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ActionAid's Response to the Public Consultation on the Green Paper on a 2030 EU framework for climate and energy policies

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ActionAid welcomes this opportunity to input into the public consultation on the development of a 2030 EU framework for climate and energy policies. ActionAid has worked on climate change and bioenergy for many years together with poor communities in almost 45 countries around the world. Our response is based on this experience on-the-ground; how the impacts of climate change and energy policies affect poor people; and how best to mitigate those impacts.

As requested, the following answers are provided to some of the specific questions raised in the Green Paper.

1. General

Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?

Main lessons

1) The EU hurriedly put in place energy-based targets in the Renewable Energy Directive (RED) and financial support incentivising the market to adopt biofuels in the transport sector. By focusing on a single nascent technology, rather than on the goal of carbon emissions reductions, in the rush, the full impacts of their production were not well understood. In short, the policy has got ahead of the science. The following needs to be included in any post-2020 feedback with regards the use of biofuels, biogas and biomass:

    a. Their correct carbon accounting including indirect land use change;

b. Their impacts overseas with regards land and water for bioenergy in developing countries to feed the EU market;
c. The impact of EU biofuel demand on food prices.

It is therefore imperative that all bioenergy, broken down by feedstock and technology, needs to be accurately assessed through life cycle analyses (LCAs) prior to embarking on any particular policy or source of renewable energy.

2) That said, because of the on-going impacts of current biofuels on food prices, land grabs and the fact that many do not save any GHG emissions when compared to fossil fuels, land-based biofuels should be entirely excluded from 2020 onwards. Similarly, plans for increased use of biomass in heat and power will consume massive amounts of additional land and water resources, some of which will be in developing countries. Large-scale biomass plantations should also be excluded from EU energy and climate policies with the focus instead on sustainable domestic supplies (ie small scale short-rotation coppice on degraded land) and sustainable domestic quantities of wastes and residues.

3) EU energy policy must take into account the obligation within the Lisbon Treaty (Article 208) to do no harm to developing countries. A large body of evidence has been produced by NGOs, international organisations and academics detailing the impacts of the targets within the EU RED in driving demand for land in the developing world.[1] The UN Special Rapporteur on the Right to Food has recently written to the Commission, Parliament and Council raising the alarm on the on-going impacts of a policy that incentivises biofuels production on food prices and food availability. Both of these impacts have huge implications for global efforts to control hunger. The EU must adjust policies that are currently not contributing to hunger and ensure that future policies take account of this.

4) The European Commission (EC) should only propose a policy when a full and robust environmental and social impact assessment has been conducted paying special attention to the development effects of the said policy. This was clearly not the case for the Renewable Energy Directive and the result is continued violations of peoples' rights to land and food, as well as a great deal of uncertainty for industry.

5) Whilst review clauses are extremely important to allow for policies to be adapted as situations evolve, they will prove useless unless robust standards are applied when monitoring the impacts of policies. The methods used by the Commission to measure the side effects of its energy policy have been a failure to date. ActionAid has commissioned a study on the recent DG Energy reporting exercise on the social impacts of biofuels, which it found to be entirely lacking[2] and beyond that, putting the EC in violation of the Lisbon Treaty commitment to Policy Coherence for Development.

6) When monitoring impacts the Commission has a responsibility to produce a prognosis of the potential impacts over the entire lifespan of its Directives. The 2013 social reporting exercise

[1] ActionAid, 2012. Food for Thought: Addressing the Social Impact of EU Biofuel Policy.http://www.actionaid.org.uk/doc_lib/biofuels_report_7_lo_res.pdf.
[2] ActionAid, 2013. http://www.actionaid.org/eu/publications/research-report-land-rights-ec-report-biofuels-2013

only looked at the impacts of the policy up to 2010. It must be able to look at the future prognosis and adapt its policies accordingly.

7) Import and export statistics are not an appropriate indicator to judge the impacts of biofuels policies on populations in other countries. In commenting on the land impacts of biofuels policy, the Commission has concluded that because the level of reported exports from Africa to Europe our low, there is no problem. In reality, many cases of damaging large scale land investments take place without ever leading to exports because many companies are going bust. Still the damage is done to the communities in these cases and this must be reflected in reporting. Instead of import/export statistics, the EC must look at the level of allocation of land to EU biofuels production and to EU biofuel companies.

8) Some 40% of GHG reductions are covered by the Emissions Trading Scheme (ETS) (ie 60% fall into non-ETS sectors such as housing, agriculture, waste and transport (excluding aviation)); using the market (through the ETS) to fight climate change has failed and much greater use needs to be made of tough regulation and other instruments to drive sustainable climate and energy policy (see below).

9) The need to reduce energy consumption in all sectors is imperative because a percentage target for energy from renewable sources is likely to become increasingly difficult to achieve sustainably if overall demand for energy continues to rise. ActionAid would like to see a redirection of funding away from an unsustainable first generation biofuels industry towards much more sustainable solutions and genuine efforts to reduce energy consumption.

10) Renewable policy must be driven first and foremost by its ability to fight climate change. Together with an energy reduction target, the focus should be on greenhouse gas (GHG) reduction targets (with sectoral sub-targets) together with an overall renewables target.

11) The sustainability criteria in the RED and the Fuel Quality Directive (FQD) are totally inadequate for the task, not least because they do not take into account social issues.

12) Experience to date has shown that policy tools based around price mechanisms (such as the Emission Trading Scheme) and carbon taxes will not deliver a shift to sustainable renewable energy sources. These alternative sources are currently far too expensive and the institutional and regulatory frameworks for them inappropriate (see below).

2. Targets

Which targets for 2030 would be most effective in driving the objectives of climate and energy policy? At what level should they apply (EU, Member States, or sectoral), and to what extent should they be legally binding?

A demanding energy reduction target, with sectoral sub-targets would be the most effective way in driving the objectives of climate and energy policy (including energy security). These should be applied at the member state level and be legally binding.

Because the overall aim of renewable energy is to combat climate change, there must be a demanding greenhouse gas reduction target for each member state, with sectoral sub-targets and they should be legally binding.

An overall renewable energy target for each member state is also imperative to ensure that it is low-carbon renewable energy that drives the EUs fight against climate change. This should be legally binding.

For these targets to work, renewable energy must be sustainable both in terms of the amount to be extracted and consumed. In part this will be determined by the LCAs. The sustainability criteria in the current RED and FQD are inadequate; in any new regulatory framework, the sustainability criteria must be strengthened and improved to cover social issues and extended to cover wastes, residues and by-products.

ActionAid does not believe that sub-targets for particular technologies – such as advanced biofuels – should be included until their sustainability can be absolutely guaranteed and environmental and social criteria for advanced biofuels are also included within the regulatory framework.

Have there been inconsistences in the current 2020 targets and if so how can the coherence of potential 2030 targets be better ensured?

Notwithstanding the fact that the EU transport sector is the worst performing sector in terms of GHG reductions (in fact GHGs from this sector are still going up), the most inconsistent part of the 2020 targets has been the 10% transport target of the RED.

This part of the RED has permitted the use of bioliquids to meet this target, irrespective of biofuels' negative impacts and their inability to fight climate change. To the industry, biofuels were the 'low-cost' and the most feasible option given that biofuels can be blended into the current petrol and diesel infrastructure and engines.

There was little incentive for member states or companies to push for the best carbon option which might also have entailed a completely different approach and/or other sustainable renewable fuel options. For example, under the Fuel Quality Directive (FQD), companies are planning to meet most, if not all of their obligations through biofuels when in fact the potential for GHG emission reductions are largest on the wheel-to-tank basis (extraction and refining), such as flaring.

3. Instruments

Are changes necessary to [other] policy instruments and how they interact with one another, including between the EU and national levels?

In 2005, the EU introduced the Emission Trading Scheme (ETS), then the EU's flagship policy to address climate change. It gave rise to the largest carbon market worldwide. The main pillars of the ETS – caps, trading and offsets - allows participants to buy and sell emissions permits and offset credits in order to comply with their reduction targets (and indirectly they can attempt to make a profit on the market). The main idea is to reduce industrial greenhouse gas emissions cost-

effectively by creating incentives for climate-friendly innovations and so move industry onto a low-carbon path.

But In ActionAid's view, the ETS has failed because it: [3]

- Has not reduced greenhouse gas emissions;
- Has worked as a subsidy system for polluters;
- Is characterized by volatile and declining carbon prices;
- Increases social and environmental conflicts in developing countries;
- Closes the door to other, genuinely effective climate policies.

ActionAid does not believe that the ETS provides the necessary framework to deliver real and lasting reductions in GHG emissions. Rather the focus should be on:

- Emissions reductions through reduced energy consumption targets: instruments should be targeted towards this end including research, development and deployment of sustainable renewable energy, improvements to energy efficiency in buildings and vehicles and in new public infrastructure, including sustainable transport.
- Public finance should be targeted at these sustainable initiatives.
- Direct and strong regulation to drive emissions reduction in heavily polluting industries and sectors.
- Carbon taxes - such taxes have been proven to be effective policy tools for incentivising energy efficiency and reducing emissions.

However, experience to date has shown that policy tools based purely on carbon taxes (and indeed other tools such as carbon trading) will not deliver a shift to sustainable renewable energy sources, because these alternative sources are currently far too expensive and the institutional and regulatory frameworks for them inappropriate. Strong regulation and public finance towards genuinely sustainable options are critical to the success of sustainable climate and energy policies post 2020.

To assist in the delivery of greater energy security and to fight climate change, any policies and instruments should also be carefully designed so as to:

- Prioritise domestic sources (this has the benefit of a shorter and verifiable supply chain and better carbon performance because of less transport);
- Prioritise sustainable wastes, residues and by-products and sustainable technologies without compromising existing uses and respecting the waste management hierarchy.

This would remove incentives for bioenergy to be sourced overseas, particularly from developing countries who are themselves energy (and often food) insecure. It would also remove pressure on land and water, particularly land and crops that are in competition with food.

[3] http://scrap-the-euets.makenoise.org/english/