

## EUROPEAN ENVIRONMENTAL POLICY ISSUES

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It is difficult, but essential to co-ordinate measures, action plans and policies so as to protect the environment and handle the major issues that have emerged recently.

The EU has set out its environmental priorities up to 2010.

*Climate change.* When talking for climate change the key words are: global warming, greenhouse gases, severe weather conditions and ozone depletion. Confronting climate change is one of the most significant issues for the EU environmental policy. This is the field in which we are specializing and the core of this presentation.

*Nature and biodiversity* is the second issue. Measures and action plans have been introduced to conserve wildlife, protect woodlands, watercourses and promote biodiversity in the areas of natural resources, agriculture and fisheries.

Modern societies need to be prepared in handling hazards, whether natural, technological or environmental. There are action programmes and Directives for civil protection, for the management of radioactive waste, for the prevention of major industrial accidents and for genetically modified organisms.

The third issue connects *environment and health*. A number of Directives has been adopted to introduce water quality standards for drinking water, bathing water, urban waste water etc. There is also a strategy to adopt maximum permissible levels for noise from certain types of machine (motorcycles, aircrafts, equipment used outside of buildings etc).

Finally, the fourth issue concerns the *management of natural resources and waste*. There is an EU policy on waste management that involves elimination, recycling and re-use of waste and reducing pollution caused by waste incineration.

In the Kyoto protocol the EU as a whole and all Member States individually committed to a GHG emissions reduction of 8% for the period 2008-2012. Through the Burden Sharing Agreement the EU has redistributed the reduction target among Member States. By Council Decision a monitoring mechanism of EU greenhouse gas emissions has been established to ensure that Member States will meet their burden sharing targets. According to this agreement Hellas is allowed to increase GHG emissions up to 25% compared to the 1990 level of emissions which is considered as the base year.

GHG emissions are directly or indirectly affecting all societal and industrial processes. Therefore climate change policy is usually embedded in environmental, energy and other sectoral policies. The EU Council of environment ministers acknowledged this complicated situation and the importance of taking further steps at EU level. So, the Commission was asked by them to put forward a list of priorities and policy measures for all involved sectors.

In March 2000 the Commission responded to this request by launching the European Climate Change Program to develop proposals for common and co-ordinated policies and

measures in the field of climate change policy. The ECCP was concluded in July 2001. The programme consisted of a multi-stakeholder consultative process, organized in six Working Groups that brought together representatives from the Commission's different departments, Member States, industrial and environmental groups to deal with specific aspects of climate change policy.

The ECCP Working Groups were:

WG1: Flexible mechanisms

WG2: Energy Supply

WG3: Energy Consumption, Joint Sub-Working Group: Energy Consumption in Products and Industrial Processes

WG4: Transport

WG5: Industry, Sub Working Group: Fluorinated gases

WG6: Research

The first working group focused its recommendations on the flexible mechanisms of the Kyoto protocol. These policy instruments were introduced in 1997 in order to assist countries in a cost efficient way to fulfill their commitments towards the protocol. Joint Implementation (JI) and Clean Development Mechanism (CDM) concern projects whose main objective is the abatement of GHG emissions. These investments are related with the promotion of renewable energy sources (RES), energy efficiency, sequestration of carbon, etc. These two mechanisms refer to the same nature of projects, but they are fundamentally different in the requirements for their implementation, the authorities and the bodies that are engaged (for supervision, verification and issuance of emission credits) and the participants. JI projects are co operations between countries listed in Annex B of the protocol. As for CDM, the host should be a developing country and the investor a developed country of Annex B. Emission credits coming from JI projects are named Emissions Reduction Units (ERUs), while from CDM, Certified Emission Reductions (CERs). ERUs will be issued only after 2008, while CERs may be used for the first commitment period.

International Emissions Trading (IET) will be launched in 2008 based on the domestic and commercial emissions trading systems that will be designed and established until then. A country may proceed in a direct emissions transaction if it has reduced its emissions by a higher percentage than the initially assigned one. The country earns the right to sell the surplus percentage to another. This right is also earned, when a country increases its emissions less than the assigned amount. Companies belong in the same framework.

Main conclusions and recommendations from ECCP for EU Initiatives in JI and CDM

- The credits from JI and CDM projects should be used for domestic obligations. The use of project mechanisms should be in accordance with State aid guidelines and public procurement rules.
- With respect to project implementation and national measures to promote JI/CDM projects, MS should report in accordance with the Monitoring mechanism.
- The EC could set up a fund for the acquisition of credits so as to provide incentives for the private sector to invest in these projects. The suitability of doing this should be decided with the Member States. There are existing EC programmes in the context of

JI/CDM Themes/Activities such as the EC-China Environmental management Co-operation Programme.

- EU funds must follow strict rules in accordance with prevailing state aid and competition legislation in order to avoid any crowding out of private capital.
- The emerging Kyoto rules and modalities will be taken as a basis for further development of JI/CDM projects. Additional rules will not be required if environmental integrity is guaranteed.

The Final Report of ECCP gives specific guidance on the development of policies and measures at the EU level, including the issue of emissions trading. In March 2000 the Commission issued a Green Paper on greenhouse gas emissions trading. The aim of this Green paper was to launch discussions on greenhouse gas emission trading within the European Union and on the relationship between emissions trading and other climate change policies and measures. In October 2001 a Draft Directive was announced and new discussions began. The European emissions trading scheme should fulfill environmental and financial objectives. For the period up to 2008 it will concern mainly the CO<sub>2</sub> emissions and after that period there is an intention to include all GHG emissions. The sectors that will participate are energy suppliers, energy intensive industries and sectors with fuel combustion. Until now UK and Denmark have established such schemes, while France and Sweden are in the process of doing so.

Energy policy must achieve two “priority orientations”: reducing the carbon content of each unit of energy supply; and increasing the efficiency of energy conversion to final use. The ECCP recommends that any efforts to reduce carbon emissions should be “equally distributed” through:

1. Early implementation of amended common rules for the internal electricity market
2. Early implementation of the amended Directive supporting renewables
3. Demands for a co-generation Directive supporting CHP expansion
4. Calls for industry to establish negotiated agreements in the form of long term commitments to energy efficiency improvements.

The Commission is currently reviewing its renewable energy policy. A new Directive is being prepared and will focus on ways by which Member States will be able to promote the deployment of renewable energy schemes within the context of the liberalized electricity market. The main elements of the current draft are:

- Broad definition of renewables, including many forms of biomass energy as well as energy produced from landfill gas.
- Updating MS targets at regular intervals. The ultimate aim is that renewables should apply for the 12% of EU energy consumption by 2010 (approximately double the current proportion).
- Measures to establish certification schemes for RES, although there are no plans to create a European level system of trade in certificates. Member States will be required to do this within two years of the Directive’s implementation. Green Certificates are an accounting mechanism for a certain amount of produced renewable electricity. The main objective of such a scheme is to stimulate the penetration of green electricity into the electricity market.

- Action to reduce barriers to renewable energy schemes. Member States will be required to carry out a number of activities to reduce barriers including fast track planning procedures, the identification of potential geographical sites for new generation and measures to ensure that transmissions system operators improve access for renewable energy generators.

Energy efficiency has been a focus of a variety of European policy initiatives for many years. The EU action plan is oriented especially towards the energy efficiency. This set of policy activities and proposals includes:

1. Measures to integrate energy efficiency into policies outside the energy and environmental field, i.e. transport policy, enterprise policy, regional and urban policy.
2. Measures to build on existing EU energy efficiency programmes. These include transport efficiency programmes, programmes focusing on households and commercial appliances, industry schemes (e.g. negotiated agreements and the promotion of combined heat and power), programmes to improve efficiency in buildings.
3. Horizontal measures concerning research and technology development programmes, support for the establishment of energy management agencies, financing schemes, information and training programmes and monitoring and evaluation activities.

IPPC is the most significant European level policy instrument for addressing industrial process energy use. Each installation operator will have to apply for an authorization to operate its plant. There are specific emission limit values for installations that may be achieved by using the recommended best available technologies. The EU Draft Directive for establishing MS emissions trading schemes is based on this instrument.

EMAS is the European Eco-management and Audit Scheme. It is a voluntary scheme for organisations willing to commit themselves in order to evaluate and improve their environmental performance. Originally, participation in EMAS was open only to the industrial sector. Today EMAS II is open to all sectors.

All the aforementioned measures are estimated to contribute significantly in EU common target. There are estimations on the share of each one in reducing GHG emissions.