

ALIGNMENT OF ENERGY – CLIMATE POLICY PACKAGES

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WORKSHOP
IMPLEMENTING REAL-WORLD LOW-CARBON POLICY
PACKAGES IN THE ENERGY SECTOR: UNDERSTANDING
THE CHALLENGES

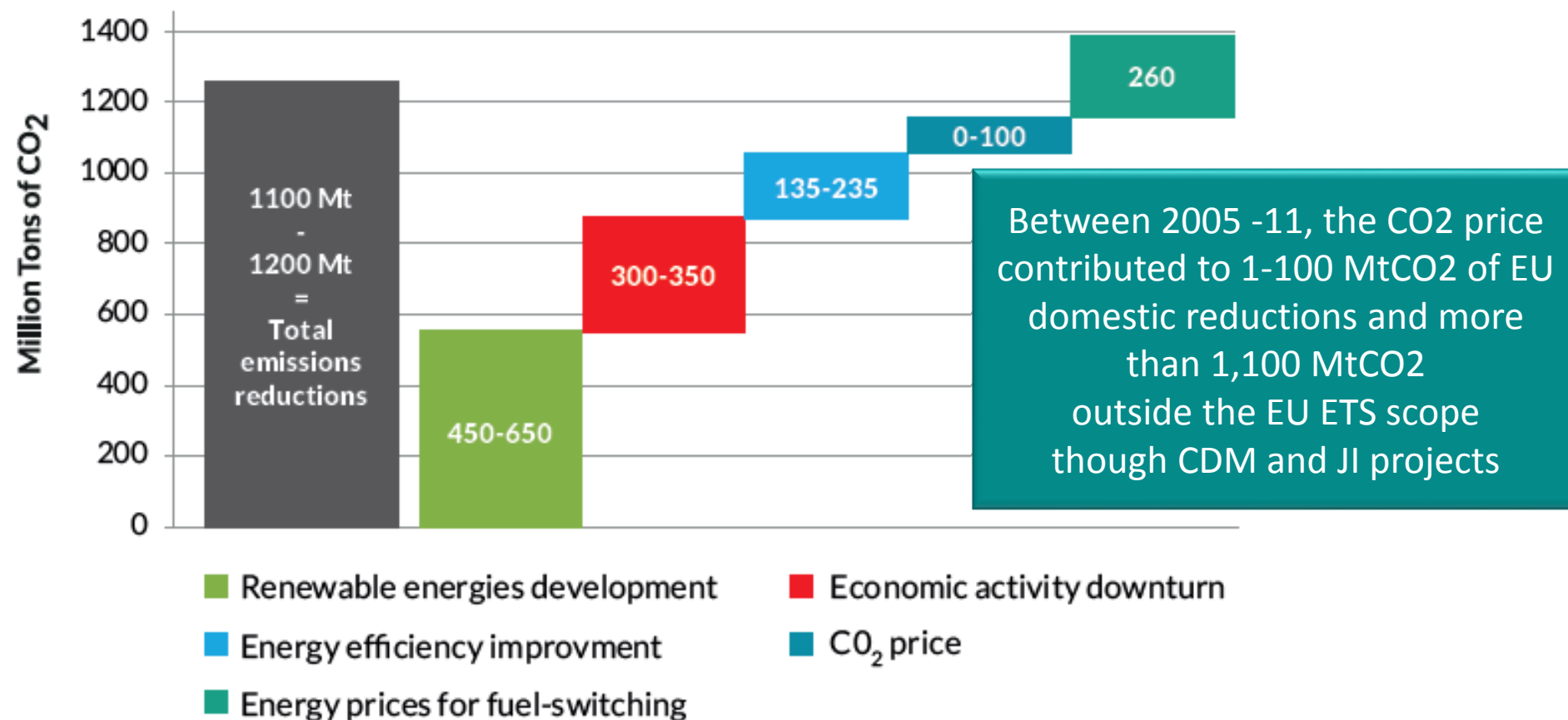
International Energy Agency

The alignment of new and existing policies : a design policy challenge

- **Clear policy signals are essential** to guide the transformation of technologies and business models for a low-carbon economy.
- **Implementing new policies is a big challenge but aligning all policies among themselves to climate objectives is a broader one.**
 - Some existing policy frameworks can involuntarily weaken carbon pricing signals.
 - Other energy policies such as RES and energy efficiency could also undermine efficiency of carbon pricing policies.
- The alignment process requires **avoiding overlapping policies, removing countervailing policies and pushing up more complementary policies.**

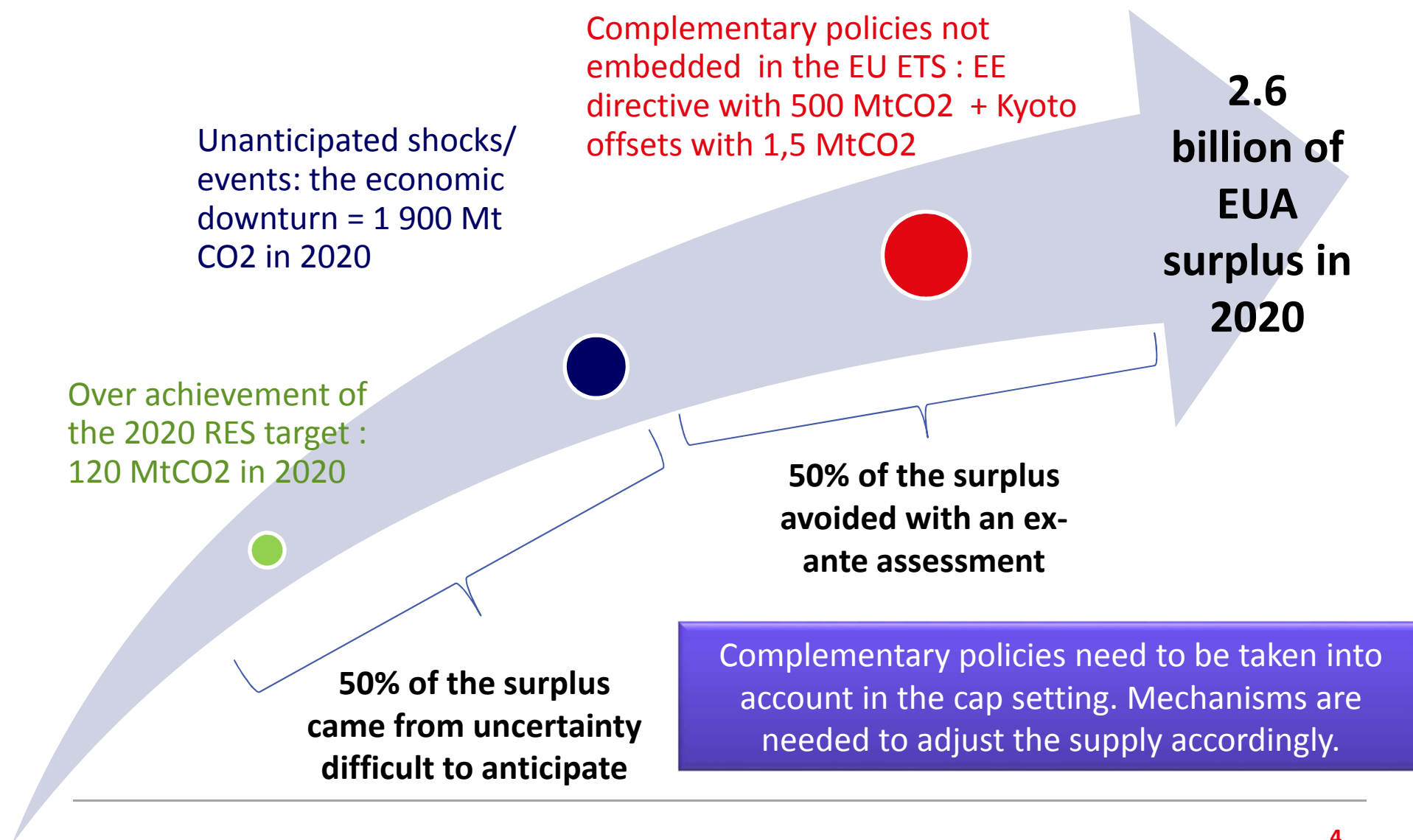
EU ETS Case Study: RES and EE policies have played a major role in EU ETS abatements

Figure 9 - Contributions to CO₂ emissions reductions in the 2005 to 2011 period.



Source: I4CE - Institute for Climate Economics, 2013.

EU ETS Case study: Drivers of the growing surplus by 2020: interaction with complementary policies



The alignment of new and existing policies : under which conditions?

- What are the major conditions we need to gather to enhance this alignment of policies?
- 4 conditions :
 1. **Political signals**: what kind of political signals are necessary and supportive for aligning policies? Could we think that a national strategy framework embedded targets, policies and measures with a long term perspective is the best and most appropriate policy ?
 2. **Economic signals**: what kind of economic signals are necessary to align policies and financial flows? Could we think that an efficient and broad based carbon pricing policy is the most powerful instrument to reorientation investments and actions towards a low-carbon model?

The alignment of new and existing policies : under which conditions?

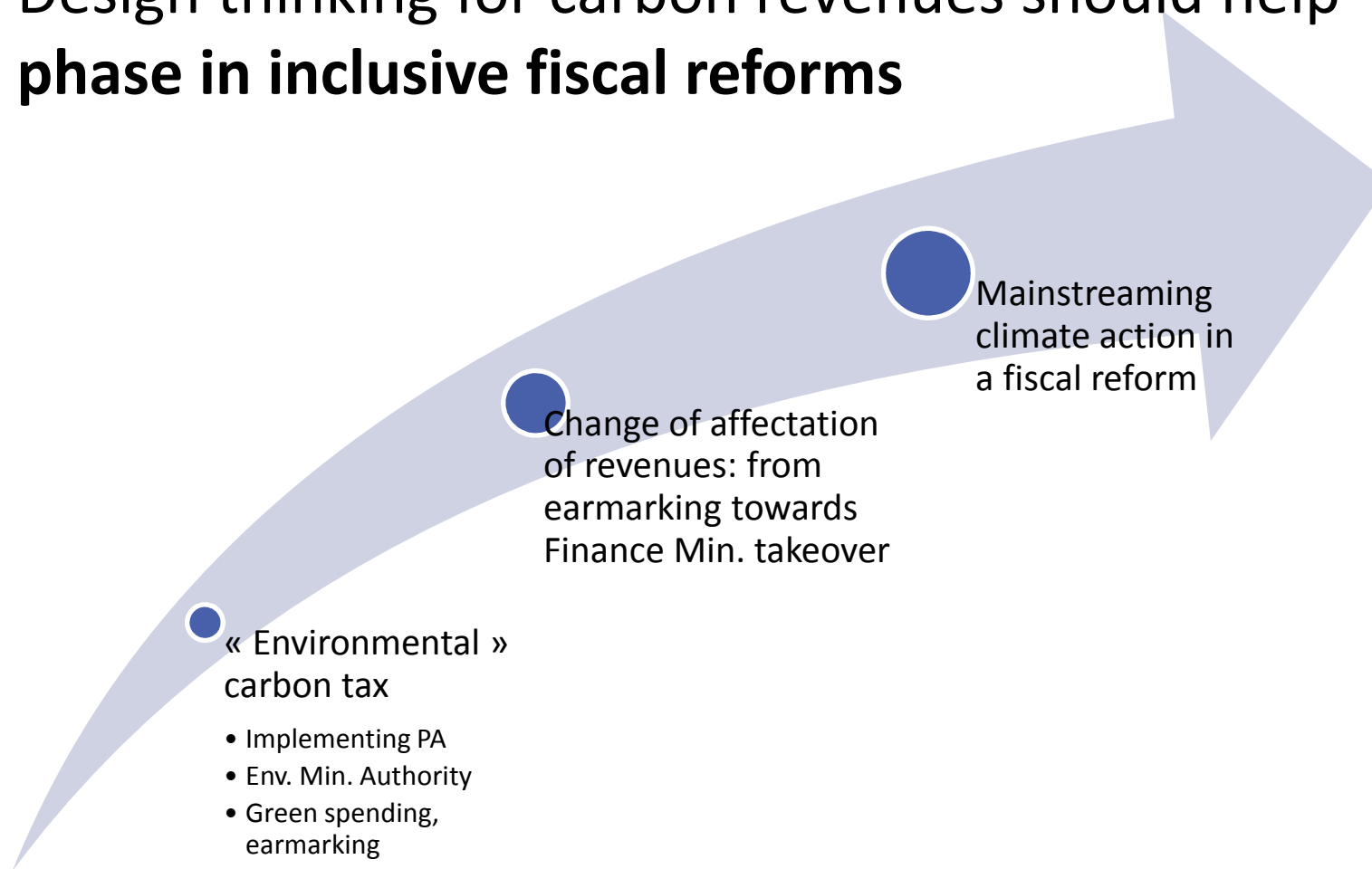
- What are the major conditions we need to gather to enhance this alignment of policies?
- 4 conditions :
 3. **The governance** : How to monitor the alignment ?
How to review policies ? What are the best practices in this issue? What are the best level of governance?
 4. **The social acceptability** of climate and energy policies and their alignment. hat are policies and measures that could facilitate this social acceptability? what could be the role of revenues generated by carbon policies to foster the acceptability of carbon policies implementation? what are the best practices?

The alignment of new and existing policies : a non-unique learning curve

- What are the learning steps?
- Learning matters and the pace of change matters too.
 - Considering a **dynamic approach** : we need to think and present things in terms of political learning curves and processes, not snapshots.
- Furthermore, pathways, motivations and narratives for developed countries are not similar for developing countries :
 - Considering **national contexts**: we need to adapt materials for encouraging this alignment in developing countries .

Clarifying alignment objective : mainstreaming climate into all policies as the ultimate stage

Design thinking for carbon revenues should help
phase in inclusive fiscal reforms



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Exploring the EU ETS beyond 2020

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