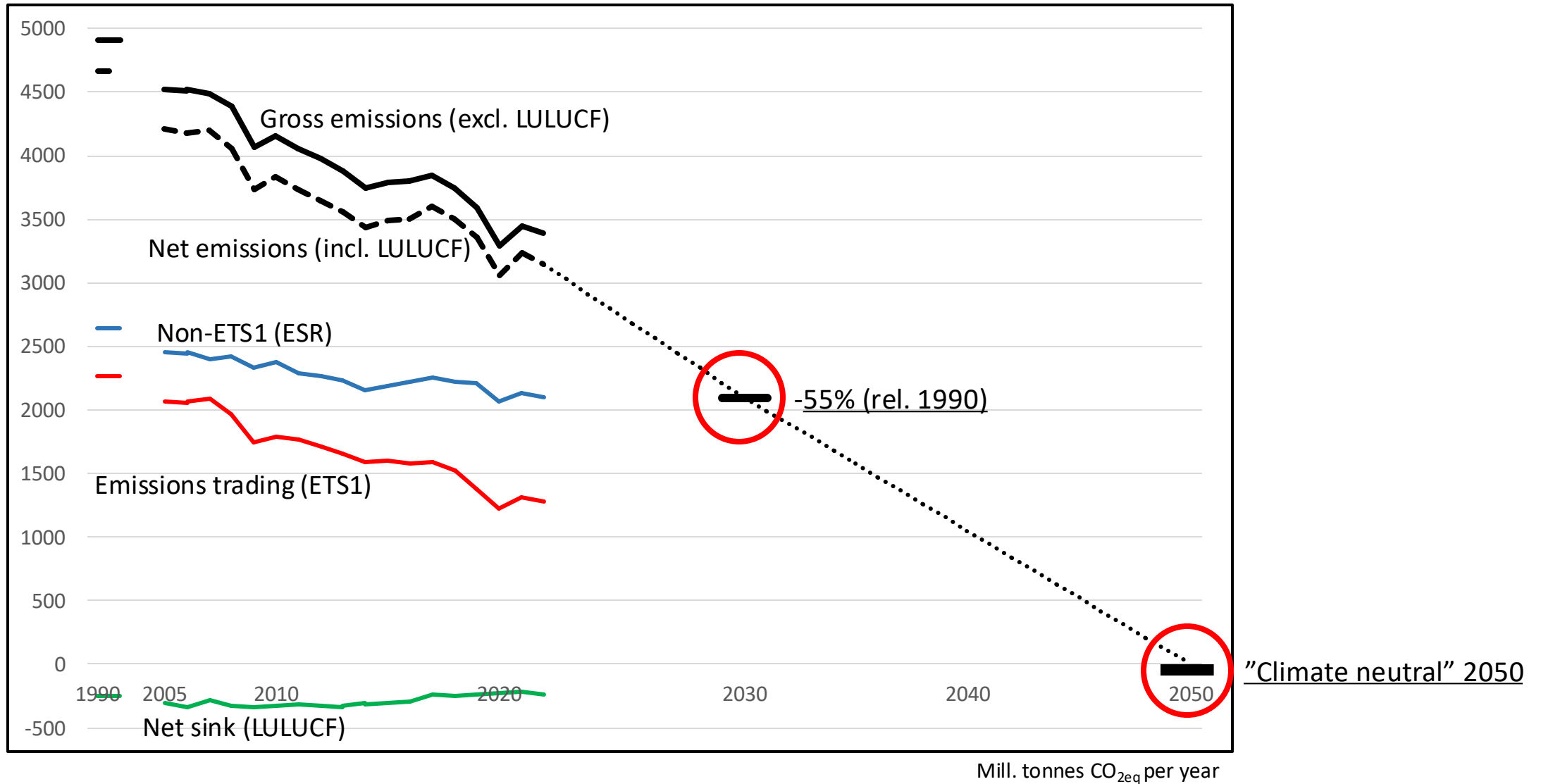
EU's previous climate policy



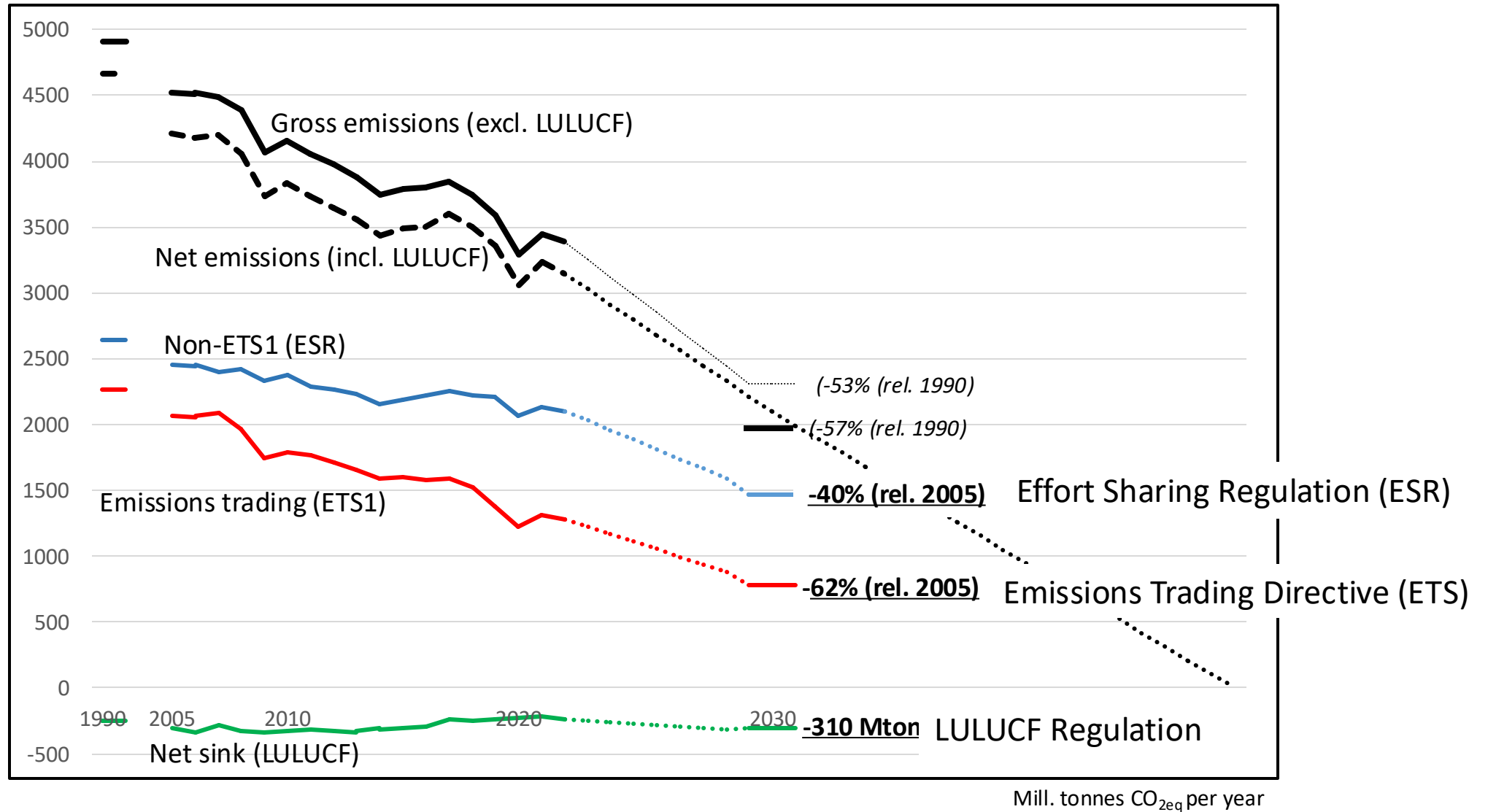
EU's new climate policy – the EU climate law (April 2021)



EU's commitment under Paris Agreement (Dec. 2020)



EU's new climate policy – "Fit for 55" (March 2023)



The three EU greenhouse gas budget laws

REGULATE EMISSIONS

1. Emissions Trading Directive

Caps emissions from activities covered by the existing emissions trading scheme ("ETS1")

2. Effort Sharing Regulation, ESR

Caps emissions from activities not covered by "ETS1" (i.a. road traffic, non-CO₂ from agriculture & F-gases)

REGULATES CARBON SINKS

3. LULUCF Regulation

Sets a floor for the net carbon sequestration in soil & vegetation + wood products

The three EU greenhouse gas budget laws

REGULATE EMISSIONS

REGULATES CARBON SINKS

1. Emissions Trading System (ETS)

Actors: 9-10 000 large energy & industrial facilities + aviation & shipping ("ETS1")

2. Effort Sharing Regulation (ESR)

Caps emissions from land use, agriculture & F-gases by Member States

Actors: The Member States (land use, agriculture & F-gases)

3. LULUCF Regulation

Sets a floor for the net removal of greenhouse gases by land use, vegetation + wood products

No limit for trade between actors within each "bubble"

The three EU greenhouse gas budget laws

REGULATE EMISSIONS

REGULATES CARBON SINKS

1. Emissions Trading System (ETS)

Actors: 9-10 000 large energy & industrial facilities + aviation & shipping ("ETS1")

2. Effort Sharing Regulation (ESR)

Caps emissions from land use, land-use change, and forestry (LULUCF), non-CO₂ from agriculture & F-gases)
Actors: The Member States

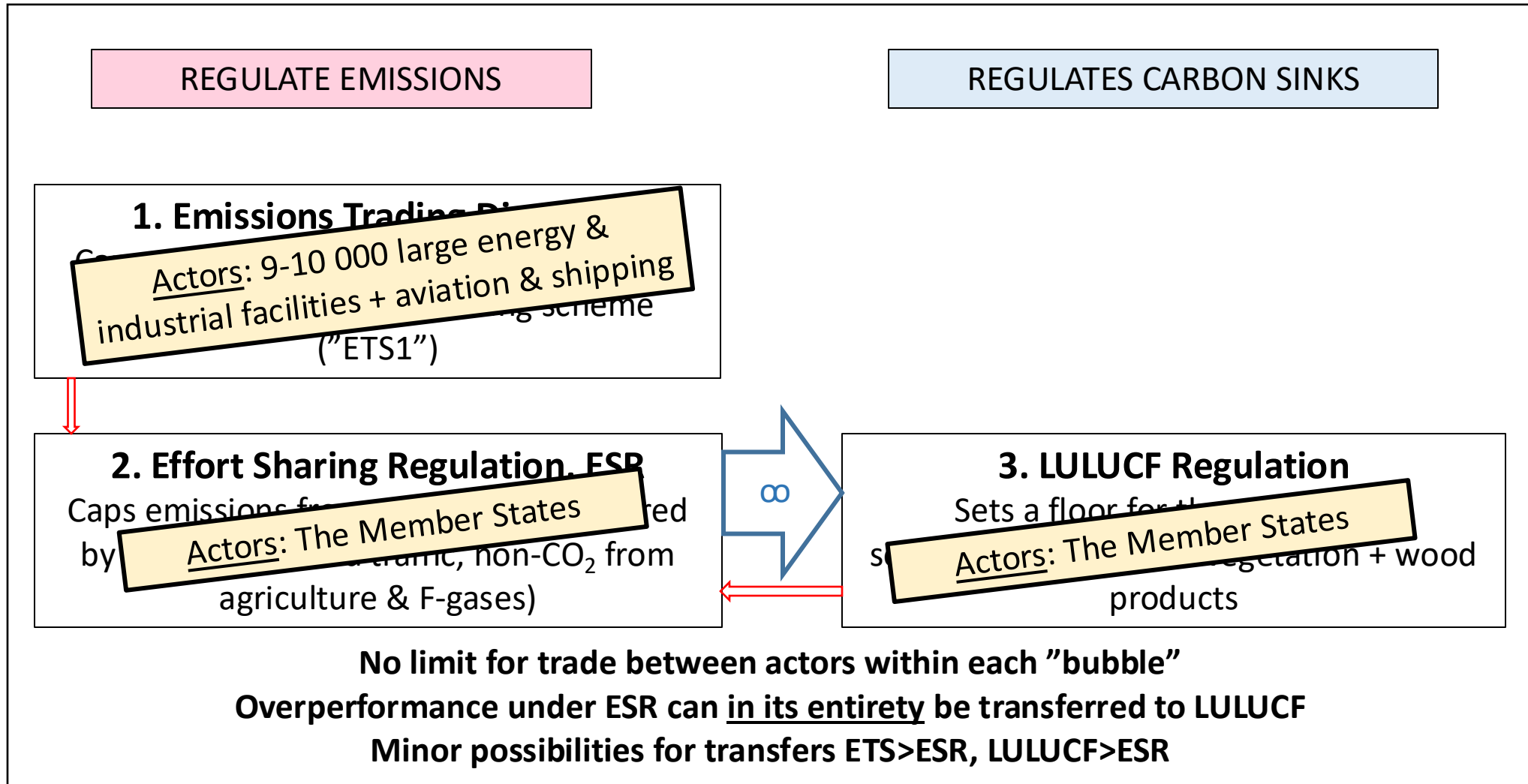
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3. LULUCF Regulation

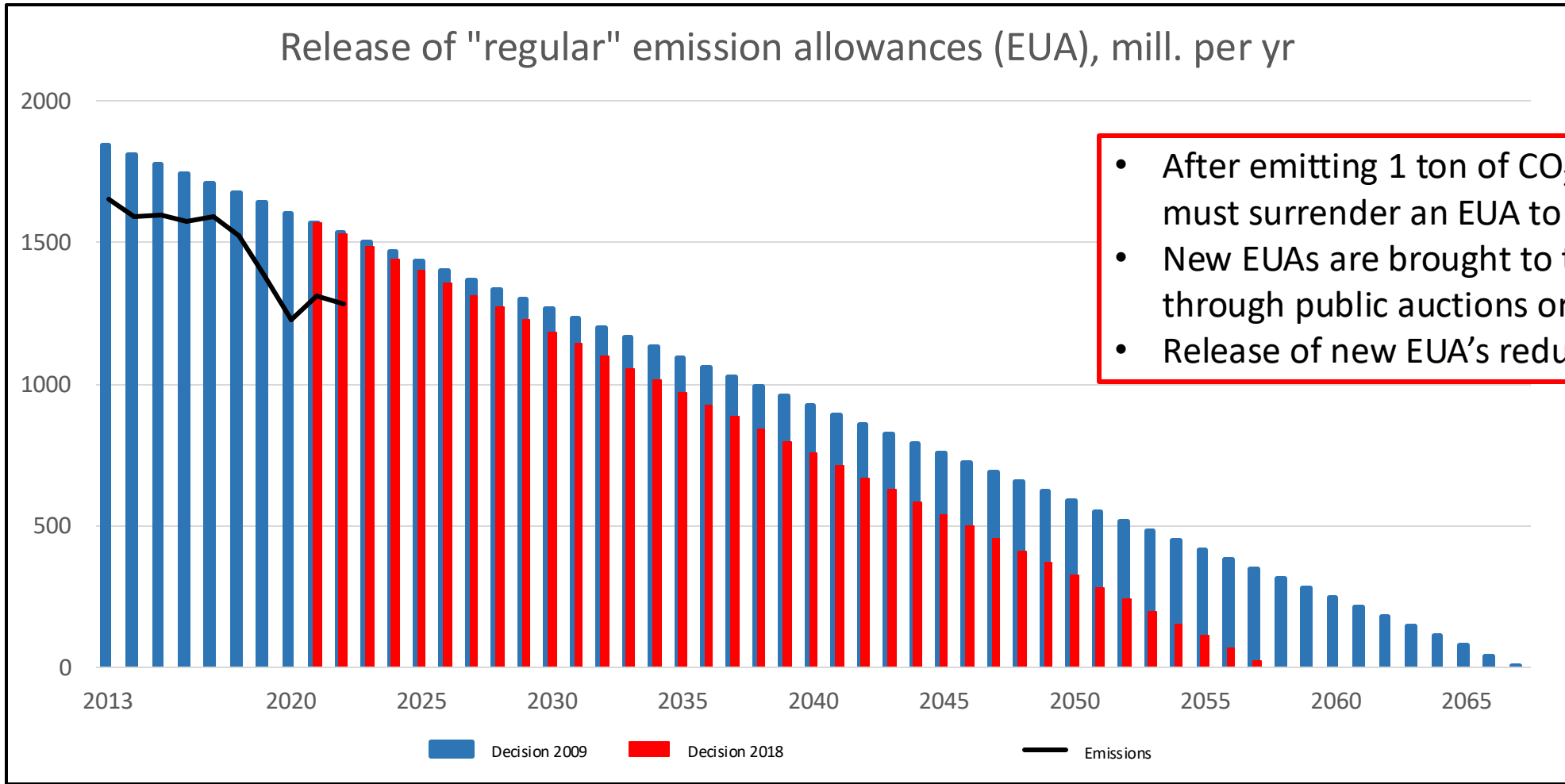
Sets a floor for the net removal of greenhouse gases from the atmosphere
Actors: The Member States (vegetation + wood products)

No limit for trade between actors within each "bubble"
Overperformance under ESR can in its entirety be transferred to LULUCF

The three EU greenhouse gas budget laws



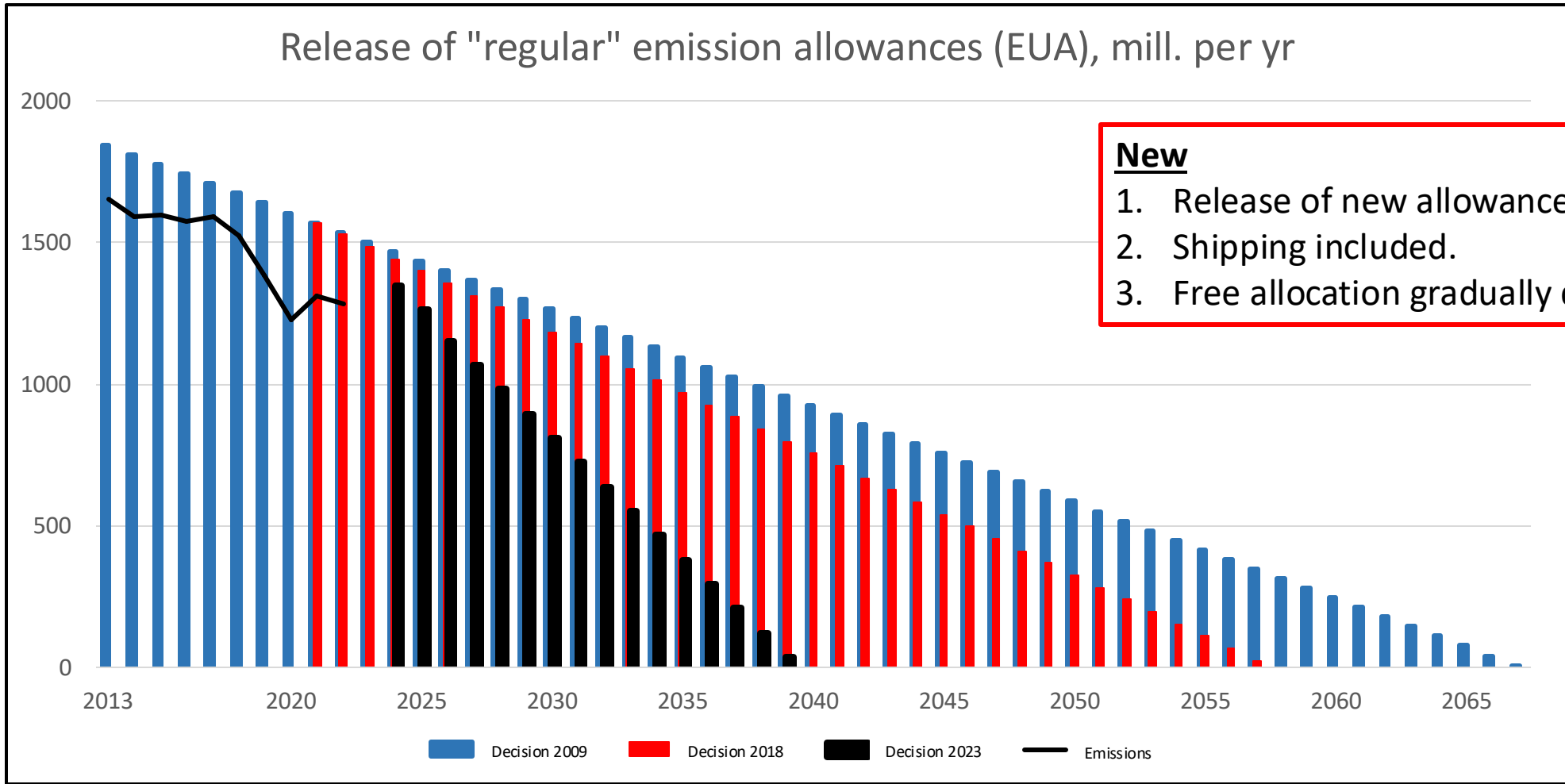
Present emissions trading scheme ("ETS1")



- After emitting 1 ton of CO₂ an ETS1 activity must surrender an EUA to the Commission.
- New EUAs are brought to the market through public auctions or free allocation.
- Release of new EUA's reduced year by year.

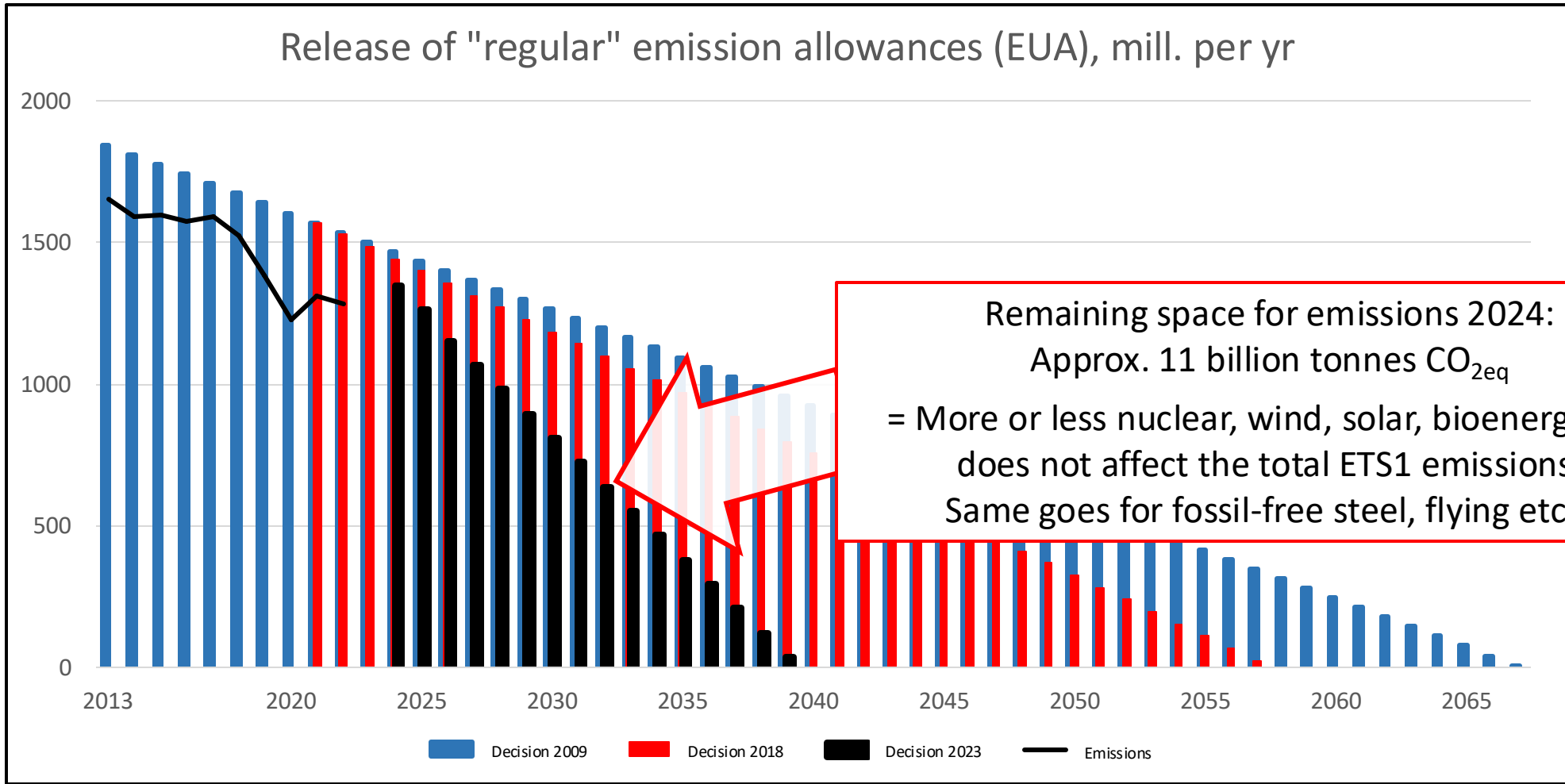
EUA=ETS1 emission allowance

Present emissions trading scheme ("ETS1")



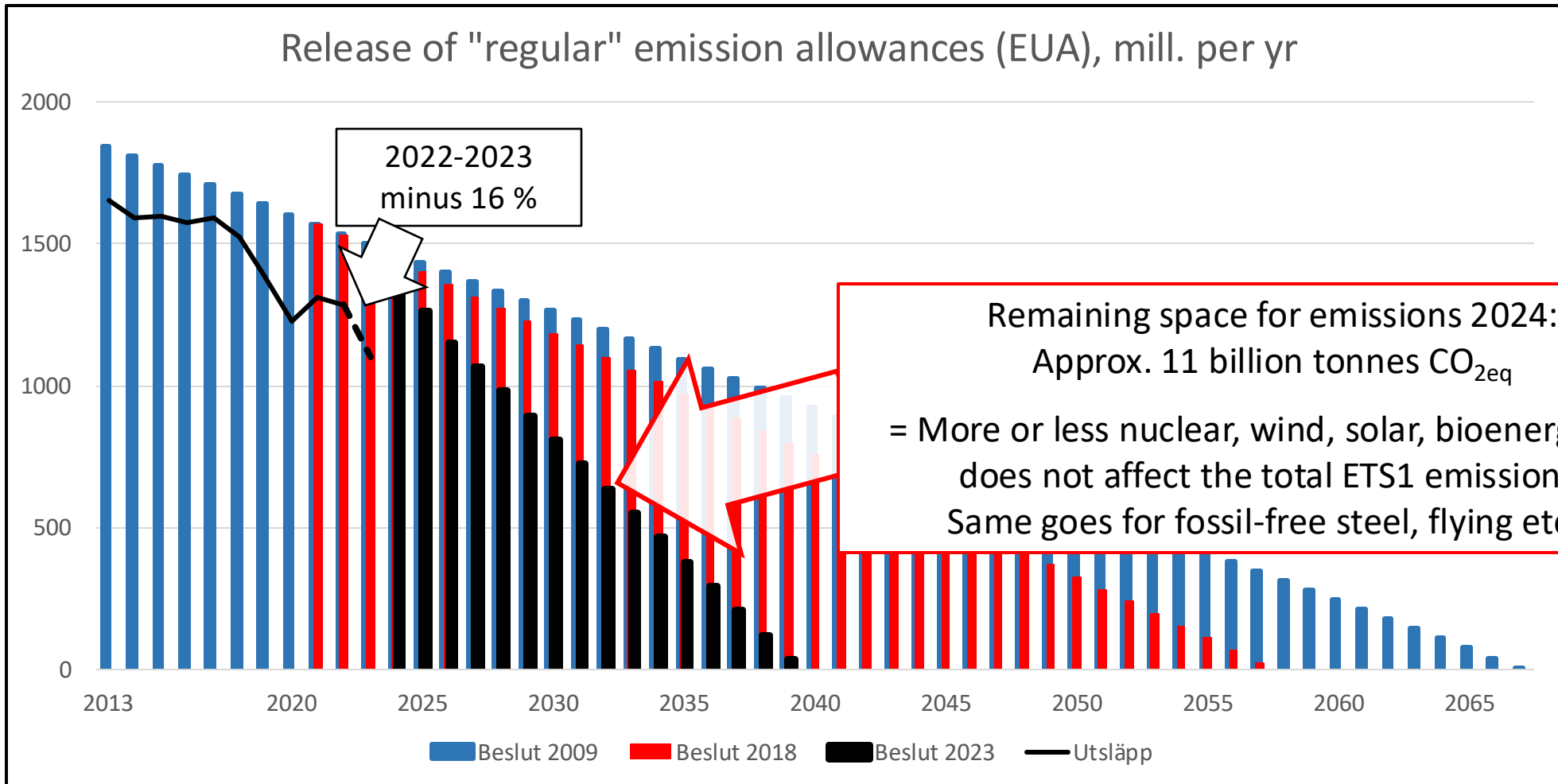
EUA=ETS1 emission allowance

Present emissions trading scheme ("ETS1")



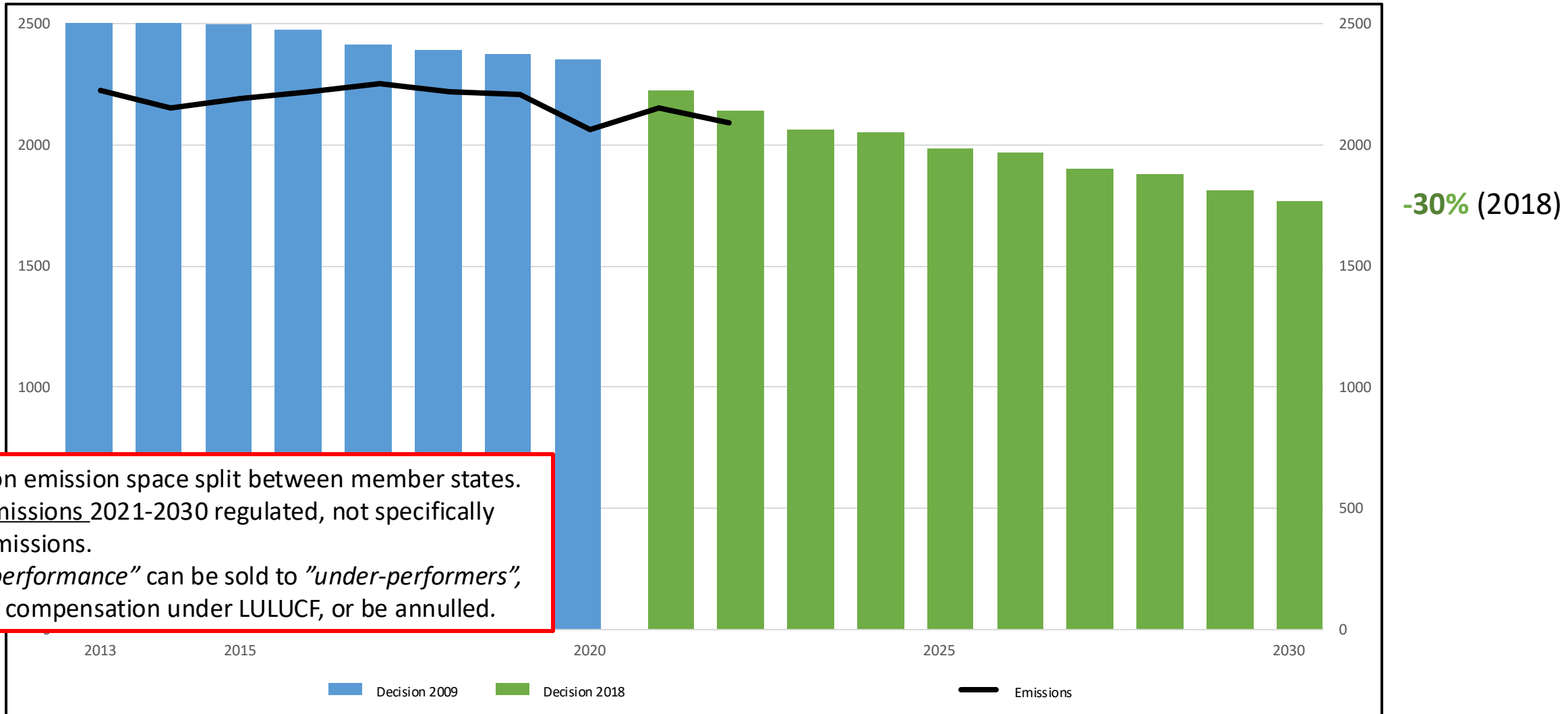
EUA=ETS1 emission allowance
Disregarding MSR factor*

Present emissions trading scheme ("ETS1")



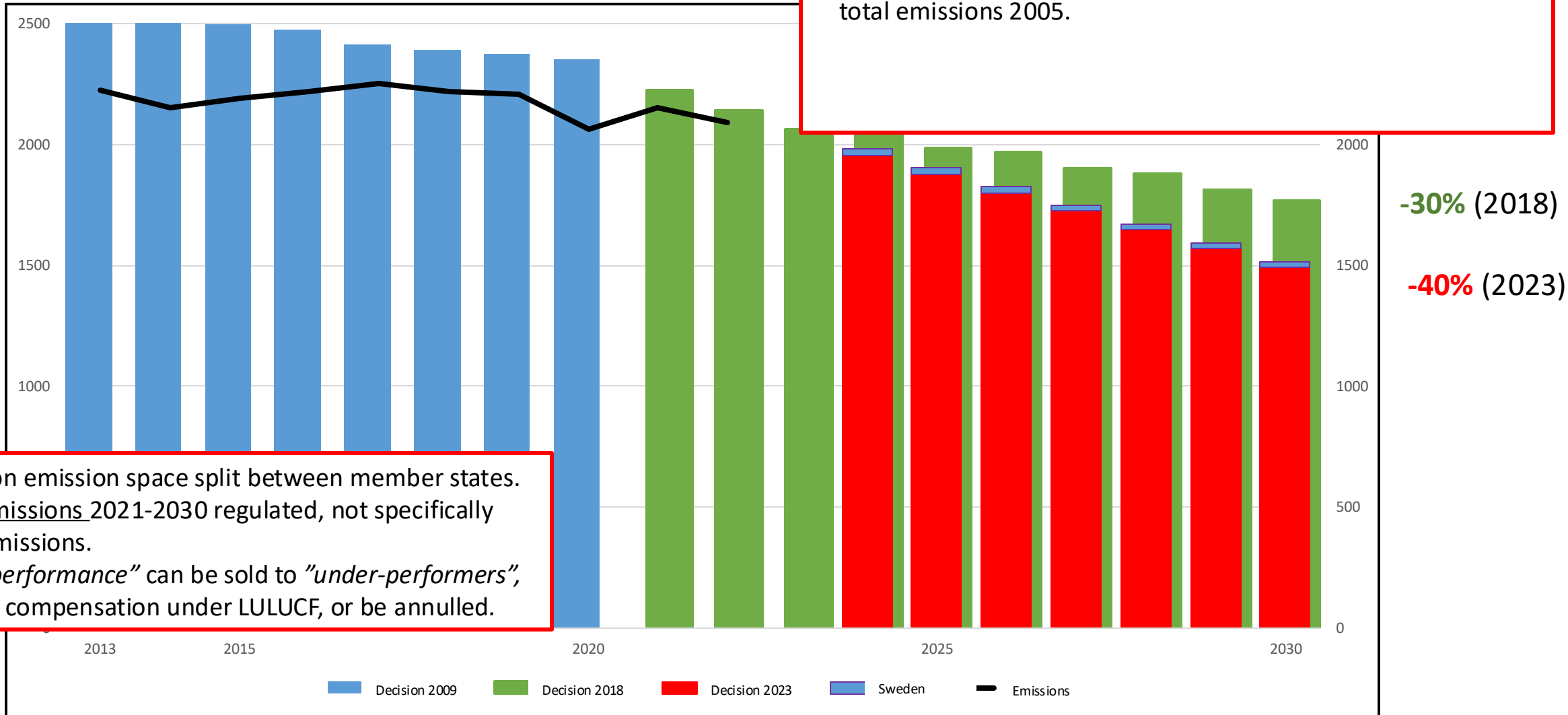
EUA=ETS1 emission allowance
 Disregarding MSR factor*

Emissions outside ETS1 (i.a. transport fuels, minor industries, agriculture): **Effort Sharing Regulation, ESR – EU27**



Emissions outside ETS1 (i.a. transport fuels, minor industries, agriculture): Effort Sharing Regulation, ESR – EU27

New
4. Total allocation 2030 cut from minus 30 to minus 40 per cent vs. total emissions 2005.



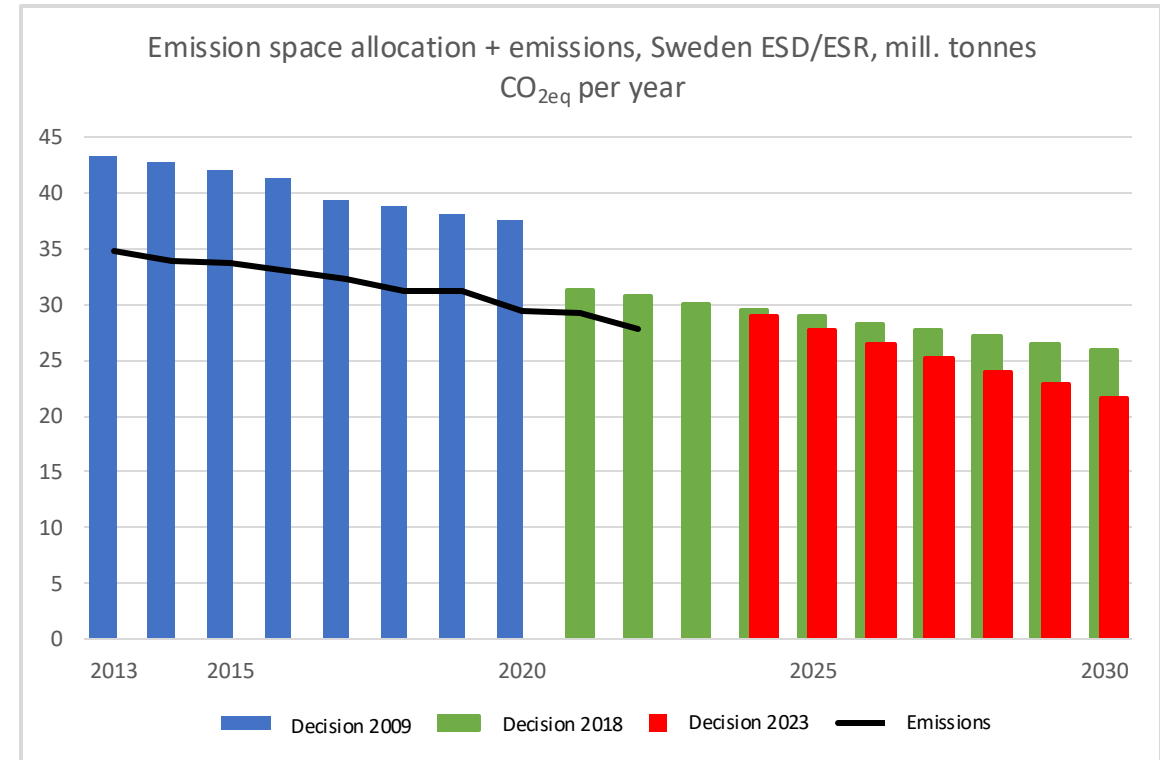
- 1. Common emission space split between member states.
- 2. Total emissions 2021-2030 regulated, not specifically 2030 emissions.
- 3. "Over-performance" can be sold to "under-performers", used as compensation under LULUCF, or be annulled.

Emissions outside ETS1 (i.a. transport fuels, minor industries, agriculture): Effort Sharing Regulation, ESR – Sweden

"BILAGA I
MINSKNINGAR AV MEDLEMSSTATERNAS VÄXTHUSGASUTSLÄPP ENLIGT ARTIKEL 4.1

Minskningar av medlemsstaternas växthusgasutsläpp år 2030 i förhållande till 2005 års nivåer fastställda i enlighet med artikel 4.3

	Kolumn 1	Kolumn 2
Belgien	-35 %	-47 %
Bulgarien	-0 %	-10 %
Tjeckien	-14 %	-26 %
Danmark	-39 %	-50 %
Tyskland	-38 %	-50 %
Estland	-13 %	-24 %
Irland	-30 %	-22,7 %
Grekland	-16 %	-37,7 %
Spanien	-26 %	-47,5 %
Frankrike	-37 %	-16,7 %
Nederländerna	-36 %	-48 %
Kroatien	-36 %	-48 %
Italien	-7 %	-17,7 %
Cypern	-17 %	-28,7 %
Lettland	-2 %	-12,7 %
Litauen	-15 %	-27 %
Luzemb	-12 %	-22,7 %
Ungern	-39 %	-50 %
Malta	-39 %	-50 %
Neder	-40 %	-50 %
Österrike	-7 %	-28,7 %
Polen	-17 %	-12,7 %
Portugal	-2 %	-27 %
	15 %	22,7 %



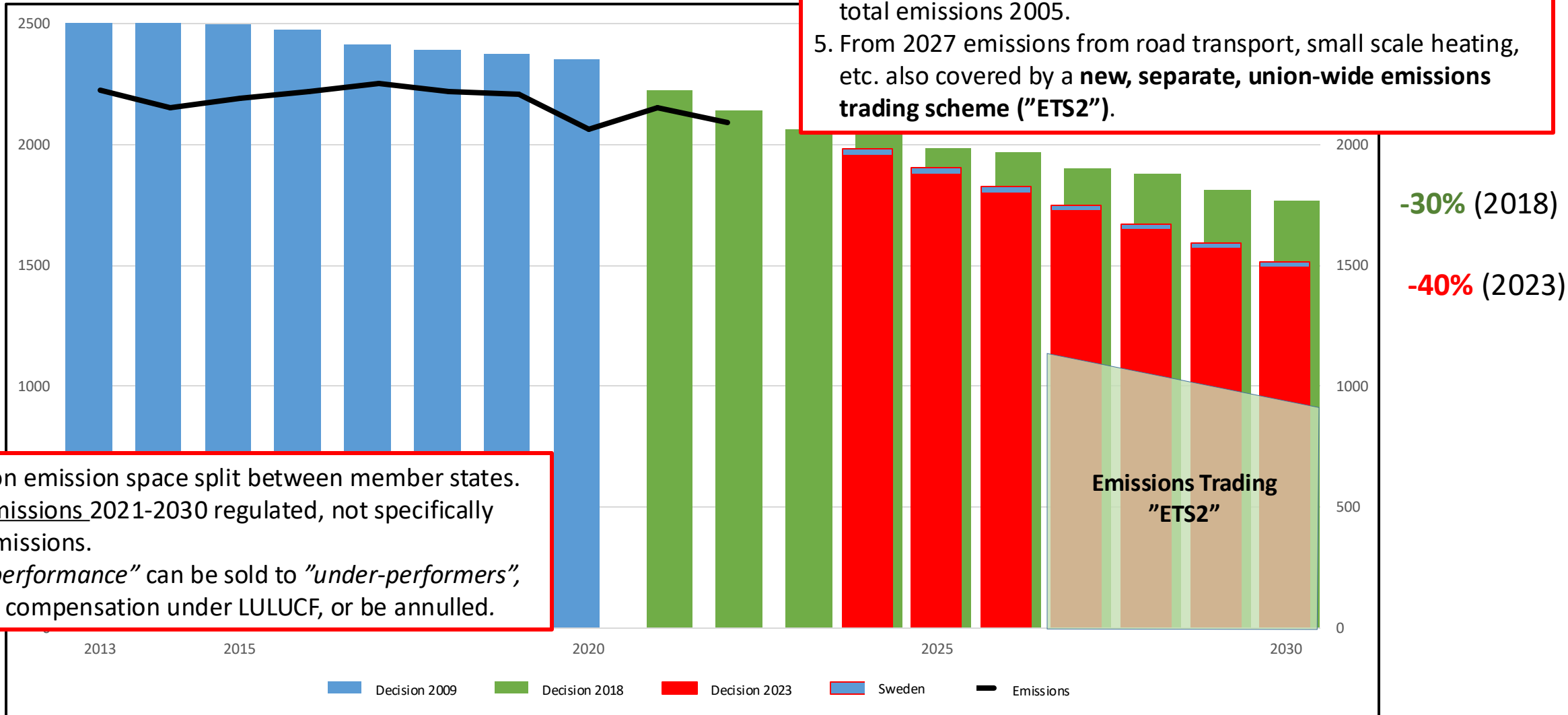
ESR emission space allocation Sweden 2021-2030: **approx. 270 mill. tonnes CO_{2eq}**

Emissions outside ETS1 (i.a. transport fuels, minor industries, agriculture): Effort Sharing Regulation, ESR – EU27

New

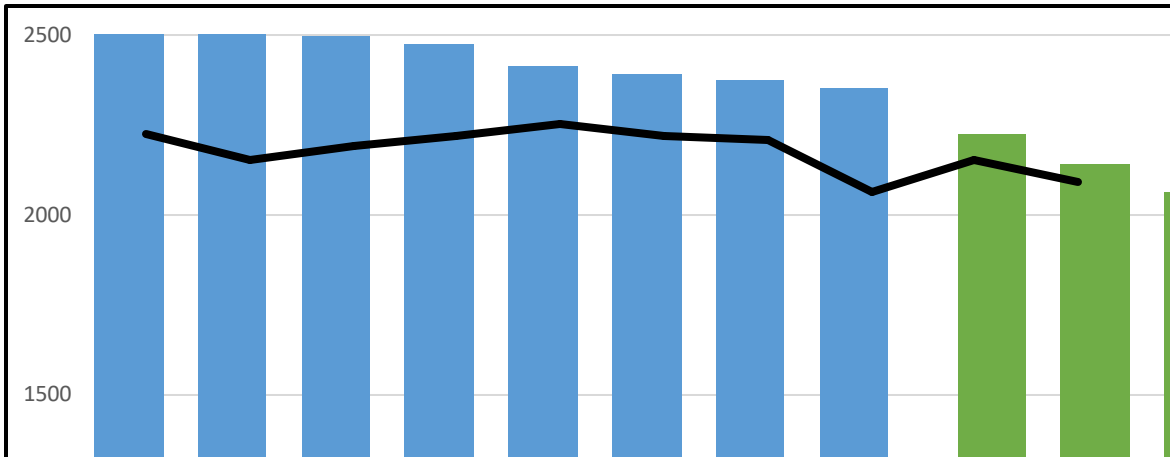
4. Total allocation 2030 cut from minus 30 to minus 40 per cent vs. total emissions 2005.

5. From 2027 emissions from road transport, small scale heating, etc. also covered by a **new, separate, union-wide emissions trading scheme ("ETS2")**.



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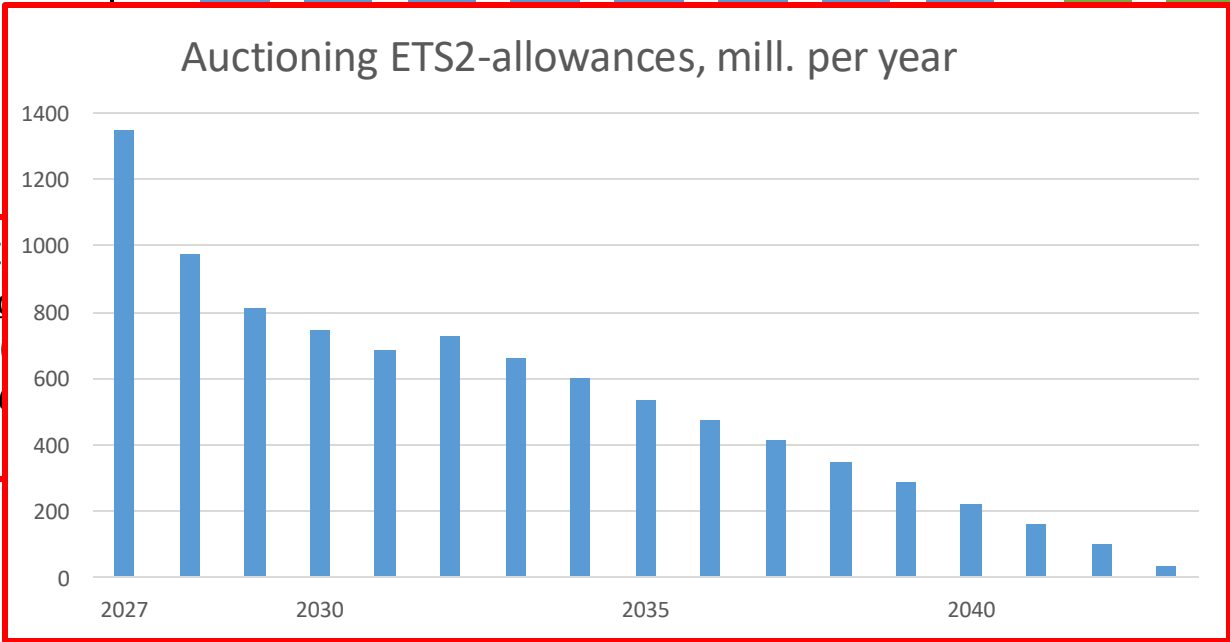
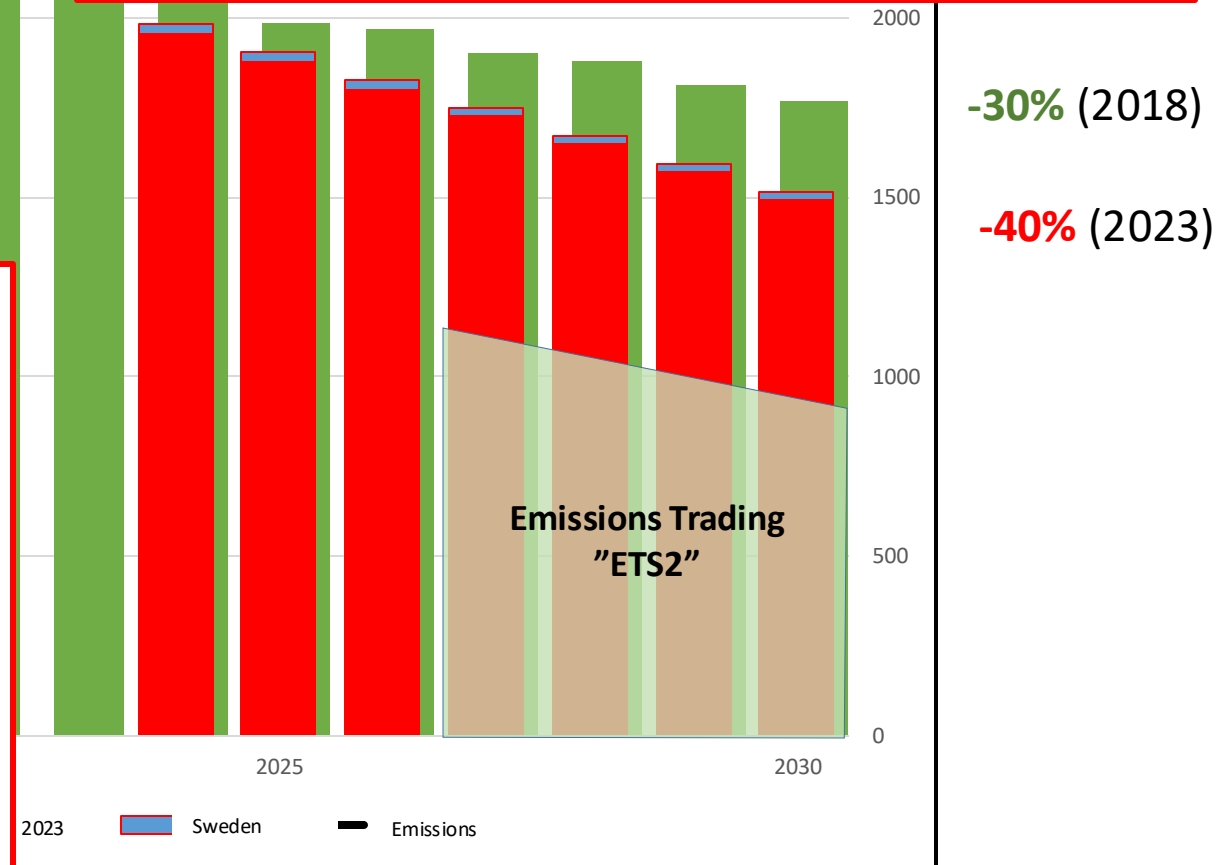
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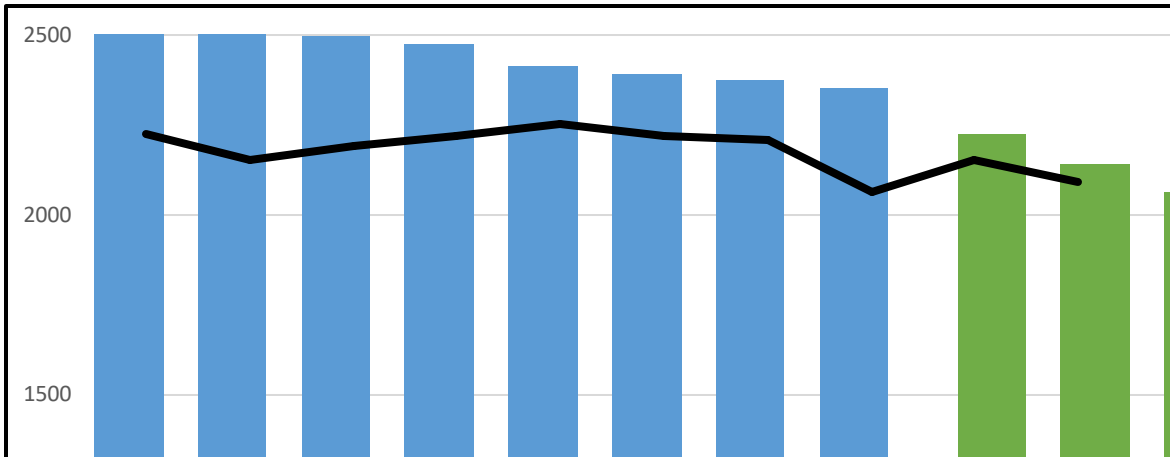
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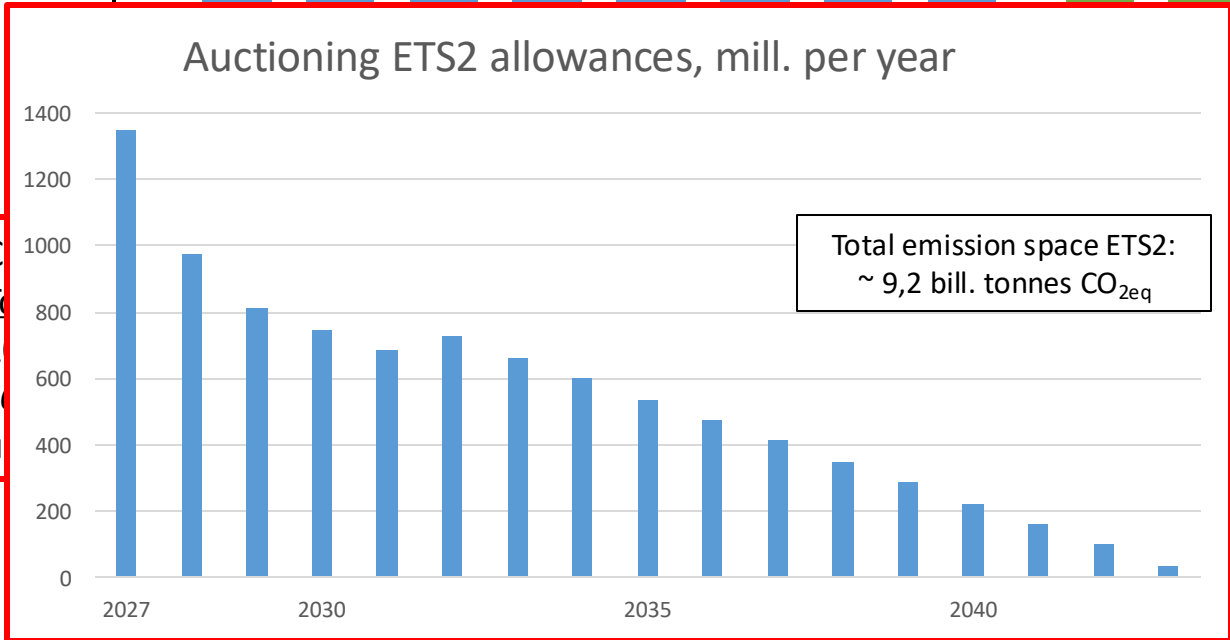
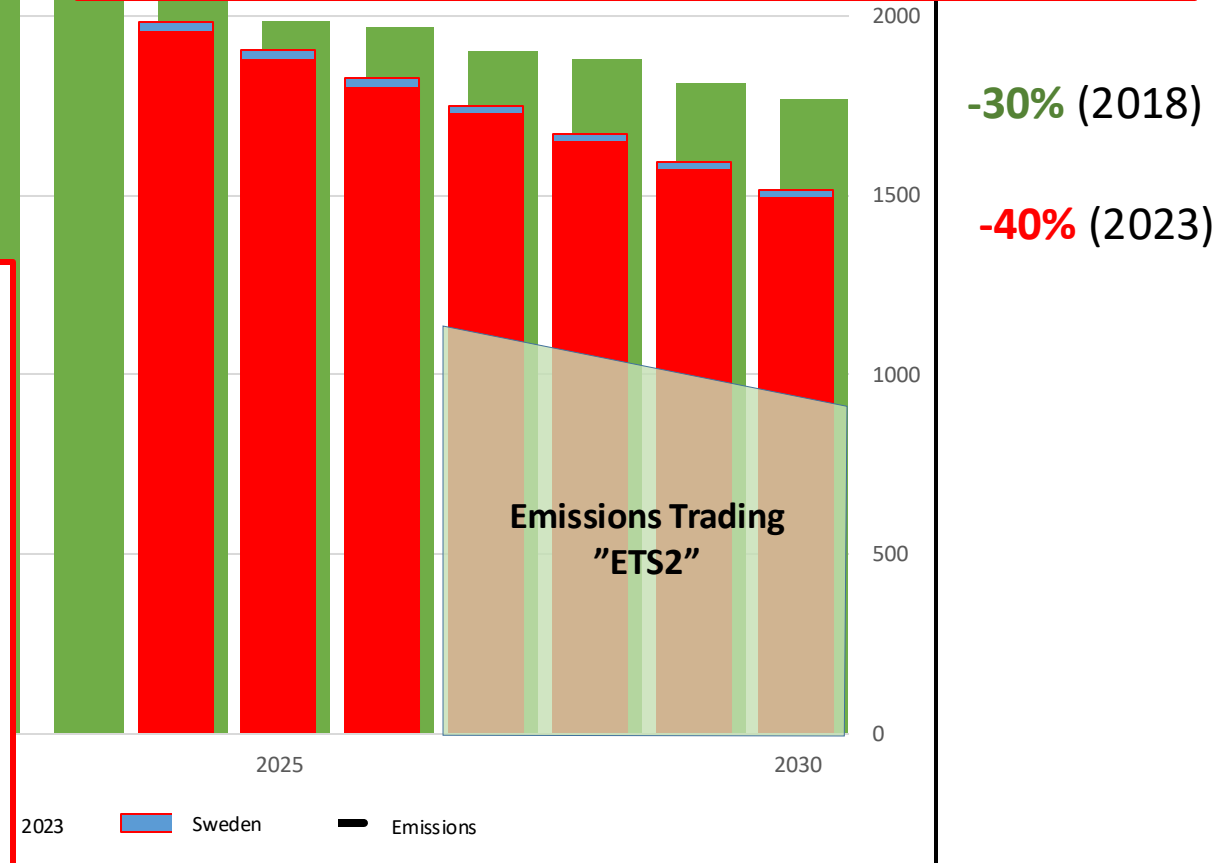
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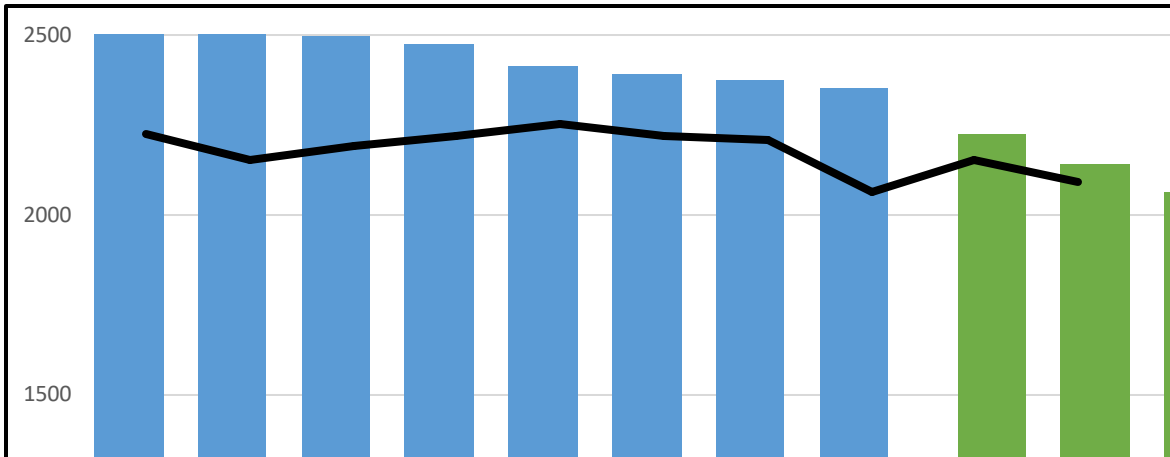
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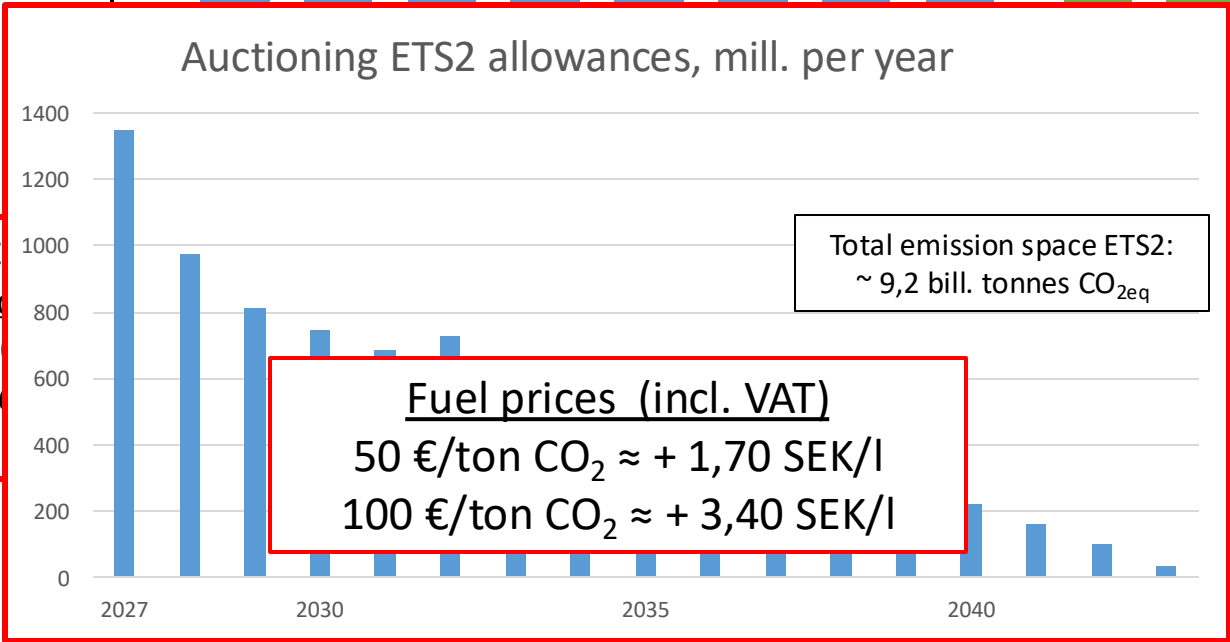
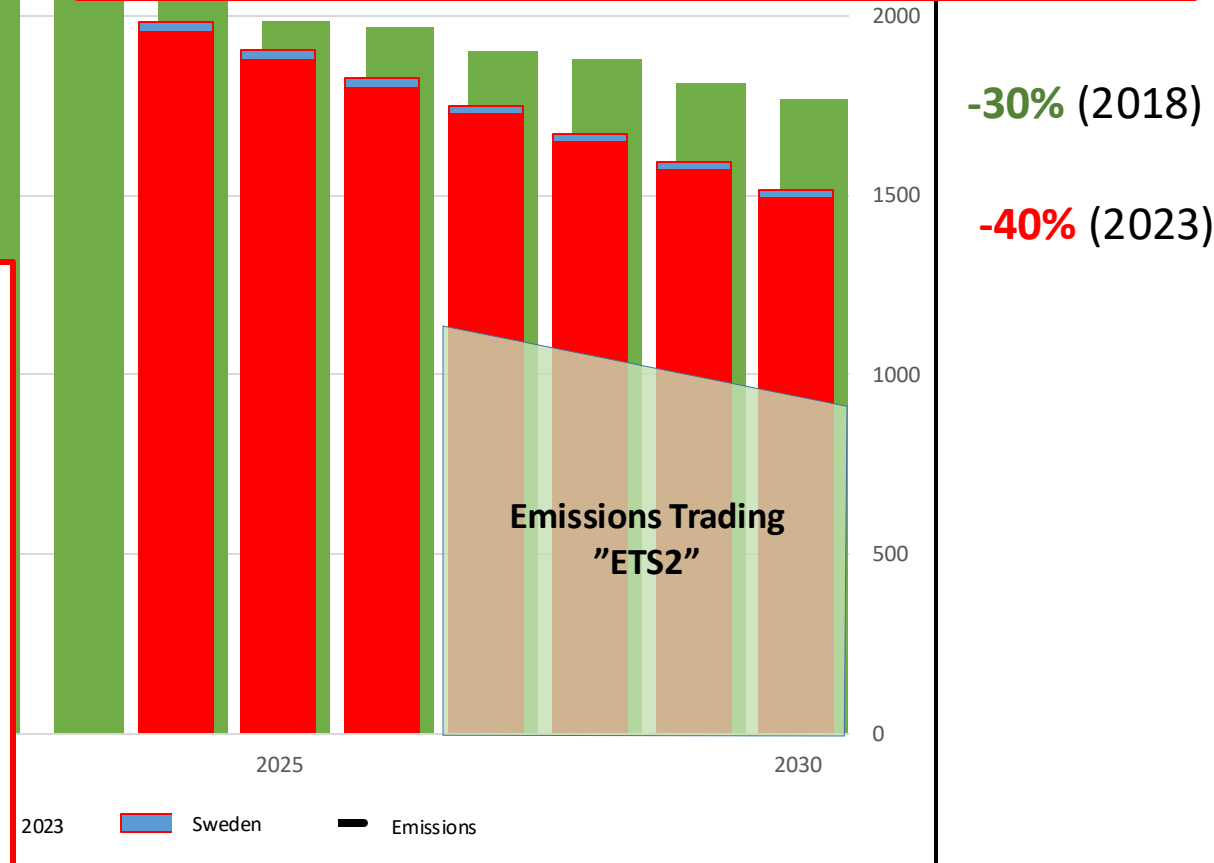
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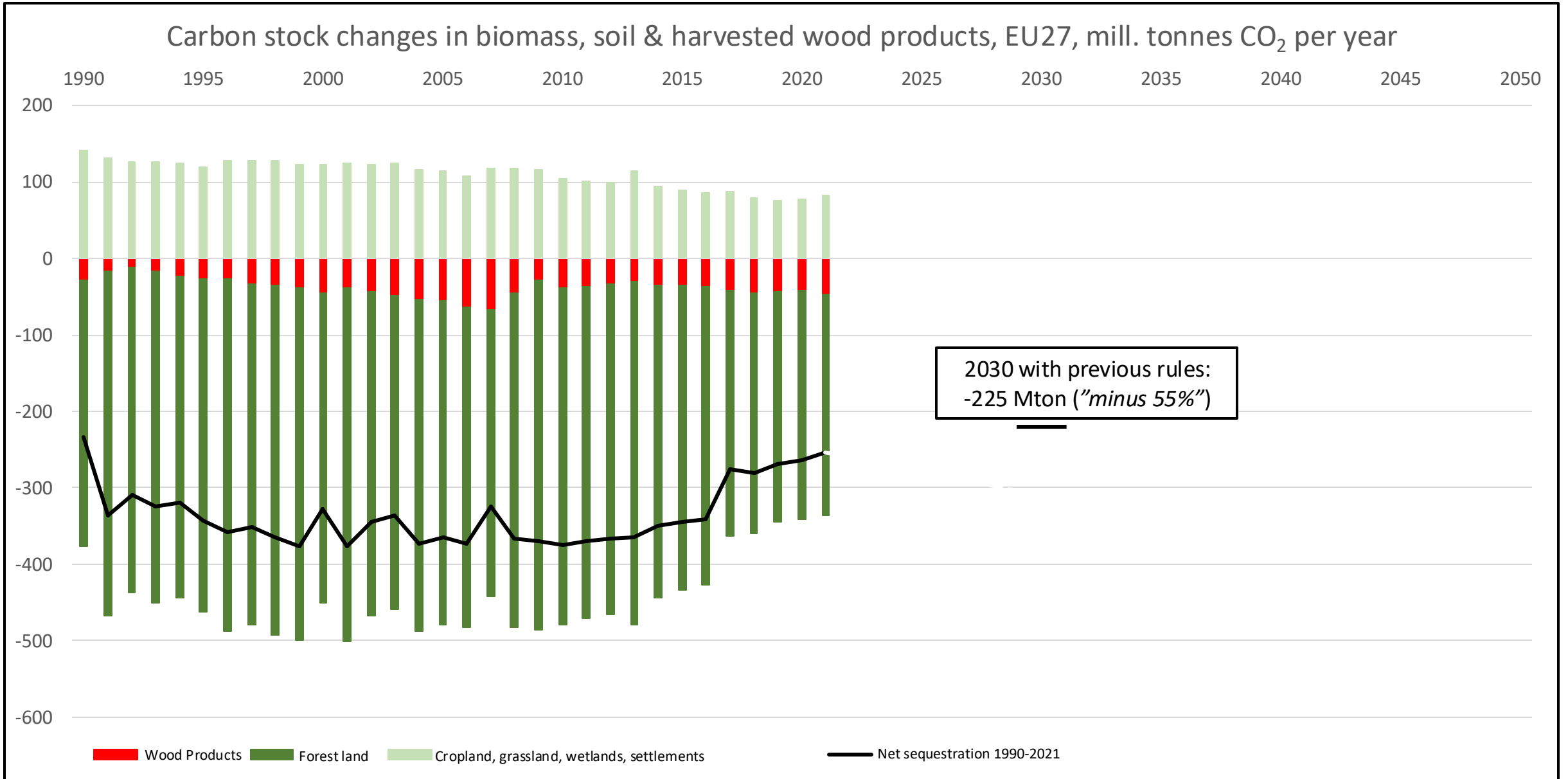
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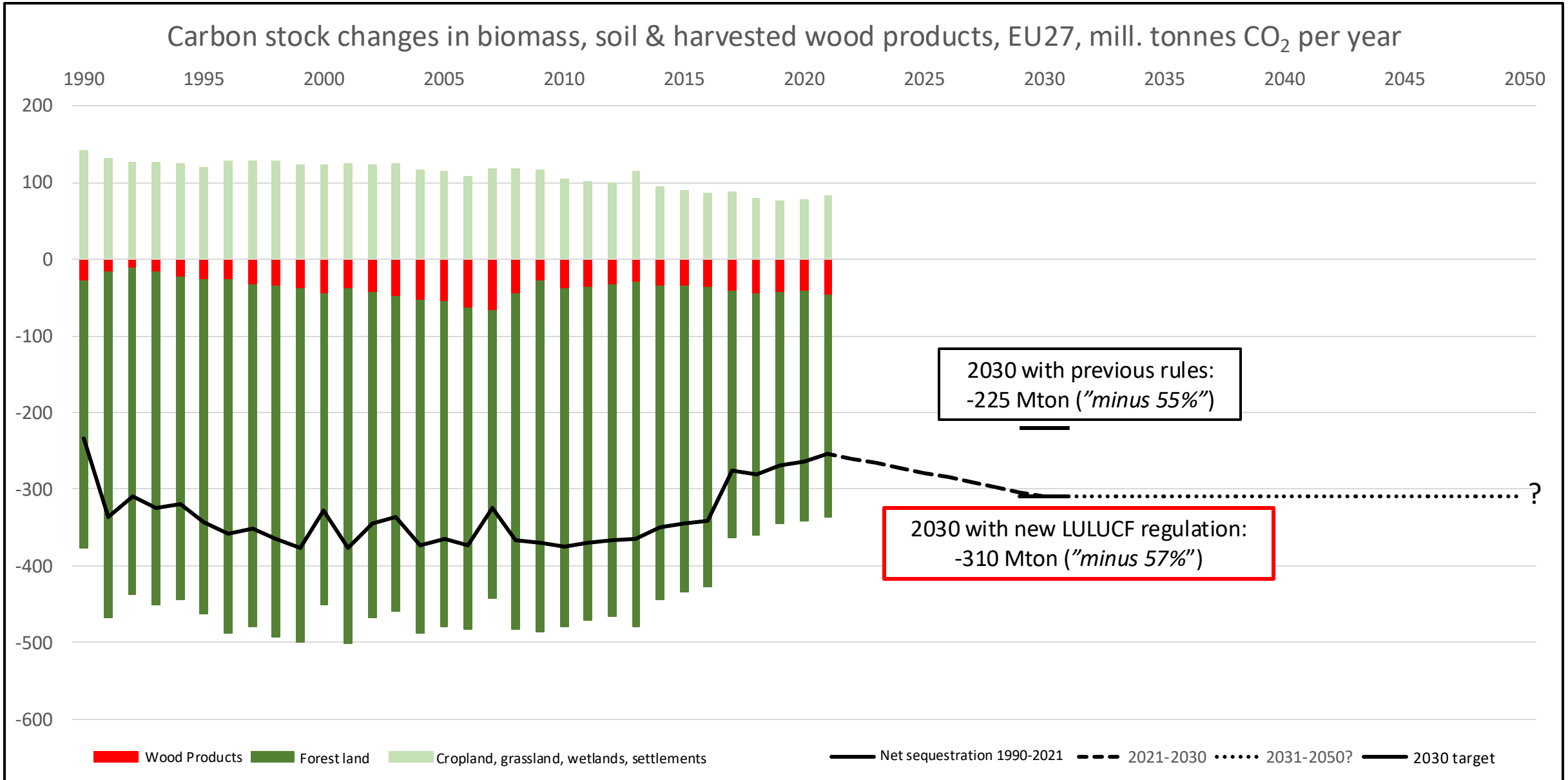
LULUCF Regulation, (Land-Use, Land-Use Change and Forestry) – EU27

Carbon stock changes in biomass, soil & harvested wood products, EU27, mill. tonnes CO₂ per year

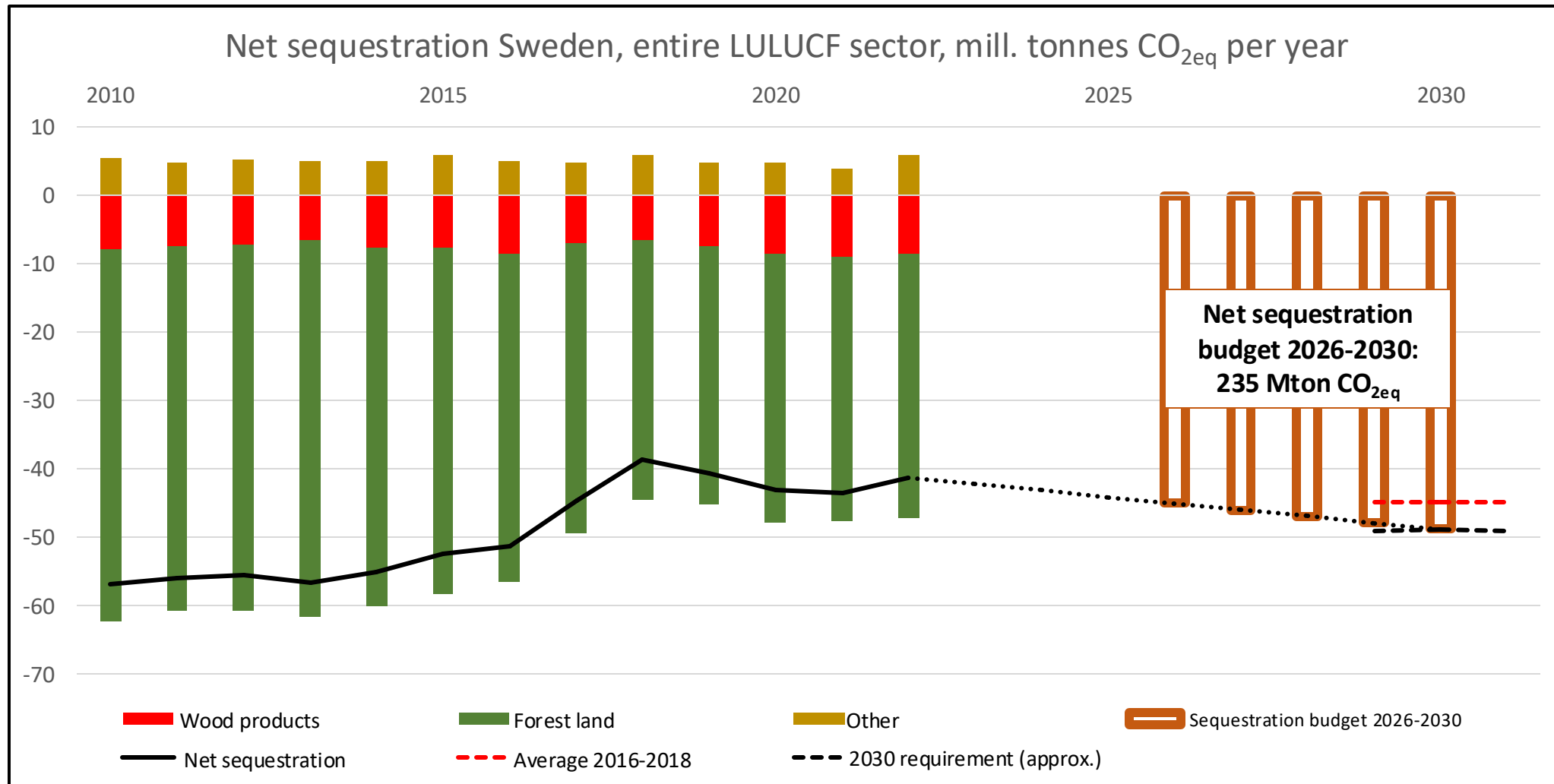


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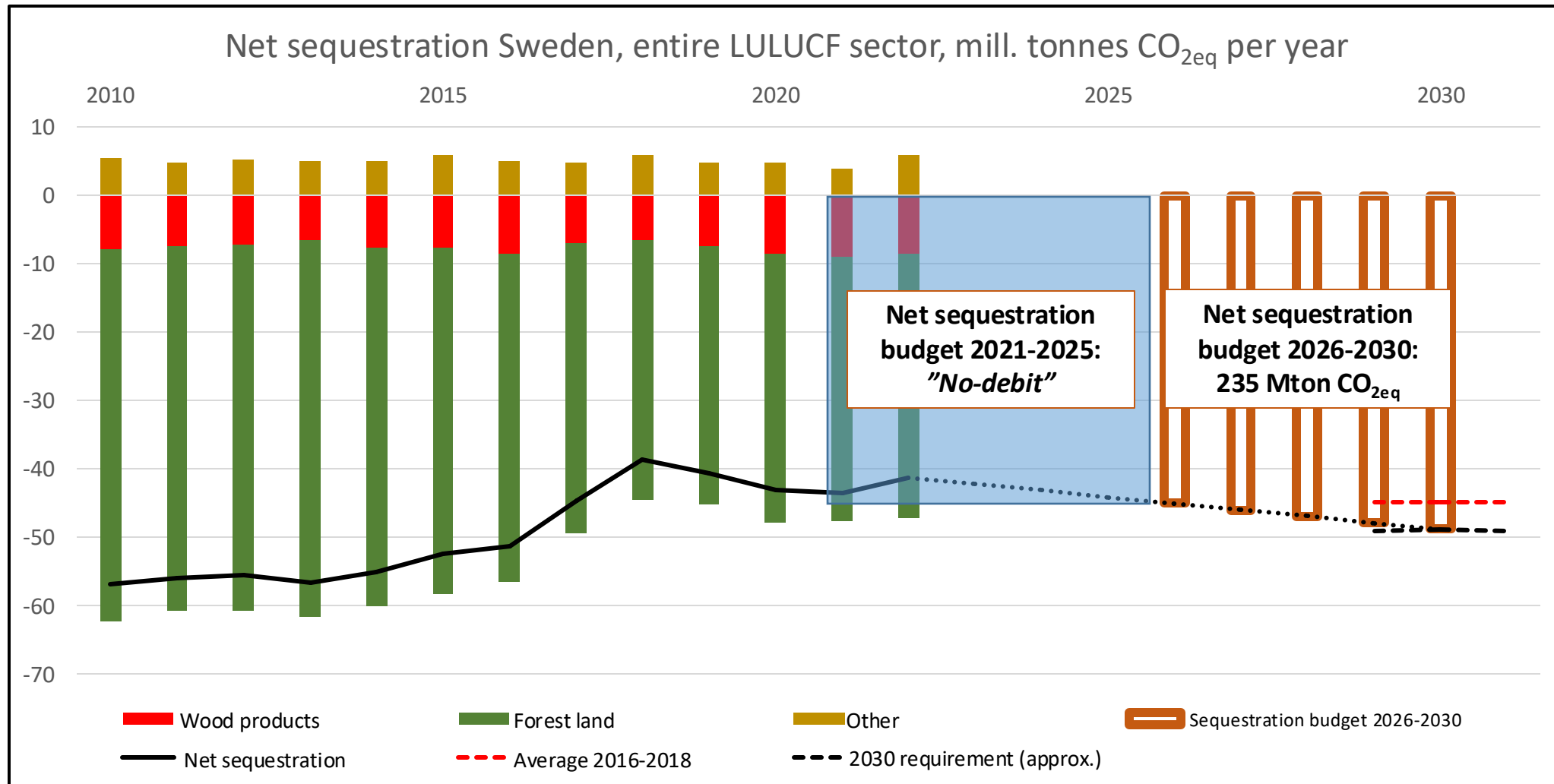


LULUCF Regulation, (Land-Use, Land-Use Change and Forestry) – Sweden



Source: Naturvårdsverket

LULUCF Regulation, (Land-Use, Land-Use Change and Forestry) – Sweden

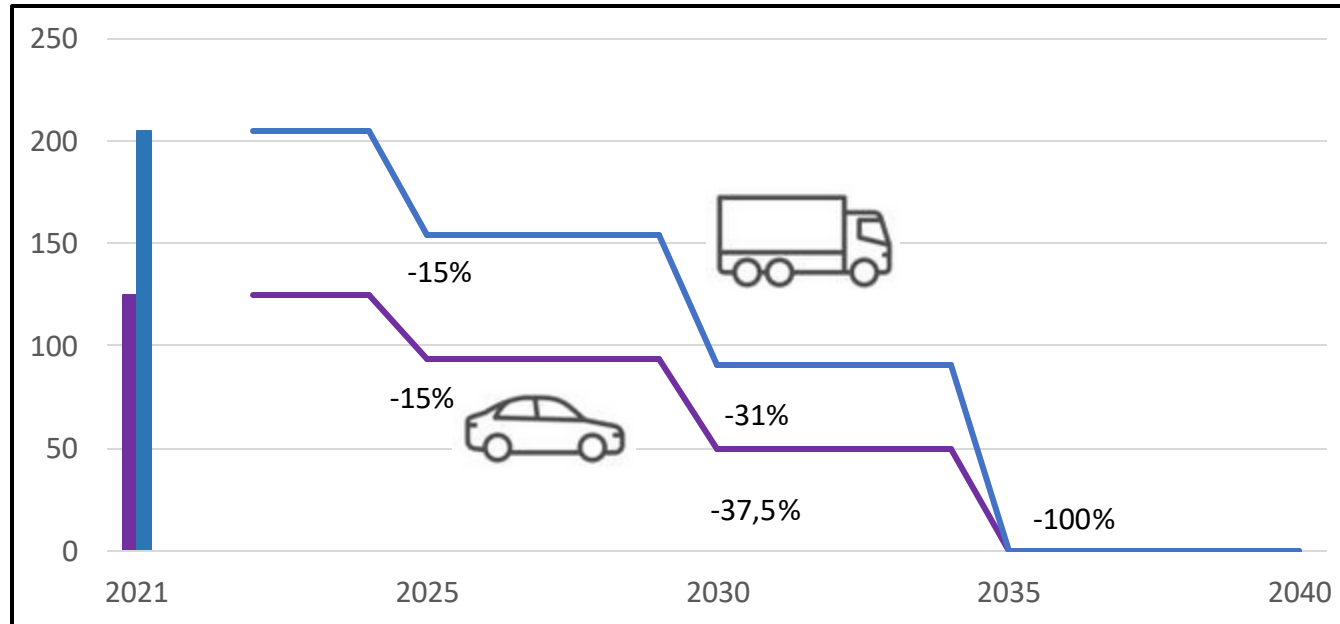


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New requirements on transport

CO₂ emission standards new road vehicles

Cars & vans – zero emissions 2035



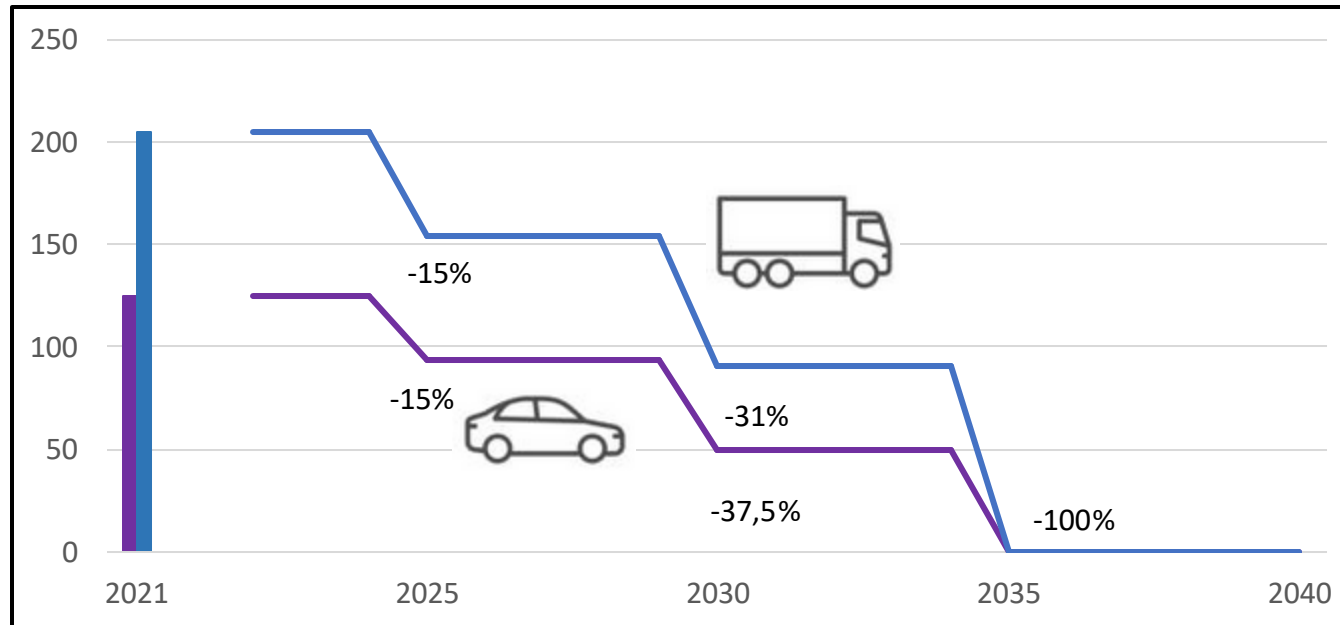
Average end-of-pipe emissions per vehicle company, g CO₂ per km (WLTP)

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Heavy vehicles – 2030 -45%, 2035 -65%, 2040 -90% rel. 2019 average



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Fuel/energy supply requirements

2030: 29 % renewable energy share

or

14,5 % reduction of LCA emissions per energy unit

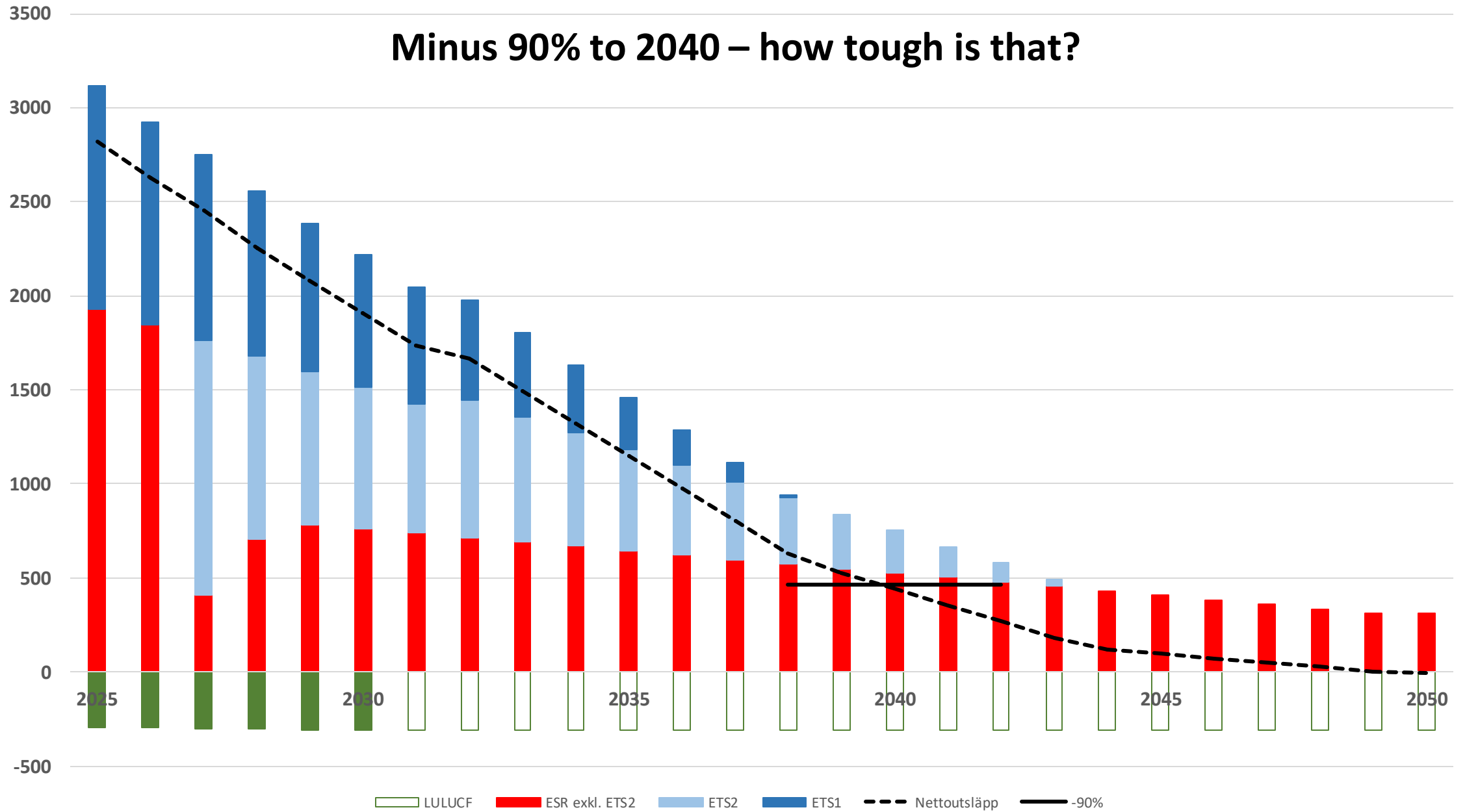
Advanced biofuels or RFNBO. 2025: 1 %, 2030: 5,5 % (RFNBO 1 %) of energy content

Mandatory credits from public charging

Mandatory charging network along TEN-T network

Marine fuels: Reduction of LCA emissions per energy unit. 2025: 2%, 2030: 6 %, 2035: 14,5%

Minus 90% to 2040 – how tough is that?





Thanks for your attention!

magnus@nilssonproduktion.se
Klimat- och naturvårdsbloggen