

**Ecologic Institute**  
Science and Policy  
for a Sustainable World



# **Institutions and governance - Fit for decarbonisation**

**Brussels, 30 June 2015**  
**Dr. Camilla Bausch**

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## Basis

**Guided by vision of 80%-95% emission reduction by 2050**

**Focus on how to strengthen EU climate action**

- ▶ Mitigation
- ▶ Policies / rule setting
- ▶ Some aspects of favourable institutional set up
- ▶ Touch on implementation issues
- ▶ Not adaptation

**Approach: Literature study, interviews, case studies**

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# The Role of Law and Institutions

**Authors:** Mehling, Bausch, Donat, Zelljadt

**Thematic focus:**

- ▶ Institutional and political structures
- ▶ regulatory approaches
- ▶ conflicts and challenges

**Country studies:** EU, GER, PL, UK

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## European governance & the low-carbon pathway

**Authors:** Bausch, Roberts, Donat, Lucha

**Contributions by IVM:** Munaretto, Walz, Dimitriou

### **Thematic focus:**

- ▶ overlaps between climate and energy policy
- ▶ de/centralisation of climate policies / rule setting

### **Case studies:**

- ▶ EU ETS, RES support scheme, targets
- ▶ electricity grid infrastructure

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# European governance & the low-carbon pathway

## Centralisation:

- ▶ Legal bindingness
- ▶ Level of harmonisation
- ▶ EU level institution building

## Sliding scale – regional approaches

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## Some key insights - regulatory approaches

- ▶ Due to different history and preferences, regulatory approaches differ between MS
- ▶ Process of convergence due to learning and EU law
  - UK: FiT; GER: ETS
- ▶ Not an obstacle for specific European policy approaches
- ▶ New policy approaches might lead to court cases
  - Beware, as this is time consuming
- ▶ Be prepared for surprises: Theoretically optimal solutions do not tend to be the ones implementable in practice – and effects are sometimes surprising

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## Some key insights – de/centralisation

- ▶ No fixed correlation between degree of centralisation and level of mitigation ambition
  - Instead decisive: Policy design & level of ambition
- ▶ No perfect or even static equilibrium between central and decentral elements
- ▶ Centralisation often a process
- ▶ Not binary – often hybrid approaches
- ▶ De/centralisation needs capacity and institution building
  - E.g. EU ETS registry

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## Some recommendations

### What should be created/protected

- ▶ structures which are politically “**risk resilient**” against a change in political landscape which is mitigation averse
  - Example: Commissioner for Climate Action
- ▶ **Freedom for frontrunners**
- ▶ **Incentives for frontrunners**
  - Example: EU ETS
- ▶ **Flexibility** to be able to react
  - Example: ancillary investments for offshore meshed grid



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## Some recommendations

### Create a learning system

- ▶ In particular for new approaches:
  - Member States as policy laboratories (example: RES support)
  - Or learn from other countries (example: Chinese ETS pilots)
- ▶ Implement monitoring and review mechanisms

### Highlight climate mitigation in centralised policy areas

- ▶ e.g. trade

### For regional approaches: Identify / create incentives for RE expansion

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# Some recommendations

## Increase centralisation

- ▶ EU: GHG, RE & EEff targets backed by national targets
  - Important for
    - electricity grid planning
    - investment security
    - credibility at international level
- ▶ EU & regional: Increase electricity grid integration / coordination

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## Some key insights – potentially unfeasible

### Would be good to have:

- ▶ Priorisation of decarbonisation / climate protection over other goals

### Should not be a priority:

- ▶ Change of primary law – competency for energy mix

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# Thanks!

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