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EU CORPORATE LEADERS GROUP ON CLIMATE CHANGE
UNIVERSITY OF CAMBRIDGE PROGRAMME FOR SUSTAINABILITY LEADERSHIP



Corporate Leaders Group on Climate Change (CLG)

Merits and drawbacks of increasing the EU reduction target to 30% in 2020

1 March 2013



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Who are we?

- A group of business leaders covering a variety of sectors: Energy, Transport, Infrastructure, Insurance, Food, Pharmaceuticals, Retail, Electronics, Construction, Technology/Engineering, Telecommunications:



ALSTOM



Coca-Cola Enterprises, Inc.



Johnson & Johnson

KING  SHER

PHILIPS
sense and simplicity



TESCO

SKANSKA



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ETS Position to date

- Strengthen EU ETS via withholding of allowances in Phase III e.g. support backloading proposal
- Propose a detailed design for Phase IV that will have a mechanism to protect the scheme from future macro economic shocks
- ETS caps should :
 - *encourage low cost emissions reductions*
 - *drive investment*
 - *take account of the scientific assessment of the scale and urgency of required emissions reductions; and the likely impact of other policies and measures on demand in the system*



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Position on GHG reduction target

- ❑ Support for ambitious GHG reduction targets especially as 2011 emissions down **18.6%*** relative to 1990
- ❑ Securing long term investment and planning by setting clear mid term GHG targets alongside tighter market ASAP
- ❑ No single solution – but the cap must be tightened and be effective alongside existing policies and other measures that should be considered e.g.
 - *Restrictions on international credits – or including them in the cap*
 - *Steepening the trajectory of emissions reductions*
 - *Tightening the GHG emissions target and ensuring the right mix of sectoral and energy targets by 2030*

* PointCarbon, “EU emissions fell more than expected in 2011: data”, 29 Jan 2013



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Where are we?

- ❑ Low carbon price and cheap coal driving up CO2 emissions and damaging the credibility of the European Climate and Energy Programme
- ❑ Low carbon price not stimulating investments in low-carbon energy and infrastructure
- ❑ Other jurisdictions e.g. China pressing ahead with carbon markets and low carbon investments
- ❑ Companies are seeking new geographic regions for low carbon energy investments



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Dangers in pursuing 'ideal' solutions

- Don't let the perfect be an enemy of the good
- Need fast decisions or Europe will lose out on investment
- Do not want to lay action open to political manoeuvring
- Need clarity and simplicity – but also pragmatism
- Need to find solutions for industries most impacted



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