

The EU Climate Change Strategy: Lessons for Virginia

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Outline

- EU leadership on climate
- EU Emission Trading System (ETS)
- EU policies beyond 2012
- Lessons for Virginia

EU leadership on climate

- Emissions Trading (ETS)
- Fuel Pricing
- Mass Transit
- Renewable Energy Sources
- Biofuels
- Energy Efficiency
- Waste Management

Result?

On track to meet EU-wide Kyoto
commitment:

GHG emissions 8% below 1990 levels



How does Virginia compare?

Per Capita Energy Consumption (2005)

Virginia 345 million BTU

UK 165 million BTU

Germany 176

Italy 138

France 182



Source: US Energy Information Agency

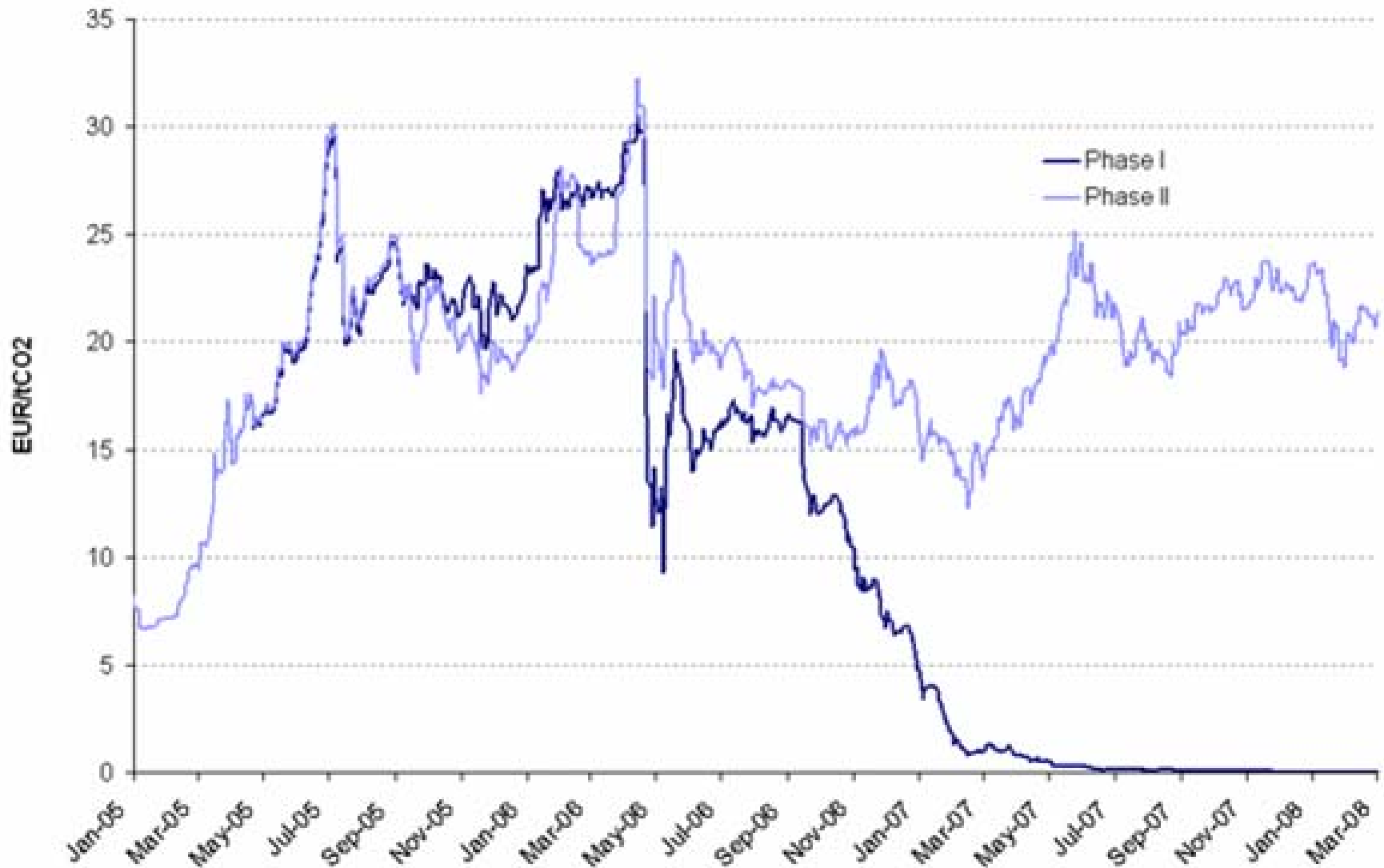
The EU Emissions Trading System

- Cap-and-trade system for power plants and major emitting industries
- Free allocation of allowances
- Allowances distributed by Member States under supervision of the European Commission
- Unfolds in two phases:
 - 2005-2007 (Phase I, “warm up”)
 - 2008-2012 (Phase II, aligned with Kyoto commitment period)

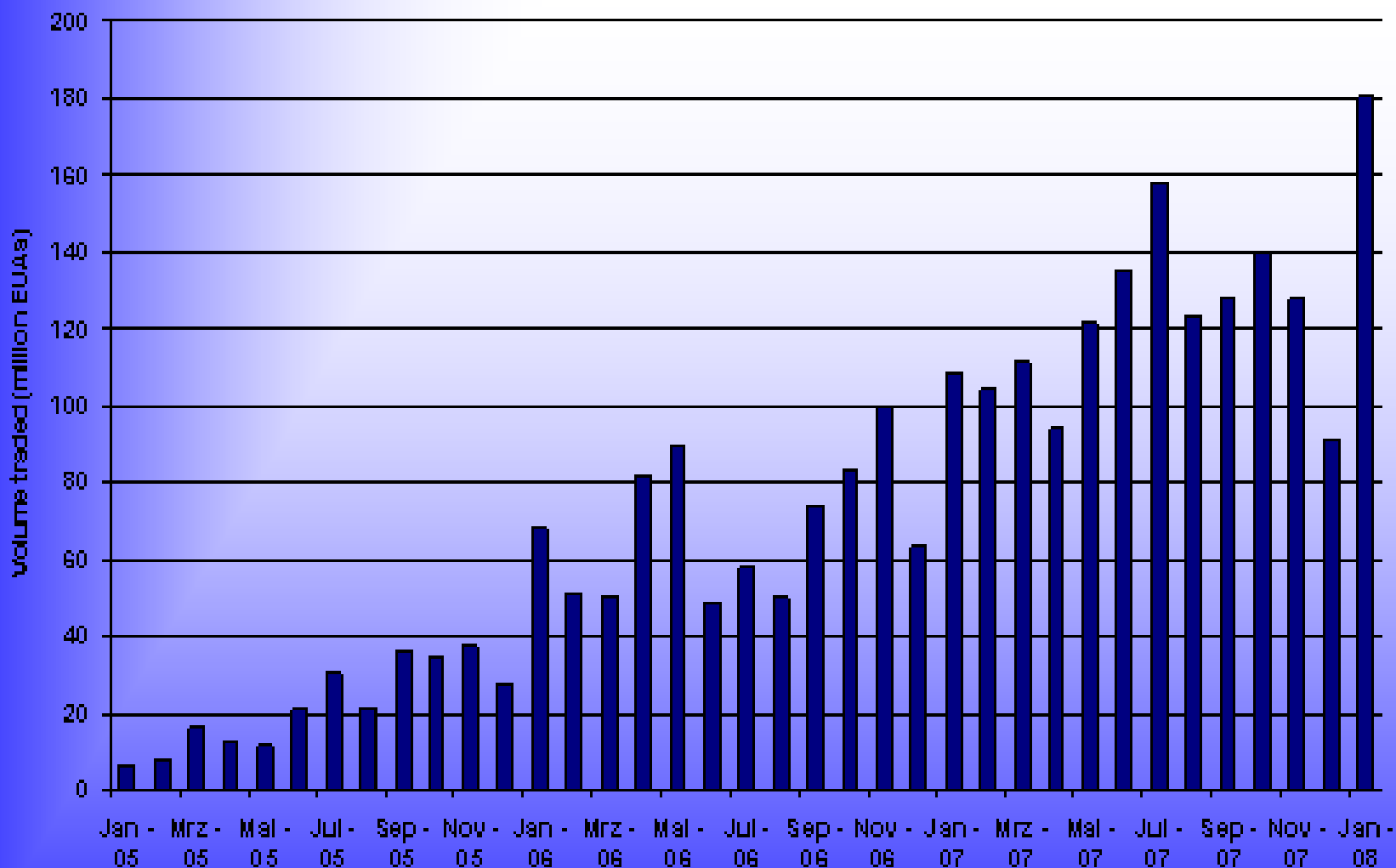
EU Emissions Trading System Stumbles and Successes



Price per ton of CO₂ in the EU ETS (euros)



Trade volume in the EU ETS (millions of allowances)



EU Climate Strategy Beyond 2012

The 20/20/20 plan

In 2007, EU Heads of State committed to achieve, by 2020:

20 % GHG reduction below 1990 levels

20 % improvement in energy efficiency

20 % renewables in energy mix (up from 8.5 % today)

United States – GHG emissions currently more than 16%
above 1990 levels

ETS Beyond 2012

- EU wide cap – No national allocation plans
- Move toward full auctioning of allowances, with 20% of auction revenues to be devoted to combating climate change
- Total cap in 2020 will be 21% lower than CO2 allowances available in 2005
- Increase scope of the cap: more sectors, more gases

How should the EU strategy be judged?



Lessons for Virginia



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