

Climate proofing and project appraisal

Bodil Bjerg, COWI A/S

Climate proofing within MFF

- > Cross checking that climate change issues are being appropriately addressed
- > Climate proofing separate from reaching 20% climate expenditure target
- > Common Provisions Regulation for ESI Funds requires the climate proofing of all investments
- > No ESI Funds support to investments with significantly adverse climate impact
- > 'Major projects' offer comparatively large potential for climate action with more immediate results

Climate proofing of investments

> Context:

- > Europe 2020 climate targets
- > Expected future climate change and associated uncertainty

> Climate change mitigation

- > Investments to contribute to GHG emission reductions or not increase emissions by 'too much'

> Climate change adaptation

- > Address impacts associated with climate change
- > Investments to be ensured climate change resilient if vulnerable to climate change

Project appraisal

> Climate change mitigation:

- > Establish baselines of future GHG emissions 'without project'
- > Forecasts for CO₂ prices
- > Determine emission reduction capacity of mitigation options
- > Quantify and value GHG emission reductions

> Climate change adaptation:

- > Assess whether adaptation action is needed
- > Establish baselines of future climate change
- > Identify expected climate change *impacts* on project and any GHG emissions increases
- > Determine climate change resilience of adaptation options
- > Assess **avoided costs** 'with adaptation' across climate change scenarios

Project prioritization and selection

- > Optimal or robust solutions across scenarios as outcome of climate proofing?
- > Climate change uncertainty relates particularly to its impacts and the need for climate change resilience of investments
- > Adaptation is to reduce expected costs of climate change
- > Attitude towards climate change risk exposure matters
- > Importance of other Europe 2020 targets

Key issues in climate proofing of major projects

- > MS ideally establish climate change scenarios to apply within project category
- > Climate change mitigation actions may be quantified based on transparent but subjective assumptions
- > Climate change adaptation actions are to address 'Value at Risk' across future climate scenarios
- > Selection of 'robust' climate based on subjective selection criteria