

EURACOAL Response to Public Consultation

on the Inception Impact Assessment for the proposed
2030 Climate Target Plan (Ares(2020)1406501 – 6 March 2020)

Background

The European Commission has launched a public consultation on revising the current EU climate target of a 40% reduction in greenhouse gas (GHG) emissions by 2030 (*c.f.* 1990). The Commission proposes a 50% or even 55% target for 2030. It claims that this is necessary, “to have a more balanced reduction pathway from 2020 to 2050”. To implement any revised target, a proposal to amend the yet-to-be-adopted Climate Law would be tabled by June 2021, alongside amendments to extend the Emissions Trading System (ETS) Directive and its carbon leakage measures, a recast Effort Sharing Regulation, amendments to the Land Use, Land Use Change and Forestry Regulation, and reviews of the CO₂ emission performance standards for cars and vans, the Energy Efficiency Directive, the Renewable Energy Directive, and the Energy Taxation Directive, as well as other policy measures related to the European Green Deal.

On EU climate policy

Members of EURACOAL make a real contribution to climate protection and believe in an integrated, just and economically efficient transformation of the energy sector in the European Union which takes into account the entrepreneurial interests of EURACOAL members and the interests of the coal and lignite regions, as well as protects a value chain that includes mining equipment suppliers and many service providers.

EURACOAL and the EU coal and lignite industry stand to achieve the climate goals set out in the UNFCCC Paris Agreement, as ratified by all EU Member States. A 40% GHG emission reduction target was agreed by Member States in October 2014; it led to a major revision of the EU ETS Directive, passed by qualified majority voting (QMV) in the European Council on 18 September 2015; and was central to the *Clean Energy for All Europeans* package of proposals tabled by the European Commission in December 2016 that included a climate and energy governance regulation now in force ((EU) 2018/1999). The provisions of the Paris Agreement should now shape EU policy on the energy transition. Apart from GHG emission reduction targets to limit global warming, this means the European Commission should push for a global “level playing field”, at least across the G20 countries, based on similar levels of climate ambition and comparable carbon-pricing measures.

A lack of similar climate ambitions at the G20 level risks serious economic disruption with little benefit to the global climate. With the EU leading, other countries may simply choose to await the result of our vast socio-economic experiment.

EURACOAL response to the 2030 Climate Target Plan

The 2030 climate targets proposed by the European Commission would require an additional emission reduction of 30 to 35 percentage points compared to 1990 in just ten years. In the twenty-eight years from 1990 to 2018, and excluding the UK, the reduction was just 21%

(Ares(2020)1631599 p.1). Hence, the targets envisaged by the Commission would require a four- to five-fold increase in the rate of reduction to date – without any repeat of the large emission reductions that came from the economic collapse of the former Eastern Bloc in the 1990s.

Accordingly, the impact assessment will be very important: to what extent can the 2030 climate target be tightened and what compensatory measures are necessary to protect the economy and households? It will be crucial also to know to what extent the existing EU regulatory framework has to be adjusted to reach any new target, *e.g.* tightening or expanding the EU ETS and recasting the Effort Sharing Regulation. This should all be examined in the impact assessment, based on national energy and climate plans.

Any new GHG emission reduction target must be formulated in such a way that citizens, corporations or interest groups are neither directly restricted in their rights, nor given the opportunity to derive any directly enforceable rights from that target. Finally, at a time when jobs need to be protected, it would be wrong to force through measures that risk jobs with no guarantee on the quality or quantity of replacement jobs.

Inception Impact Assessment

The Inception Impact Assessment promises sustainable and inclusive growth with nature-based solutions, and enhanced economic competitiveness through accelerating innovation and modernising Europe’s enterprises. This would be a very welcome outcome of the Commission’s proposal. There are other equally plausible outcomes that would be less welcome: a loss of competitiveness, unemployment, an overreliance on imported fuels and energy technologies, and the premature stranding of otherwise useful assets. A more cautious approach is called for, rather than a great leap forward.

摸着石头过河 (“We are crossing the river by feeling for the stones on the bottom.”)

Deng Xiaoping, Chinese Premier 1978-1992

EURACOAL therefore welcomes the Commission’s intention to assess the impacts of a revised 2030 target on energy affordability, sustainability and security, including energy system costs, infrastructure needs, while considering the role of an effective and efficient internal energy market. Social aspects are, however, missing from this list. The impact assessment should use **open-source models with *all* code and data inputs publicly available and assumptions fully reported** so that the Commission’s assessment can be fully replicated and properly scrutinised by independent experts. **The proposed impact assessment should include the option of retaining the 40% target as a necessary baseline.**

The focus should be on a proper assessment of all the positive and negative impacts in terms of expected costs for each region and each Member State. Given the current Covid-19 crisis, and with a significant part of EU economic activity in stagnation, it is vital to understand the impacts of any tightening of the 2030 climate target. It is our opinion that this assessment work will not be possible this year or in the near future. When it is undertaken, the assessment must determine the likely impacts on EU prosperity, on regional development, including in the coal mining regions, as well as identify projects and initiatives that would see jobs transformed and social tensions eased.

For example, the impact assessment should assess how any new 2030 targets affect the price of EU ETS allowances and the consequent increase in the cost of transition for those Member States that rely on more carbon-intensive power generation and industries where coal cannot be phased out in a hurry. Moreover, to ensure a just transition points to the need for an impact assessment that

addresses the costs of transition for each Member State and identifies the sources of funds to cover the massive investments envisaged in new, post-mining economic activities.

EURACOAL advises the Commission to tread carefully and find those underwater stones.

Legal aspects

The proposed revision of the 2030 target raises concerns about the fundamental right, under the Treaty on the Functioning of the European Union, for Member States to determine their own energy mixes (TFEU Article 194). The scope of the delegated powers proposed by the Commission in the related Climate Law also raises concerns about compatibility with the Treaty. In particular, TFEU Article 290: *“The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power.”*

General remarks on public consultations and the Covid-19 crisis

Since the Covid-19 crisis hit Europe, resulting in the partial shutdown of the European Parliament on 2 March 2020, the European Commission has continued its schedule of initiatives linked to the European Green Deal. EURACOAL has responded to public consultations during this crisis period. At the same time, we have had to cancel meetings and events in the European Parliament, delay meetings with the European Commission, rearrange our own internal meetings and establish new means of communication.

We were therefore surprised that, on 18 and 31 March 2020, when most of Europe was in lockdown, the Commission launched what are perhaps the most significant of its public consultations, namely on the 2030 Climate Target Plan – a new plan that, if approved as proposed, would have an immediate and direct impact on the coal sector. EURACOAL asks the Commission to slowdown, take stock of the dire economic situation that we now face in Europe and reflect on its policy priorities. For EURACOAL, the two most pressing concerns are health and employment.

The Covid-19 crisis had not yet peaked when this response was prepared. It is unclear for how long and to what extent EU Member States will maintain the now significant interruption to public life, commerce and industry. Many of the economic, fiscal and social consequences of the pandemic have not yet been identified and are far from being overcome. However, it is already clear today that this will be one of the most severe crises of recent decades.

It is therefore important that the impacts of the crisis are understood, analysed and taken fully into account in the climate target impact assessment. Before the crisis is successfully resolved, the EU must not take any decisions that may lead to further burdens on the economy. It should also be recognised that lower emissions due to lower economic output during the Covid-19 crisis are a “one-off”. Finally, when discussing the European Green Deal and its related legislative proposals, it should be remembered that the current social distancing measures hinder all public dialogue on the European Green Deal and are preventing proper stakeholder involvement.

15 April 2020