

EUROPEAN COMMISSION PROPOSES 2050 NET ZERO CLIMATE LAW

The European Commission has published its proposed 'European climate law' setting a binding EU target of net zero greenhouse emissions by 2050. The proposal also provides for the Commission to review its current 2030 climate targets and includes a controversial power allowing the Commission to set a trajectory for emissions reductions from 2030 to 2050. This law will entail the strengthening of renewable energy, energy efficiency and interconnection targets and will lead to the introduction of more stringent measures at EU and national level designed to cut emissions.

Net neutrality by 2050

The Commission's [proposed European climate law](#) will take the form of a EU Regulation (the Draft Regulation). It provides a target for a net Greenhouse Gas (GHG) emissions in the EU to be zero, at the latest, by 2050 (2050 Net Zero Target). This means that as from 2050, any future GHG emissions in the EU will need to be matched by removals of GHGs. The 2050 Net Zero Target is intended to implement the EU's commitments under the 2015 Paris Agreement to ensure that, in the second half of this century, GHG emissions should only be permitted where these can be taken up by carbon sinks, with the ultimate intention of limiting the increase in global temperature to 2°C, and pursuing efforts to limit temperature increases to 1.5°C.

What does this mean for existing 2030 targets?

Meeting a 2050 Net Zero Target will require re-evaluation, and strengthening of the EU's current 2030 EU-wide target of reducing GHG emissions by 40% by 2030 (compared to 1990 levels). The Draft Regulation therefore requires the Commission to review this target by September 2020 with the aim of strengthening it as appropriate, and in particular exploring a possible 50% or even 55% reduction target by 2030.

The Commission's review will also need to consider the EU's other related 2030 targets which include:

- an EU-wide target of generating 32% of energy from renewable sources;
- an EU-wide target of improving energy efficiency by 32.5%; and
- Member State targets to have sufficient interconnection capacity to handle 15% of their electricity production.

A review of the necessary legislative changes in all of these areas will need to follow by 30 June 2021. In particular, Member States' national targets for GHG

Key issues

- The European Commission has proposed a Regulation to implement the EU's target of net zero emissions by 2050
- The Commission will review 2030 targets by September 2020
- The Commission will be empowered to set the 2030 to 2050 emissions reduction trajectory without Member State or EU Parliament approval
- The Commission will assess progress every five years beginning in 2023 to coincide with the Paris Agreement global stock-take process

emissions reductions will need to be tightened under the Effort Sharing Regulation, and allowance allocations will have to be further constrained under the EU Emissions Trading System. Changes will also need to be made to the Renewable Energy and Energy Efficiency Directives, among others, to encourage a greater proportion of power to be generated through renewable energy generation, and requiring ever higher levels of energy efficiency in relevant sectors.

Member States are already required to produce an integrated National Energy and Climate Plan (NECP) every 10 years beginning in 2018/2019 demonstrating how it will meet the EU climate targets and objectives. Each NECP then has to be updated after five years. When current NECPs are updated in 2023/24 for the first time, they will therefore need to comply with the new 2050 Net Zero Target as well as revised 2030 targets.

Proposals to change the targets and the associated legislation will need to follow the usual legislative course through the EU Parliament and Council.

Trajectory from 2030 to 2050

In a controversial move, beyond 2030 the Draft Regulation empowers the Commission to set a trajectory at EU level to meet the 2050 Net Zero Target without Member State or EU Parliament approval. This trajectory is likely to form a series of interim GHG reduction targets between 2030 and 2050 although parameters for that trajectory, such as interim target dates, have not been set in the proposal. The Commission would have a fair amount of discretion to set this trajectory although it will have to balance a list of relevant factors including economic considerations such as cost-effectiveness and EU competitiveness, against social considerations such as ensuring a "just and social fair transition" to a low-carbon economy, and environmental considerations such as climate science and the need for environmental effectiveness. Whether Member States will be content for a simple consultation role in this highly complex and crucial process remains to be seen.

The Commission will be required to review EU progress against the 2050 Net Zero Target every five years, with the first review to take place by 30 September 2023, and will propose further changes to legislation as necessary. These five yearly reviews are timed to coincide with the global stock-take of carbon reduction progress under the Paris Agreement starting in 2023. Where the Commission feels that the EU is not on course to achieve the 2050 Net Zero Target, it will propose further action as necessary.

The Commission will also review Member States' NECPs on the same five yearly basis. Where the Commission believes the measures set out in a NECP are not sufficient to meet the trajectory, it will be able to give a formal recommendation to address the deficiency, to which the Member State would need to respond and either take necessary action to improve its plan or explain why it has not done so.

The fact that the Draft Regulation does not itself set stronger 2030 targets or a trajectory of binding interim targets up to 2050 has dismayed environmental campaigners as lacking ambition and potentially allowing decisive action to be delayed. This is all the more significant since changes to EU 2030 targets and relevant legislation will not be finalised before the international COP 26 talks in Glasgow later this year (a year in which the EU, like all signatories, needs to set out a strengthened 'Nationally Determined Contribution' for EU GHG reductions).

FINAL COMMENTS

The 'European climate law' is a key element of the Green Deal published by the Commission in December 2019 which contains a wide range of policy measures across carbon reduction, renewable energy, circular economy, biodiversity and environmental pollution. The achievement of a 2050 Net Zero Target will entail the finalisation and implementation of the full panoply of policy measures set out in the Green Deal, and probably others besides, to ensure sufficient GHG reductions are made in a timely way. For more on the Green Deal see our briefing "[European Green Deal – Resetting the EU Climate Change and Environmental Agenda](#)".

Crucial among necessary reforms are the proposals to extend the EU Emissions Trading System, a proposed carbon adjustment mechanism to apply to imports at the EU border, to reduce the risk of carbon leakage (i.e. higher regulatory standards in the EU leading to production being displaced to outside the EU, or import of products with higher carbon content). The Commission has [published](#) an early stage impact assessment (for consultation until 1 April 2020) on its proposals for a carbon adjustment mechanism, which will involve, among other options, a possible carbon tax on imports into the EU. We will shortly be publishing a further briefing looking on the carbon tax proposal.

Finally, the Commission wants the climate problem to be seen as a common challenge for the whole population. It has therefore issued a [consultation](#) on a 'climate pact' (open until 27 March 2020), seeking ideas from all areas of the population on how to 'inform, inspire and foster co-operation' on climate action throughout society. Business has a part to play in this debate, as much as any other sector, and should do so to ensure its voice is heard.

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