

## **Embedding the logic of the Paris Agreement into the new Regulation on Governance of the Energy Union**

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The second anniversary of the historical Paris Agreement, the climate change accord, adopted in December 2015, is approaching. For the first time, a climate treaty embraces the entire international community and clearly sets out ambitious temperature targets and a transformative pathway to combat global climate change.<sup>1</sup> Yet, contributions by Parties are not ambitious enough to keep the temperature increase to well below 2 degrees Celsius, let alone to 1.5. Furthermore, the US, the world's second largest emitter, announced a recent decision to withdraw from the Paris Agreement. To safeguard the climate and to keep the goals of Paris Agreement within reach, determined climate action of global players, such as the European Union (EU) and its Member States, is needed more than ever.

Fortunately, the Paris Agreement sets out a clear process to review and raise ambition to embark on its transformative pathway. The first milestone is the "Facilitative Dialogue" in December 2018. Every five years thereafter starting in 2023, the Paris Agreement embarks on a process stipulating a periodic stocktaking of the collective implementation of the Paris Agreement and its long-term goals which are referred to as "Global Stocktakes". The process of the Paris Agreement builds upon low greenhouse gas emissions development strategies to be submitted by 2020 in line with its long-term transformative pathway. Parties are finally required to update and enhance their nationally determined contributions (NDCs) so that their contributions reflect the highest possible ambition, and basing these updates closely on the insights provided by these long-term strategies.

The Paris Agreement's process has important and precise implications for the implementation of the "Energy Union Strategy" as well as for the discussions on a new governance mechanism reflected in the "Regulation on the Governance of the Energy Union"<sup>2</sup> of the EU.<sup>3</sup> The Energy Union Strategy aims to guide the transition to clean energy while maintaining competitiveness of the EU's energy market. The new Regulation for Governance of the Energy Union was set to ensure that the EU delivers on the Energy Union Strategy and also meets its 2030's energy and climate targets. To achieve these goals, the governance framework requires Member States to develop so-called integrated national energy and climate plans (NECPs). Another important ingredient is the development "long-term low emissions strategies" by Member States regarding decarbonisation efforts. Thus, the Governance Regulation done well should enable Member States to play a decisive role in shaping the EU's commitment to the Paris Agreement and continue leadership under the Paris Agreement.

Current proposals for the new Regulation for Governance make a valuable contribution for the Energy Union to achieve its objectives. Nevertheless, to ensure that the process and logic of the Paris Agreement is adequately embedded, IDDRI highlights three points of vigilance:

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<sup>1</sup> See UNFCCC (2015). Paris Agreement. Retrieved October 25, 2017 from: [http://unfccc.int/paris\\_agreement/items/9485.php](http://unfccc.int/paris_agreement/items/9485.php)

<sup>2</sup> See EC (2017). Regulation of the European Parliament and the Council on the Governance of the Energy Union. Retrieved October 25, 2017 from: [http://eur-lex.europa.eu/resource.html?uri=cellar:ac5d97a8-0319-11e7-8a35-01aa75ed71a1.0024.02/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:ac5d97a8-0319-11e7-8a35-01aa75ed71a1.0024.02/DOC_1&format=PDF)

<sup>3</sup> See EC (2017). Energy Union and Climate. Retrieved October 25, 2017 from: [https://ec.europa.eu/commission/priorities/energy-union-and-climate\\_en](https://ec.europa.eu/commission/priorities/energy-union-and-climate_en)

### Long-term vision

To ensure transparency and efficiency, the Regulation for Governance has to account for Member States' long-term sectoral commitments. A **long-term vision** enables short- and medium-term targets, objectives and contributions to be consistent with what is needed for a broader structural transformation of key sectors of engagement. Ideally, the long-term vision is embedded in a legal and institutional framework at the Member State level. Additionally, as the Paris Agreement makes various references of action up to the mid-century,<sup>4</sup> such as Parties communication of their long-term low emissions strategies, the year 2050 might be an adequate time horizon to be explicitly reflected in the Regulation for Governance. Finally, it can have added value if the Regulation framework allows also for a revision of the Member States' long-term plans that is initiated through the national short- and medium-term plans. A revised revision of this kind—coming from the NECPs—can be important in cases such as if tipping points are reached and require not only immediate but also adjusted long-term climate action.

### Iterative process

An essential element of global climate governance under the Paris Agreement is the cyclical process whereby progress is reviewed and countries engage in a dialogue on ambition (and on the conditions for raising it), followed by the submission of updated and more ambitious NDCs. To assume a leading role in the Paris Agreement, the EU must be prepared in time and embed a similar **iterative process** into the Regulation for Governance. A full European Semester-type process, with Member States held to account on the fine detail of the national strategies for energy, is not necessary, nor even desirable. However, there is a need for a clearly defined process at EU level, first bringing together Member States and the Commission to collectively revise progress on greenhouse gas emissions reductions and identify the potential drivers of more ambitious action, followed by their formal integration in a revised commitment by Member States (as contained in the NECPs). A failure to do so risks making the EU's governance framework incompatible with the basic logic of the Paris Agreement.

### Timing

Building on iterative process, the **timing** of submission of the EU MS's revised targets, objectives and contributions in the NECPs, and, also of the EU's NDC, is essential. Therefore, the Paris Agreement's timeline has to be precisely incorporated by the new Regulation for Governance. The incorporation would allow for discussions between the Council and the Member States to achieve ambitious commitments at the Member State and EU level. For example, in light of the first Global Stocktake in the second half of 2023, Member States should already have presented a first draft of updated targets, objectives and contributions to initiate internal discussions by 2023. The drafts have to be then discussed and upwardly revised if possible to be consolidated by the EU afterwards. In early 2024, the EU can submit a first draft of its NDC reflecting the highest possible ambition and submit the final NDC in early 2025. Thus, the EU shows determined climate leadership and also acts sufficiently early to incentivise more ambitious climate action by other Parties.

Embracing the EU's political leadership in the Paris Agreement and making a meaningful contribution to a low-carbon and climate resilient future, the EU and its Member States must embed the logic of the Paris Agreement, notably its long-term vision, iterative cycles for collectively raising ambition and timelines, into the new Regulation for Governance of the Energy Union.

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<sup>4</sup> See UNFCCC (2015). Decisions adopted by the Conference of Parties: Decision 1/CP 21, paragraph 35. Retrieved October 25, 2017 from: <http://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>