



POSITION PAPER

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BUILDINGS BLOCKS FOR A FAIR 'FIT FOR 55%' PACKAGE THAT KEEPS US WITHIN 1.5°C

This decade will be decisive for people and nature. We have no time to lose in the race to reduce the risks of catastrophic climate change. We need bold action to keep temperature rise to 1.5°C – and we need it now!

In recent years, we have felt the impacts of rising global temperatures in Europe, damaging people's health and safety, our food systems and our forests. We only have a short window of opportunity left but it is still possible to set the world on a track to a 1.5°C pathway with no or very limited overshoot. But this requires us to set challenging pathways that utilise a diverse mix of sustainable solutions to get there, according to a recent assessment carried out by the Potsdam Institute based on IPCC 1.5°C scenarios¹.

When determining the EU's fair share of global climate action, it is essential to remember its significant share of historical emissions and its economic wealth. The EU must lead by example: ramping up emissions cuts in all sectors, enabling clean and fair solutions for delivering services, and building markets for the creation of circular and clean goods that are produced in a socially fair way. For this to happen it requires strong political leadership from the European Commission, the European Parliament and Member States.

The upcoming Fit for 55% package aims to lay out how different sectors can contribute to reaching the EU's 55% net emissions reductions target by 2030. Comprising 12 legislative files², the Fit for 55% package has to be THE legislative overhaul that unlocks the transition to climate neutrality and implements rapid emissions cuts in all sectors. It is the last opportunity to get future investments and incentive structures on track with its overall objective to avoid runaway climate change and in the longer term to reach climate neutrality.

¹ See: <https://iopscience.iop.org/article/10.1088/1748-9326/abfeec>

² See: https://ec.europa.eu/info/sites/default/files/2021_commission_work_programme_and_annexes_en.pdf

For WWF, there are several guiding principles which will make the package fit not just for 55%, but better, for 1.5°C.

These are:

1. **Ensuring it is in line with climate science:** While demanding for EU Member States, a 55% net greenhouse gas (GHG) emissions reduction target for 2030 is not sufficient to align the EU's policy action with its 2050 climate neutrality objective and a 1.5°C temperature goal. A reduction of at least 65% of emissions compared to 1990 levels is needed for the EU, and carbon removed from the atmosphere must be separate from and additional to this. This package revision will bring many opportunities to the European Commission and co-legislators to level up the EU's ambition and to create a race to the top, for example by covering the EU's internal and international shipping emissions, ensuring consistency of all legislative files to the 2030 emissions target and the EU's climate neutrality objective and by unlocking the role of nature based solutions³.
2. **Leveling up climate governance:** Governance is the missing piece in the Fit for 55% package. If the EU is to reach climate neutrality in 29 years' time, then it must set in place the governance framework to ensure that Member States will set national objectives, and deliver on time. Governments should adopt a climate neutrality date, decide on their preferred pathway to achieve it, and strive to make all national policies consistent with climate neutrality in order to make the transition as cost-effective as possible. This will require to shift public support away from fossil fuels and towards energy efficiency and renewable energy solutions, fostering the electrification of sectors such as transport and industry.
3. **Make nature a key part of the solutions:** Nature offers solutions for mitigating climate change and its impacts and adapting to them. Wherever possible, nature-based solutions must be fostered and integrated into the Fit for 55% package, in a way that is aligned with the European Green Deal objectives. However, nature based solutions should not replace or slow down the efforts needed to reduce emissions caused by the use of fossil fuels: removals should come in addition to emissions reductions. A key issue when it comes to removing carbon and improving resilience in European countries will be the target which is expected to be set in the Fit for 55% for the land use and forestry (LULUCF) sector, supported by the flagship new nature restoration legislation.
4. **Placing people at the centre:** Moving to a sustainable, climate-neutral economy will impact everyone and everything. The implementation of the EU Just Transition Mechanism - which aims to support societies in this move to climate neutrality - will be decisive in this context. The Fit for 55% proposals must make clean and sustainable solutions accessible and affordable for everyone in Europe, ensuring that no one is left behind on our path to 1.5°C. The EU must communicate clearly around the Fit for 55% package and explain what EU residents can expect from it. This includes making space for dialogue and discussions at all levels about solutions, best practices and the needs of EU residents and communities.

³ See WWF's work on nature based solutions: <https://bit.ly/3AcF11V>

WWF'S RECOMMENDATIONS

Climate policy architecture:

- **Maintain but renovate the current EU climate architecture** by improving the effectiveness and environmental integrity of climate policy instruments through scrapping flexibilities (i.e. offsetting) between the LULUCF and the Climate Action regulations, and by ensuring better compliance and accountability of Member States towards them.
- **Align policy planning with the revised climate objectives** by revising the Governance regulation. This would ensure that Member States adopt national climate neutrality dates which together put the EU on track towards meeting its climate neutrality objective. Governments' national policies up to 2030 (announced in National Energy and Climate Plans) should be revised, and financial support for fossil fuels must be phased out and redirected into the transition to climate neutrality.
- Create frameworks for communication, **public engagement** and dialogue on the development of the transition to ensure that the needs of EU residents and communities are recognised, valued and addressed, avoiding any unfair or negative effects.

European Emissions Trading System:

- Fully include the EU's share of **emissions from international shipping and aviation** in the ETS.
- **Align the Emissions Trading System (ETS) with the higher climate target** by 'rebasings' the system through a one-off cancellation of 350 million emissions allowances in 2023, agreeing a yearly decrease in available allowances ('Linear Reduction Factor') of 3.7% and by keeping the 24% intake rate into the Market Stability Reserve - meaning those allowances are temporarily removed from the market.
- **Put an end to free allocation by 2023. Due to the free carbon allowances given to industry**, the ETS has not brought about industrial decarbonisation. Free allowances must be phased out and the polluter pays principle enforced through full auctioning of allowances and targeted revenues use that also supports the industrial transition to clean technologies and circular solutions.
- **Use 100% of ETS revenues to drive the transition to climate neutrality** and redistribute the revenues to residents and communities to support a fair and clean transition, while also improving the transparency and accountability of the way revenues are used.

Land use, Land Use Change and Forestry Regulation (LULUCF):

- **For the land use sector**, an annual net removals target in the LULUCF regulation for 2030 should be set at -600 Mt CO₂-eq, to be achieved through nature friendly changes to farming and forestry practices.
- The LULUCF sector must remain separate, and the existing **offsetting ('flexibility')** between the LULUCF and Climate Action regulations must be scrapped;

- **Accounting rules** in the LULUCF regulation also need to reflect actual reported emissions and removals, instead of referring to historical emissions levels.
- Any and all public support in this area must be linked to strict sustainability criteria in the relevant legislation, to ensure that only **win-wins for climate and biodiversity** are incentivised.

Renewable Energy Directive:

- The share of energy from **renewable sources** in gross final energy consumption should be increased to at least 50% by 2030 and a long-term target for 100% renewable energy by 2040 should be set.
- The Renewable Energy Directive should not include any provisions that incentivise fossil based – so called ‘low-carbon’ – fuels.
- The **expansion of renewable energy production** needs to cross-comply with the EU’s Biodiversity Strategy and other nature protection legislation to ensure renewables deployment does not come at the expense of nature.
- Last but not least, **changes to the EU’s bioenergy rules are absolutely critical**. At present they pose a serious threat to the climate, biodiversity and human health: incentives for burning trees and crops must end.

Energy Efficiency Directive:

- We call for an EU binding 2030 energy efficiency target of at least 45% to be in line with 1.5°C.
- The energy savings obligation should be strengthened and increased efficiency through building renovations should at least meet the minimum energy performance requirements set by the Energy Performance of Buildings Directive.

For more information:

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