

# World Ceramic Tiles Forum – Climate Change regulatory update

CET  
13 November 2015



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- I. EU's target to reduce CO2 emissions by 2050
  - II. Current policy and ETS Post 2020 review
  - III. Overview of the negotiations ahead of the "COP 21" conference scheduled in Paris in December 2015

# I. EU target to reduce CO2 emissions by 2050



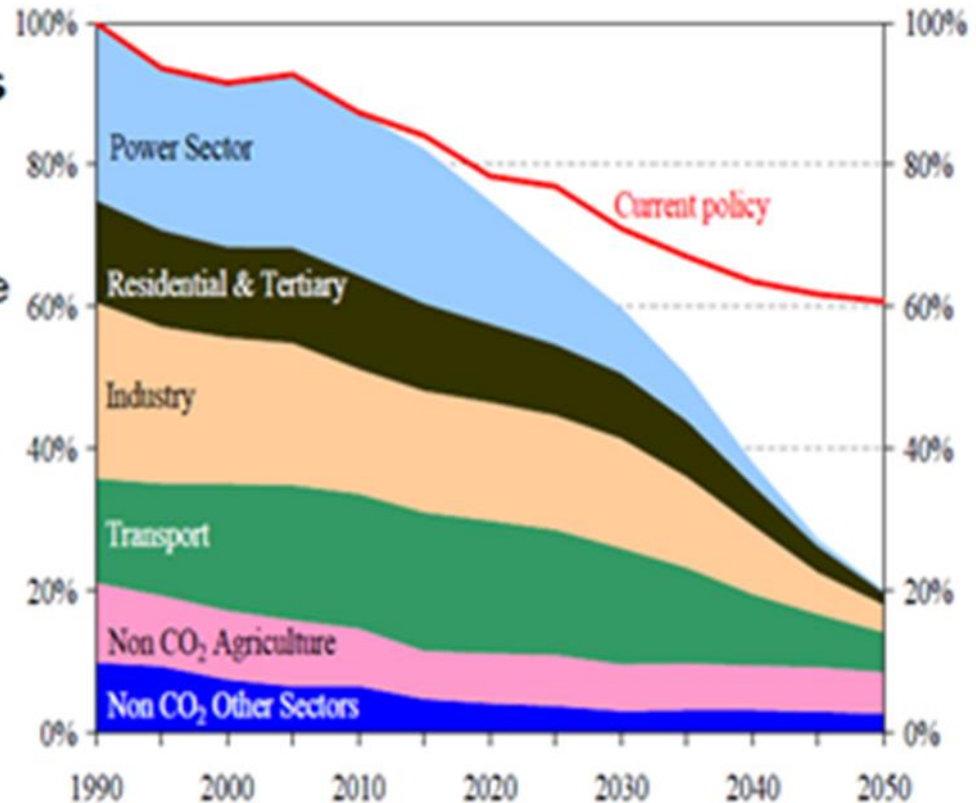
## A cost-efficient pathway towards 2050

### 80% domestic reduction in 2050 is feasible

- with currently available technologies,
- with behavioural change only induced through prices
- If all economic sectors contribute to a varying degree & pace.

### Efficient pathway:

- 25% in 2020
- 40% in 2030
- 60% in 2040



## II. Current policy and ETS Post 2020 review

### 2030 Climate and Energy targets

- **Greenhouse gas reductions:**
  - At least 40% (below 1990 levels) by 2030
- **Use of renewable energy sources:**
  - 27% of energy consumption
- **Energy efficiency:**
  - 27% (indicative) (compared to business as usual scenario)
  - The target will be reviewed in 2020 having in mind a 30% target
- **ETS Review proposal for Post 2020: (1200 installation in ceramics covered)**
  - Overall number of allowances to decline annually by **2,2%**, compared to 1,74%.
  - Fixed share to be auctioned: **57%**.
  - Market Stability Reserve from 2019.
  - **6.3 billion allowances** allocated for free to companies over the period 2021-2030.
  - **Cross-Sectoral Correction Factor** – a legal possibility remains.

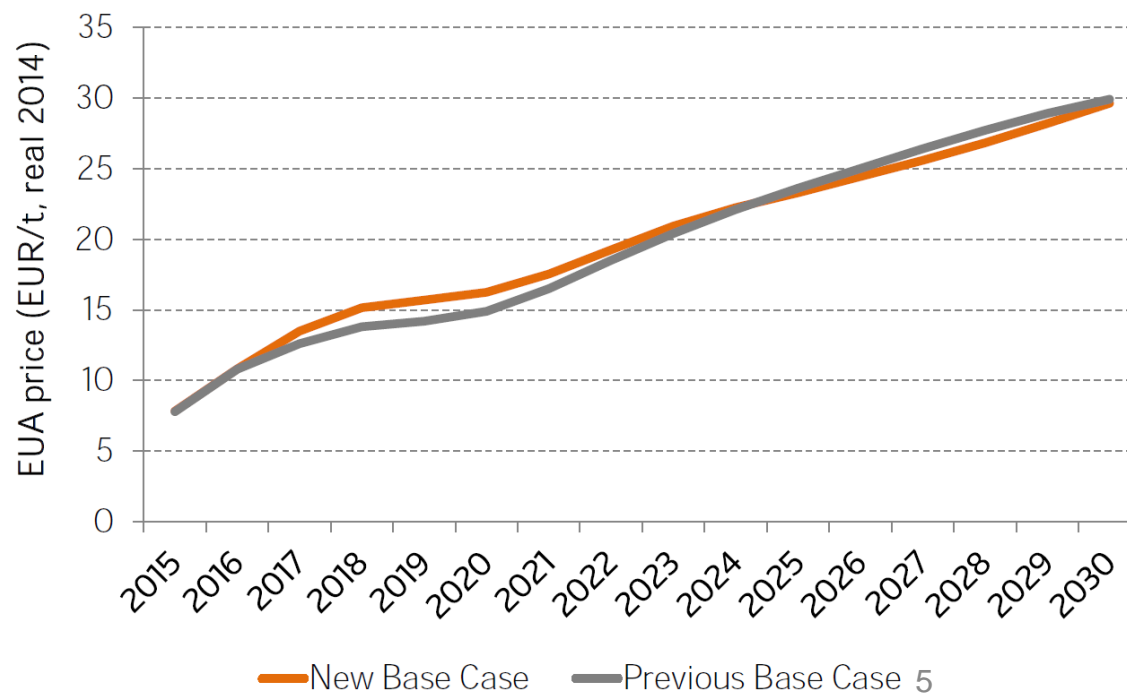
### III. Latest developments at EU-level in energy supply regulation and taxation

## EC Proposal for ETS Review – carbon price

### Carbon price forecast

Average carbon price  
in 2021 – 2030  
expected at: 23-  
25EUR/t

Current price: 8EUR/t



Source: Thomson Reuters, Presentation at Carbon  
Market Forum CEPS



# United Nations Climate Change Conference

## Paris, France

30 November – 11 December 2015



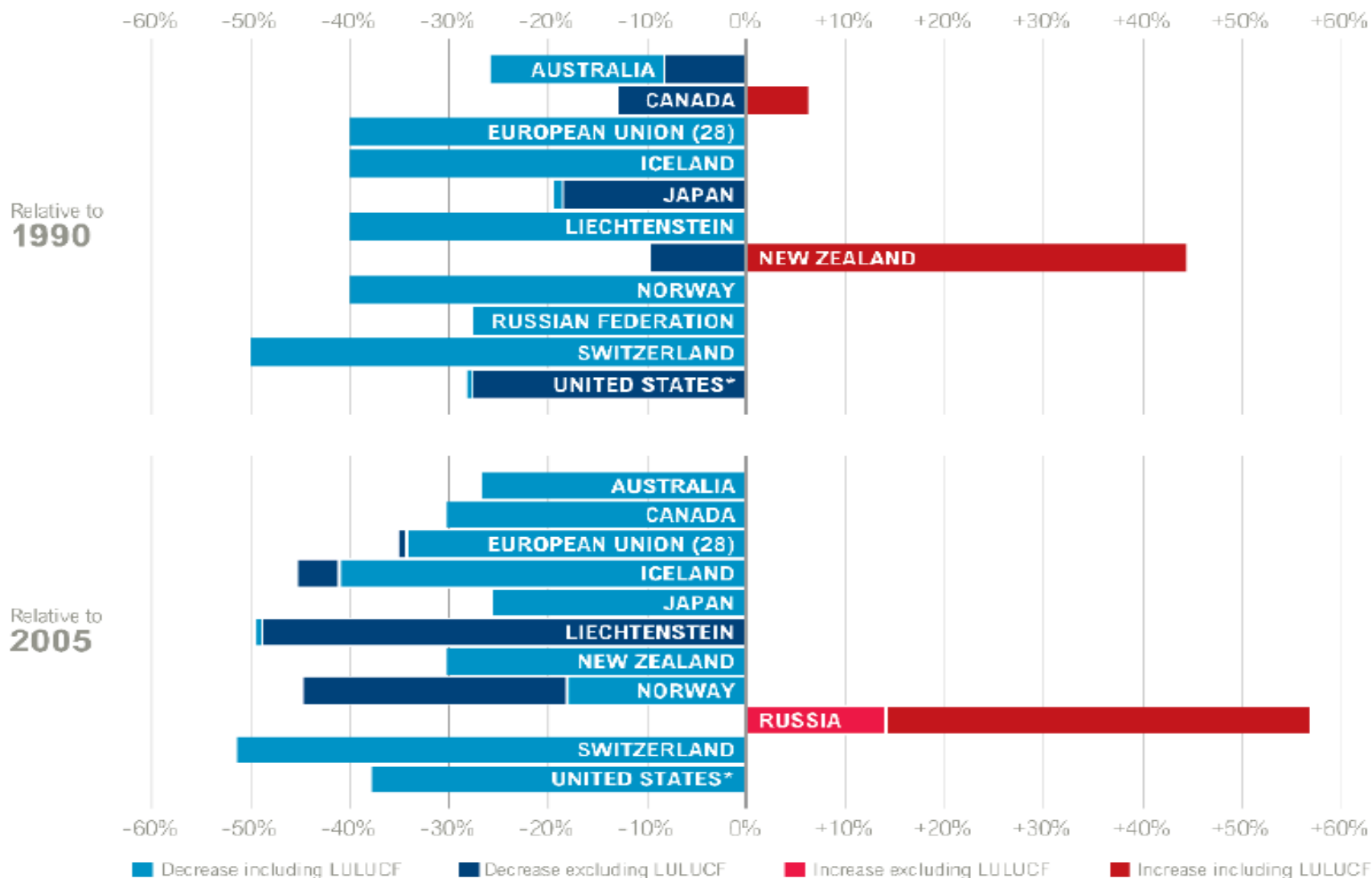
At least 80 world leaders, including Barack Obama, Xi Jinping, David Cameron and Narendra Modi, will attend a summit tasked with agreeing a global climate pact in Paris in December.

## **3c. Assessment of the latest draft for Paris**

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- Draft Agreement: legally binding provisions to come into force in 2020 (second commitment period for KP to close the gap until 2020);
- Draft Decision: technical details that will evolve overtime.

# Developed Countries' GHG Emission Reductions in 2030 Based on Submitted INDCs



The estimated reductions do not account for the potential variety of accounting approaches for the land use, land-use change, and forestry (LULUCF) sector, and therefore may not accurately reflect the reductions expected from the intended nationally determined contributions (INDCs). Unless otherwise noted, the difference (shown by the white line on the bar) between estimated reductions excluding and including LULUCF sector is less than 1 percent. \*The U.S. INDC mitigation target is for the year 2025. We estimated a target level for 2030 by linearly interpolating between the emissions level reached if the US achieves its 2020 goal and its stated 2050 goal of reducing emissions by 80% relative to 2005 levels.



# 3. International Climate Negotiations

<b>BUSINESSEUROPE key recommendations</b>	<b>UNFCCC proposals (in square brackets)</b>
<b>Global legally-binding agreement</b>	Undecided. Reference to legally-binding system to submitting pledges: Articles 17 and 19
<b>Emissions reductions also from emerging economies / comparable efforts</b>	Article 3 on collective action, details still in square brackets.
<b>Common MRV rules</b>	Most countries support monitoring, reporting and verification of data but disagree on how robust: Articles 4§2 and 9§3 of the agreement and paragraph 61 of the Decision.
<b>Linkable carbon markets</b>	Carbon markets referred to as internationally transferrable mitigation outcomes: Article 3§16 of the agreement.
<b>Protect IPRs from compulsory licensing</b>	Everything is still open: major issue is how to fund licensing (in brackets part or full cost): Article 7.