

For immediate release, Thursday 14th July 2016  
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## **Balancing effort across the EU in the next phase of the Effort Sharing Decision could save more than 2 billion tonnes of CO<sub>2</sub>**

Next week the Commission should publish a new legislative proposal on the EU Effort Sharing Decision (ESD) for 2021-2030. Today Sandbag reveals that a rebalancing of emission reduction effort around the EU under the ESD could incentivise an additional reduction of 2 billion tonnes of CO<sub>2</sub> over the period. This is equivalent to more than two years of Germany's CO<sub>2</sub> emissions.

Sandbag's [new report](#) recommends that the ESD should include enhanced flexibility to ensure that these emission reductions can be realised cost-effectively and fairly. This can be delivered through a **European Project-Based Mechanism**; an internal market in the ESD giving Member States the flexibility to meet more ambitious national targets by using credits from projects undertaken where the emission reductions are the cheapest.

**Ola Mirowicz, Policy Adviser at Sandbag, said:**

*"In the context of the Paris Agreement, it is clear that far more ambition is needed from the EU and Member States under the ESD. The existing target of reducing emissions by 30% by 2030 leaves too much work to be done after 2030 and this will cost much more.*

*The good news is that enhanced flexibility within the ESD could get us a 50% reduction in emissions under the ESD for 2030. A new European Project-Based Mechanism (EPM) would allow such a target to be delivered fairly and cost-effectively. More for less; it should be a no-brainer for Member States and the Commission."*

The report also identifies that **the flexibilities set out in the October 2014 European Council conclusions should not be allowed**, as they will water down the 2030 target by up to 4,496 MtCO<sub>2</sub> and increase the cost of emission reductions in a run up to 2050. These include a one-off transfer of EU ETS allowances, inclusion of LULUCF, and carry over of the surplus of Annual Emissions Allocations that will built up during 2013-2021.

ENDS

### **Notes to editors**

1. The Effort Sharing Decision (ESD) is a key instrument for delivering the EU's 2050 target of a 80-95% reduction in emissions below 1990 levels. It was introduced in the EU 2020 Climate and Energy Package in 2009 to guide decarbonisation in the sectors that are not part of the EU Emissions Trading System, including agriculture, transport, and buildings. It covered 58% of total EU emissions in 2014. The first phase of the ESD (2013-2020) has a target of reducing

emissions by 10% compared to 2005 levels. The target is made up of individual targets for each Member State. These are based on historic emissions weighted by GDP/capita, with Member States with lower GDP having less stringent targets. Targets are expressed in tonnes in the form of Annual Emissions Allocations (AEAs).

2. The European Council in October 2014 suggested different flexibility options to meet 2030 ESD target. The option not explicitly mentioned by the Council is a European Project-Based Mechanism (EPM). Under this domestic offsetting mechanism a project in a host Member State would generate credits which other Member State would buy. This way Member States with higher than the EU average targets and limited cost-efficient emission reduction potential would be able to meet their targets, while the host countries would benefit from the increased investment flows in their economies.
3. The European Commission is expected to publish a proposal for Phase II of the ESD on the 20th July 2016.
4. German emissions in 2015 are estimated at 908 million tonnes CO<sub>2eq</sub>  
<https://www.umweltbundesamt.de/daten/klimawandel/treibhausgas-emissionen-in-deutschland#>

Sandbag is a London and Brussels-based not-for-profit think tank conducting research and campaigning for environmentally effective climate policies. Our research focus includes reforming the EU Emissions Trading System and the Effort Sharing Decision; accelerating the phase-out of old coal in Europe; deep decarbonisation of industry through technologies including Carbon Capture and Storage. For more information, visit our website at [www.sandbag.org.uk](http://www.sandbag.org.uk) or email us at [info@sandbag.org.uk](mailto:info@sandbag.org.uk)