

**AREVA's response to the European Commission's public consultation
on the 2015 international climate change agreement shaping international climate**

June 2013

AREVA

AREVA provides low carbon solutions for power generation. Its expertise and unwavering insistence on safety, security, transparency and ethics are setting the standard, and its responsible development is anchored in a process of continuous improvement.

Ranked first in the global nuclear power industry, AREVA's unique integrated offer to utilities covers every stage of the fuel cycle, nuclear reactor design and construction, and related services. The group is also expanding its operations to renewable energies – wind, solar, bioenergies, hydrogen and storage – to be one of the leaders in this sector worldwide.

With these two major offers, AREVA's 46,000 employees are helping to supply ever safer, cleaner and more economical energy to the greatest number of people.

In 2008, AREVA was one of the first industrial groups to achieve carbon neutrality, neutralising its emissions by purchasing carbon credits to finance economic development projects in emerging countries where it does business.

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Abstract

AREVA supports the setting of an ambitious and legally binding CO₂ emissions reduction target as a single umbrella objective under the 2015 agreement. In this perspective, the EU should pave the way for an ambitious and effective 2015 agreement by defining its climate strategy for 2030 and beyond ahead of the upcoming international negotiations. However, the adoption of the 2015 agreement should be conditioned to the establishment of a level playing field between all major economies and sectors. Finally, the achievement of the EU objectives under the 2015 agreement will require appropriate means of implementation with respect to finance, market-based mechanisms and technology.

1. AREVA supports the setting of an ambitious and legally binding CO₂ emissions reduction target as a single umbrella objective under the 2015 agreement (question 1)

The only way to put the world onto the path that will keep global warming below 2°C is to set as soon as possible **a binding general CO₂ emissions reduction target for 2020 and beyond**. Such an objective will efficiently orientate economies and more specifically electricity markets towards decarbonisation.

In this respect, the EU should advocate for a high level of ambition and not make the mistake of agreeing on half-hearted targets for the sake of consensus, thus jeopardizing the chances to remain below the 2°C threshold. Indeed, as stated in the consultative communication, the 2015 agreement needs *“to meet the challenging goal of reducing global emissions to below 1990 levels by 2030, which would be equivalent to a global reduction of around 25 % compared to 2010 emissions”*.

Finally, the communication also underlines that the growth of global GHG emissions will have to be reversed before 2020. AREVA shares this view and agrees that **immediate action will lower the total costs of decarbonising the economy**.

2. The EU should pave the way for an ambitious and effective 2015 agreement by defining its climate strategy for 2030 and beyond (question 1)

The EU has always pioneered the fight against global warming by offering to lower its emissions target further as an inducement to other players and constantly pushing for greater action internationally. In this context, the 2015 agreement is a timely opportunity to take the lead once again.

Therefore, **the EU should give a strong signal of its commitment** to fighting against climate change before the 2015 international negotiations and thereby continue to demonstrate global leadership on climate mitigation issues. Indeed, **the priority is not so much the modification of the framework to 2020 but an early adoption of a post-2020 framework**.

To this end, the EU has to set an example by **deciding upon its own climate strategy for 2030 and beyond**. In this regard, AREVA calls for the following priority policy objectives:

- **deciding on an ambitious CO₂ emissions reduction target for 2030 for the EU** (at least 40% vs. 1990, to be reinforced in case of an international agreement). This is mandatory to give a clear signal of the EU commitment to reduce CO₂ emissions ;
- **ensuring an appropriate carbon price signal**, in priority through a strengthened EU ETS or through any other such mechanism (carbon tax, carbon price floor).

3. The establishment of a level playing field between all major economies and sectors should be a sine qua non condition for the adoption of the 2015 agreement (question 2)

The EU is not to fight against climate change at the expense of the competitiveness of its economy. While the EU agreed to join a legally binding 2nd commitment period under the Kyoto Protocol as a transitional measure between 2012 and 2020, the United States of America, China and other major emerging economies have only pledged to take non binding emission reduction commitments. It goes without saying that **the 2015 agreement should not reproduce the same distorting scheme**.

Hence, the EU should be adamant that **all major economies and sectors have to contribute in an equitable manner** to the emissions reduction and that the 2015 agreement should not lead to a two-tier system increasing the risk of carbon leakage with carbon intensive activities shifting from high ambition to low ambition countries. On the contrary, the agreement should ensure a level playing field between all economic actors and thus prevent adverse economic effects.

As a matter of fact, **a unilateral binding commitment by a given group of countries would definitely encourage carbon leakage** and partially defeat the very purpose of the targeted 2015 agreement. This would send the wrong signal to governments since a lack of commitment to fighting climate change would be “rewarded” by easier development of some industries enabled by comparatively relaxed environmental constraints.

In this context, **emerging and developing countries should be rightly involved** in the emissions reduction efforts. Admittedly, differentiated emissions reduction targets can be tailored if appropriate but the 2015 agreement should absolutely take into account the fact that emerging and developing economies are an increasing source of GHG emissions.

4. AREVA insists on the need for appropriate means of implementation to allow for the success of the EU objective under the 2015 agreement (question 6)

AREVA considers that the 2015 agreement and the UN convention on climate change can both play a major role with respect to finance, market-based mechanisms and technology in order to help countries adapt to the climate targets.

Likewise, the EU should pave the way and demonstrate that **efficient means of implementation should be designed to achieve its emissions reduction target** under the 2015 agreement. That is why AREVA reiterates its call for the EU to ponder **five types of instruments** which are technology neutral and could incentivize investments in all low-CO₂ energy technologies:

- ***guarantee a robust price for the CO₂*** ;
- ***design adequate market and financing models for low-CO₂ investments*** ;
- ***implement adequate instruments to secure long-term energy investments*** (EIB loan guarantees, more flexible repayment conditions of the loans granted in the construction phase, etc) ;
- ***give a premium to renewable energy projects including electricity storage*** ;
- ***set an ambitious European R&D policy*** focused on those technology areas where cost reduction perspectives are most promising, where a European technology leadership and competitive edge can be maintained or developed in the long-run and where export prospects are the strongest.