The European Green Deal and the German Climate Action Plan

A European Green Deal - Striving to be the first climate-neutral Continent by 2050

Becoming the world's first climate-neutral continent by 2050 is one of the greatest challenges and opportunity of our times. To achieve this, the European Commission, on Dec. 11, 2019, presented the European Green Deal, an ambitious package of measures that should enable European citizens and businesses to benefit from the transition to a sustainable, low-carbon economy. Measures accompanied with an initial roadmap of key policies range from ambitiously cutting emissions, to investing in cutting-edge research and innovation, to preserving Europe's natural environment and to protect the environment.

Supported by investments in green technologies, sustainable solutions and new businesses, the Green Deal is a new EU growth strategy. Involvement and commitment of the public and of all stakeholders is crucial to its success.

Above all, the European Green Deal sets the path for a transition to climate neutrality that is just and socially fair. It is designed in such a way as to leave no individual or region behind in the great transformation ahead.

European climate diplomats are facing a busy year 2020, especially after what many saw as a disappointing outcome at the UN climate conference (COP 25) in Madrid. Europe wants to lead by example, and Germany looks set to play a key role as it holds the EU Council presidency in the second half of the year. "Climate and Security" will be the focus during Germany's UN Security Council presidency starting in July 2020. Germany also set up a fund to support the most vulnerable countries in climate change impact mitigation, risk management and project funding worth 3.4 bln Euro.

Germany's Climate Goals 2050

Both Germany and the European Union signed the 2015 Paris Agreement - there are 197 Parties to the Convention of which 187 have ratified the Agreement altogether 196 countries.

By now, 65 countries (and some regions, like California) have begun moving towards net zero greenhouse-gas (GHG) emissions by the year 2050. This is the benchmark many scientists consider to be necessary to potentially restrict global warming to 1.5 degrees Celsius against pre-industrial level — which would still be a challenge to manage, but less so then 2.5 degrees or even 3.2 degrees, where the world is heading for at the moment, according to the latest UN emissions gap report.

Germany also pledged to be climate neutral by 2050. To reach this goal, at least 60% of final energy consumption and 80% of gross power consumption has to be produced by renewable energy sources (RES). As Germany is phasing out nuclear power by the end of 2022 and

starting to phase-out coal power until 2038 at the latest, the remaining energy demand is planned to be covered by natural gas.

Statistics suggest, that Germany might miss the 2020 interim target of 40% GHG emission reduction (against 1990). By the end of 2019, Germany reached a 35% reduction.

Climate Action Plan 2030

In 2019, Germany formed a so-called climate cabinet. This means that all responsible sector ministers are accountable to emissions in their sector and to draft an official action plan to reach at the 2030 interim climate targets. The Climate Action Plan comes as a supplement to Germany's Climate Action Law as part of a comprehensive package to set Germany's climate policy on a new footing that includes carbon pricing across sectors, and a legal control mechanism meant to ensure continuous emissions reduction. This 173-page document introduced in Sep. 2019 lists concrete policy measures which have since been hotly debated, readjusted at times and are now one-by-one written into law.

The Climate Action Plan 2030 acknowledges that Germany's climate targets mean "a change in our way of living and running the economy" and stresses that supporting the transition to clean energy and low-emission technology brings "great opportunities for Germany as a country of business, innovation and jobs."

The Government argues that investments under the plan will ultimately avoid even higher costs resulting from climate mitigation and adaptation, as well as the costs required to buy emissions allowances from abroad if it does not meet its climate targets under EU law.

For the first time, this Climate Action Plan writes previous targets into law and defines concrete targets and measures for the different sectors and the responsible ministries to follow through. Monitoring, Evaluation and constant adjustments will ensure success.

The climate cabinet will become a permanent institution and is charged continuously testing the "effectiveness, efficiency and accuracy" of all measures. If a given sector fails to make sufficient progress regarding the binding targets, responsible ministers will be obliged to come up with an "ad hoc programme" within three months to get back on track.

The Climate Action Plan - Interim Targets for 2030

Germany is aiming for an interim 55 to 65% GHG emission reduction by 2030. This means carbon emissions have to fall from about 866 million tons per year in 2018 to 562 million tons by 2030.

In 2019, about 46% of net energy consumed was produced by RES and this share is to grow to 65% by 2030 while at the same time Europe's biggest economy is not just phasing out nuclear (by 2022), but also coal (by 2038).

But the Energy Transition is not just about decarbonising the energy sector. Transport and housing, especially heating, as well as agriculture need to be decarbonised, forests and other

greenery need to be supported as carbon sinks. The industry needs to further decarbonise while remaining internationally competitive. Energy efficiency plays an important role.

The challenge is to reach the interim targets while keeping the economy strong and reducing the burden on the consumers

One major element of the Climate Action Plan 2030 is a proposal for a new national carbon pricing system that covers the transport and buildings sectors. These sectors are not covered by the existing European Emissions Trading Scheme (EU-ETS), which currently only sets limits on carbon emissions from the energy sector and heavy industry.

The Government pledged to reduce the financial burden on the consumer. At the moment, most of the energy transition is paid for by the electricity consumers by a levy on the electricity price. That levy will eventually be reduced. The Government also plans to reduce other climate policy-related components of electricity prices - such as grid fees - to lower prices for households and businesses. The Government insists that these changes will not reduce financial support for renewable energy, but instead, renewables will be financed with the income generated by carbon pricing. Financing and affordability by and for the private consumer and the industry remains the biggest challenge to the Climate Action Plan.

The energy price is a very tricky and hotly debated topic, as energy prices in Germany are very high. We will address this topic more thoroughly in another article.

While mostly agreeing on the necessary targets, politicians and other stakeholders are debating many different ways to reach them. At the same time, scientists, experts and the social movement “Fridays for Future” are demanding even more drastic and immediate actions.

As always, decision-makers need to find the balance between what is scientifically necessary, what is technically feasible, what is most important, and what is politically possible.

However, the reconciliation of all interests without any conflicts may prevent exactly the action that might be needed to prevent rapid global warming. In contrast, the historic experience from Germany suggests that in the past, a deep transformation of the energy system (nuclear and coal phase-out, feed-in tariffs, CO2 pricing, emission trading etc.) also had to be enforced against the vested interests of the existing fossil and nuclear energy establishment.

Read more:

European Commission 2019: A European Green Deal - Striving to be the first climate-neutral continent, https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

Climate Action Plan 2050, Principles and goals of the German government's climate policy, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), 2016, https://www.bmu.de/en/publication/climate-action-plan-2050

Emissions Gap Report 2019, UN Environment Programme (UNEP), 26 November 2019, https://www.unenvironment.org/resources/emissions-gap-report-2019

Climate Action Programme 2030, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), 2019 https://www.bundesregierung.de/breg-en/issues/climate-action/klimaschutzprogramm-2030-1674080

Clean Energy Wire 2019, Germany's Climate Action Programme 2030, https://www.cleanenergywire.org/factsheets/germanys-climate-action-programme-2030, 16 December 2019.