

EU Green Deal

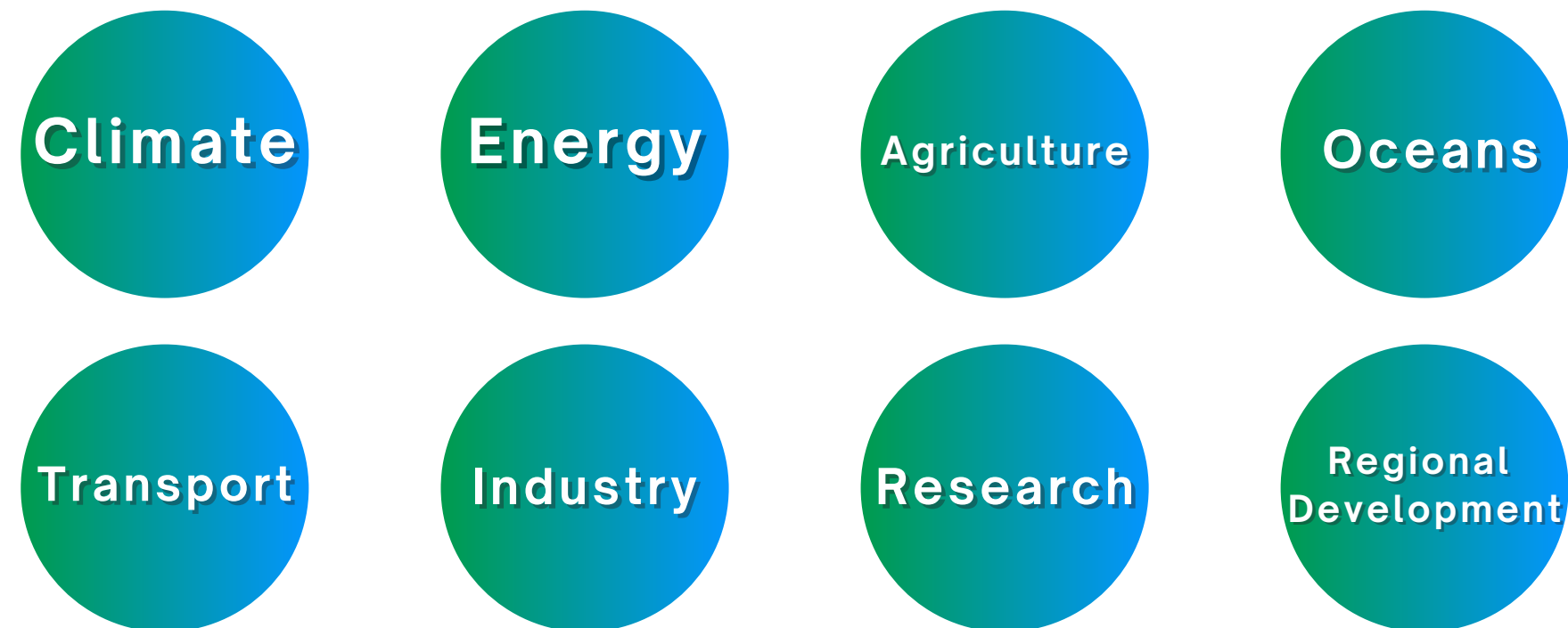
# POLICY PROPOSAL

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# Introduction

The European Green Deal outlines a long-term roadmap for the EU to become a **climate-resilient, competitive and just society**, that is fully adapted to the unavoidable impacts of climate change by 2050. It covers a broad range of initiatives, in areas such as:



We will focus on the energy, industry, and transport areas, covering improvements on the RepowerEU plan, the Renewable Energy Directive II, the ETS-2 and the CBAM, as well as the Green Deal Industrial Act.

The **Green Deal Investment Plan** & the multiannual financial framework (MFF):

EUR 503bn from the **EU budget**  
EUR 25bn from **ETS Funds**  
EUR 279bn in mobilised investment from **InvestEU**  
EUR 14bn from **national cofinancing** triggered by the EU budget.

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**1 TRILLION EURO**



# Fit for 55

A set of proposals to revise and update EU legislation to reduce net GHG emissions by at least 55% by 2030. It introduces initiatives such as the EU Emissions Trading System, the CBAM, and effort-sharing regulation setting binding annual GHG emission targets for Member States.

## RePowerEU

outlines a plan towards reducing dependencies on Russia's fossil fuels and accelerating the EU energy transition, as part of the Fit for 55 package.

## Progress

By June 2024, 50% of the EU's electricity generation came from renewable sources, wind power became the EU's second largest source of electricity behind nuclear, and the share of Russian gas in EU imports dropped from 45% in 2021 to 18%.

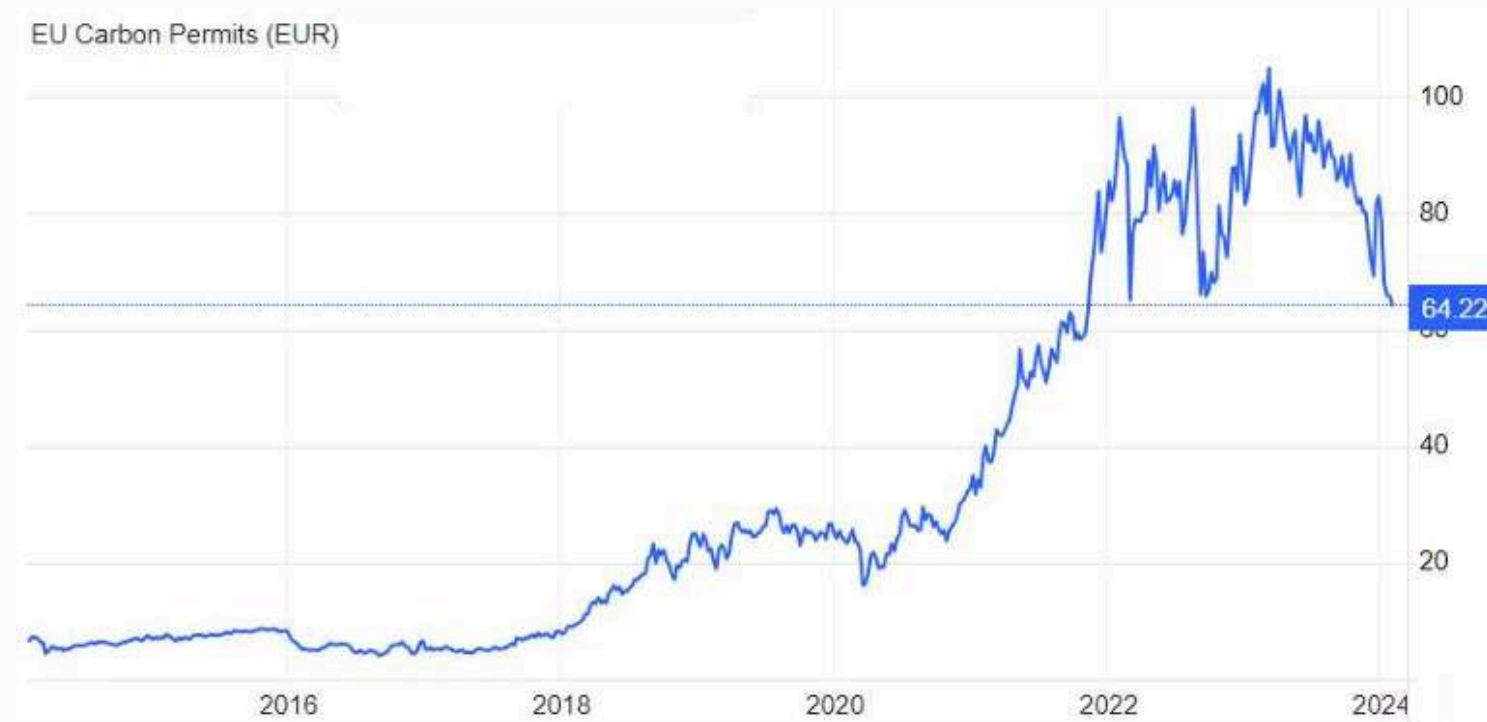
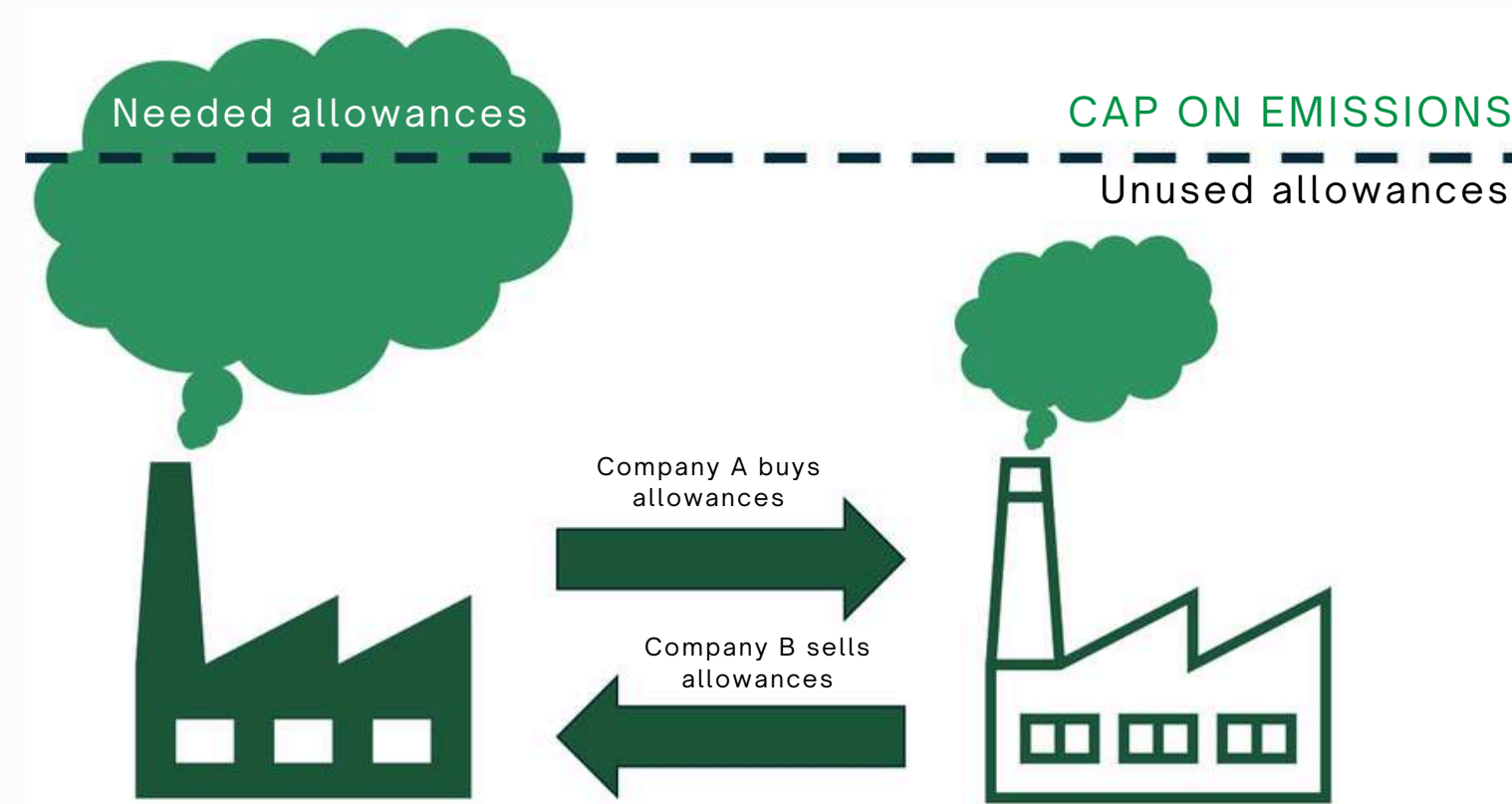
## Improvement areas

To meet 2030 targets, heating equipment needs to be electrified faster, transmission and distribution network upgrades accelerated and the final updated National Energy and Climate Plans (NECPs) urgently submitted. Member states need to align their domestic policies and reinforce energy efficiency programs to contain and reduce energy demand and enlarge the share of renewables in final energy consumption.



# The ETS system

- For climate action, since 2005 the EU has created and expanded an **Emission Trading Scheme (ETS)**.
- **“Cap-n-trade scheme”**: A cap is set on total CO2 emissions for participants, and companies must **surrender emission allowances** equal to their emissions. The cap decreases over time, raising the value of emission allowances, thereby incorporating the social cost of pollution into the cost structure of industries.
- Driver of emission reductions in **heavy industry sectors** like metallurgy, oil refining, and electricity generation.
- Due to its success, the ETS will be expanded to the aviation and maritime sectors by 2027. Revenues from the system will fund initiatives like FuelEU Maritime and ReFuel Aviation.



**The cost of emitting one ton of CO2 (EUR)**

What Is The EU Doing?



# The Carbon Border Adjustment Mechanism

What Is The EU Doing?

To prevent outsourcing of emissions and to encourage foreign producers to adopt green practices, the **Carbon Border Adjustment Mechanism (CBAM)** will be introduced by 2027, aligning foreign producers with the costs of the ETS.



EU importers of goods covered by the CBAM register buy **CBAM certificates**, priced according to weekly ETS rates.



Importers annually report the emissions linked to their imported goods and surrender the corresponding number of CBAM certificates.

**PRODUCTION ABROAD**



**Total CO2 costs: €10<sup>1</sup>**

**IMPORT TO THE EU**



**CBAM = +€70**



**Total CO2 cost: €80**

<sup>1</sup>Figures only for illustrative purposes

# The Clean Industrial Plan (1)

The **New Clean Industrial Plan** aims to boost productivity and competitiveness in heavy manufacturing while aligning with the EU Green Deal goals. It has been proposed by the Commission, but it's still under approval.

### Key Proposal Objectives

- Consistency with the Green Deal
- Integration with ETS-2

## Plan Outline

### Single Market for Carbon

Establish a Single Market for Carbon, valuing carbon emissions, including incentives for achieving negative carbon emissions (e.g., DAC, CCS, CCU technologies).

### E-fuels and RFNBOs

Support the transport sector's shift to climate neutrality through the promotion of E-fuels and RFNBOs (Renewable Fuels of Non-Biological Origins), especially in land transport.





# The Clean Industrial Plan (2)

## Cross-Industrial Carbon Utilization

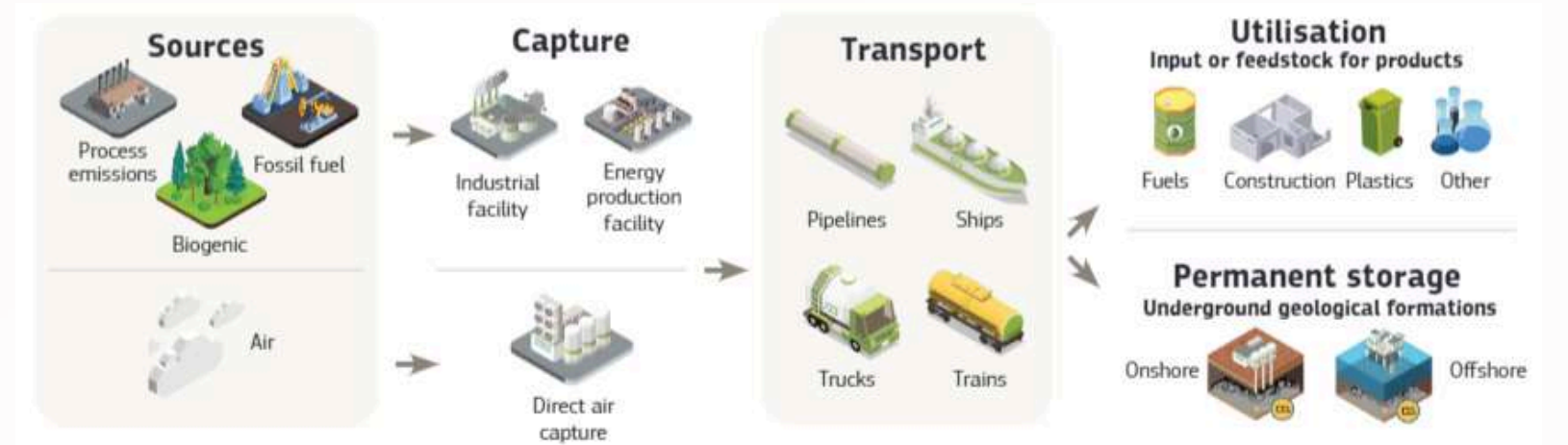
Easing regulations to promote new carbon uses and securing financial resources under technology-neutral principles.

## Private Sector Investment

Create incentives for big FIs by offering regulatory exemptions (targeted amendment to the General Block Exemption Regulation), making green tech investments more profitable and access to funding easier.

## Complementing CBAM

Enhance demand for EU green tech products, supporting industrial sectors under the Carbon Border Adjustment Mechanism.



# Flexibility Solutions: Optimizing Energy Resources

The Green Deal **is often criticized** for its lack of an **integrated approach** across policy areas. Particularly in **electrification and decarbonization**, and energy security efforts could improve by incorporating flexibility solutions in renewable energy plans.

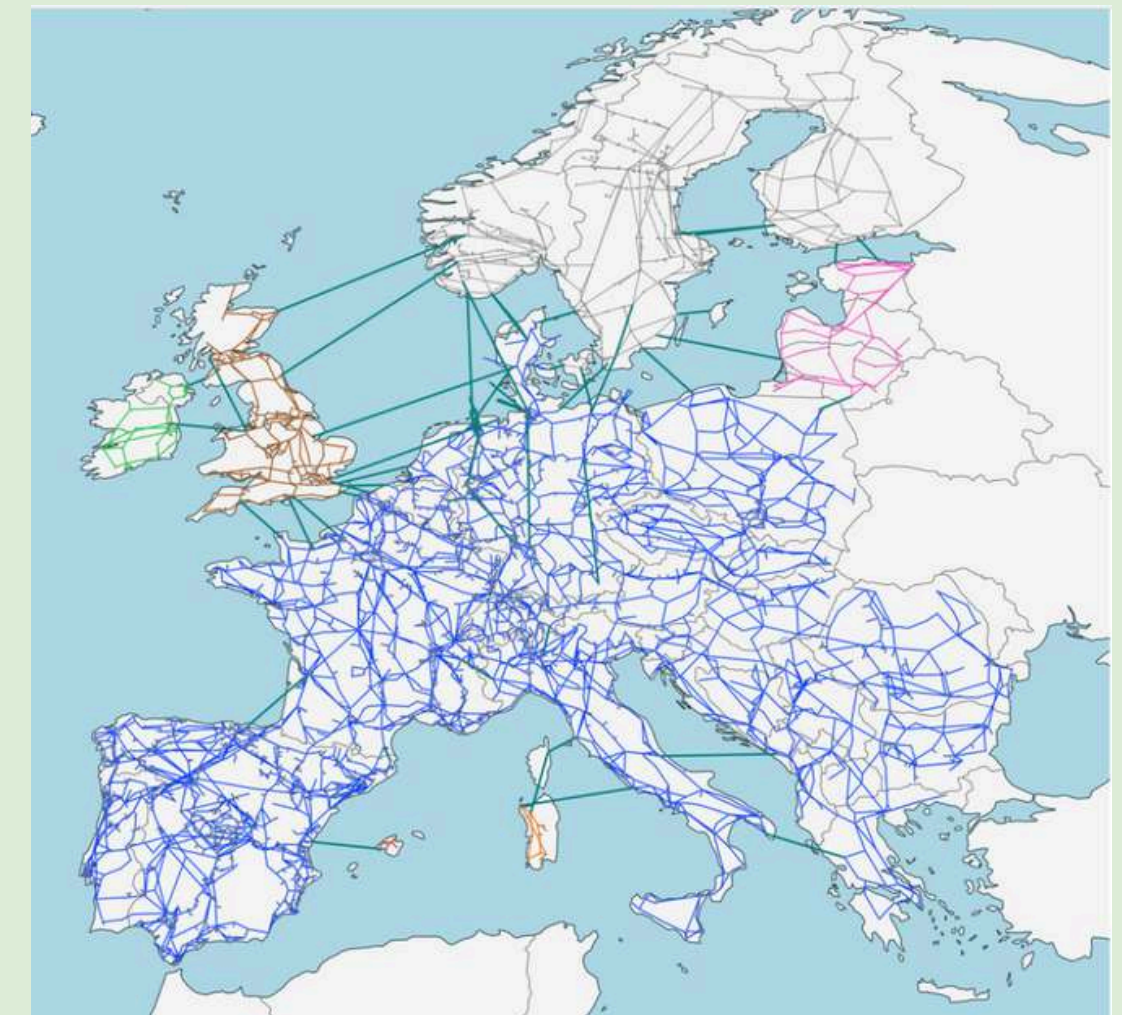


Our Proposals

## Proposed actions to optimize Renewable Energy Sources (RES)

- **Increase Coordination of the EU Power System**

1. Biennially **assess flexibility needs** at the EU level alongside national GHG projections;
2. Review **Member States'** National Energy and Climate Plans (NECPs) to foster regional cooperation;
3. Expand **cross-border transmission** capacities to share electricity more efficiently;
4. Improve operations of **interconnected systems**, balancing power by accessing geographically diverse RES;
5. Enhance **energy storage** opportunities across sectors.





# Flexibility Solutions: Optimizing Energy Resources

- **Boost demand-side flexibility**

Dynamic operation of energy storage through provision of incentives for consumers to adapt their energy usage, enhancing system flexibility,

Maximize **market signals and cost-reflective network charges**, allowing consumers to benefit from adjusting energy consumption.



Key Actions

Improve **information access** for households and SMEs to navigate energy offers, boosting efficiency and affordability.



Dismantle entry barriers for **small-scale, climate-compatible flexibility resources** to compete equally in electricity markets.



# Democratizing Renewable Energy Investments through REITs

Our Proposals

## Renewable Energy Investment Trust

A Pan-European tradable security, designed to increase investment in renewable energy. Similar to national Real Estate Investment Trusts.

### Benefits for Renewable Energy Market

- **Attract small investors** to invest in renewable power plants, increasing overall funding.
- **Economies of Scale:** Pool more capital to finance larger and more efficient projects, reducing costs.
- Support the extensive utilization of Europe's renewable energy potential.

### Investment Gains for Investors

- **Predictable Revenue:** Investors would earn dividends from selling electricity, often subsidized with fixed prices, ensuring stable, predictable income.
- Profits from REITs should be exempt from taxation under a new energy tax reform, boosting investor returns.
- Kickstart the **Capital Union** by creating a pan-European market for REITs will reduce duplication and information asymmetry.



**THANK YOU!**