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## WHAT PARIS MEANS FOR THE UK

### INITIAL ANALYSIS AND POLICY IMPACTS

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#### 1. Summary

The historic Paris Agreement will make the UK safer by sharply lowering the risks of climate change. It marks an acceleration of the low carbon economy and signals the future phase out of fossil fuels. But the Paris Agreement text is the beginning not the end of the journey. To keep climate change below dangerous levels country commitments to cut emissions need to be increased when resubmitted in 2019/20.

The UK should support the delivery and ratcheting up of the Paris Agreement by:

- Committing to implement its Paris Commitment by agreeing the Climate Change Commission's post-Paris recommendations for the 5<sup>th</sup> Carbon Budget, and putting in place the policies and funding to deliver it.
- Working in the EU to incorporate the Paris Agreement into the energy and climate legislation being agreed in 2016/17, including the ability to increase the EU 2030 target through qualified majority voting before 2020.
- Use the UK's diplomatic and development support to begin implementing the Paris Agreement by helping developing countries deliver on their commitments. Support mainstreaming of climate change into international development finance, G20 financial regulation and global resilience and security institutions in 2016.

#### 2. Headlines of the Paris Agreement

COP21 demonstrates new global cooperation on climate change with all countries agreeing to progressively and transparently ramp up ambition to decarbonise globally and build climate resilience. This gives both *clarity* on direction of travel in the global energy transition and increases *confidence* that commitments will be met.

The Paris Agreement and COP21 decision has agreed the following:

- A legally binding framework for all countries to cut carbon emissions;
- To reach greenhouse gas emission neutrality in the second half of the century;



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- To keep global temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C;
  - To review progress every 5 years and raise ambition towards meeting the long term goals, starting this process with resubmission of mitigation targets in 2019/2020
  - \$100 billion a year in climate finance for developing countries by 2020 and a commitment to further finance with a new collective goal to be set in 2025
  - Support to help vulnerable countries deal with climate damages.

More detailed analysis of the Paris Agreement and initiatives launched during the Paris COP and in 2015 please see <http://www.e3g.org/library/judging-cop21-outcome-and-whats-next-for-climate-action>

### 3. Implications for the UK

- **The Paris Agreement will make British people safer:** implementation of the Paris commitments will limit average warming to between 2.7-3.7C and this should reduce over time as targets are reviewed. This is not enough but is a large decrease from the 5-6C expected under business-as-usual. Implementing Paris will reduce the increased risk of climate impacts in the UK, such as devastating floods, shocks to food prices and instability in neighboring climate vulnerable countries.
- **The UK needs to agree a strong 5<sup>th</sup> Carbon Budget:** next year UK will have to strengthen efforts to match what has been agreed in Paris. By setting a strong 5<sup>th</sup> Carbon Budget UK will deliver its Paris commitment and play its part to ensure Europe takes forward the momentum from Paris. The Committee on Climate Change (CCC) will decide in early 2016 whether the 5<sup>th</sup> Carbon Budget and UK long term target needs to be changed in light of the tougher long term goals agreed in Paris. **The UK government should at a minimum accept the CCC advice.**
- **UK clean energy policy needs to be strengthened:** the UK's clean energy policy is not sufficient to meet its Paris Commitment, and needs to be consistent with a lowest-cost pathway to meet the tougher long term targets agreed in Paris. This will require stronger policies to support renewable energy, energy efficiency, low carbon heating, smart grids, clean vehicles and European interconnection.
- **EU energy and climate policy should be strengthened:** EU influence was critical for getting a strong deal for Britain. This role should be recognized. The UK should push for European climate and energy diplomacy to be strengthened as a priority in the new EU Global Strategy to be agreed in 2016. The UK supported a 50% GHG reduction target for Europe in 2030 as a least cost trajectory, but the EU only



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agreed to a 40% cut before Paris. The UK should use the momentum from Paris to push for an increased EU target in the resubmission of Paris pledges in 2019/20. This increased target should be used diplomatically to persuade other major countries to increase the ambition of their emission cuts beyond 2020.

- **UK resilience policy must be reviewed:** the Paris Agreement does not keep global warming to a “safe” level of well under 2C. While efforts are expected to increase it would be prudent to review the resilience plans for UK infrastructure and critical services in light of Paris to ensure they are fit for purpose.
- **UK climate diplomacy and development support must be strengthened:** the logic of the Paris ambition mechanism is that countries should be in a position to increase their emission cuts in 2019/2020. The UK should work with EU and other partners to provide targeted support to countries to implement their Paris Commitments and help them explore options for greater action. In 2015 it was also agreed that all international development finance – including from the World Bank and AIIB – must be compatible with the Paris climate goals. Implementing this in 2016 would markedly accelerate global clean investment. The G20 and EU will also discuss financial reforms to ensure orderly management of the low carbon transition, which could profoundly shape private investment flows. The G7 will agree an Action Plan on climate and security in April 2016, and reforms to better integrate climate resilience across the UN system will be discussed, including at the World Humanitarian Summit. The UK should invest in climate diplomacy capacity to help ensure strong outcomes from all these processes.
- **Subsidies for Energy Intensive Industry should be reviewed:** All countries in the world are now committed to matching the ambition of the UK to deliver a phase-out of fossil fuels by the second half of this century. The UK and Europe are definitely not going it **alone** on climate change and clean energy, and are even at risk of falling behind. Given the strengthening of global climate action current generous subsidies to energy intensive industries, including exemptions from carbon pricing, should be reviewed to see if they are still necessary.
- **UK should develop a more ambitious clean energy commercial policy:** Paris will accelerate the global clean energy transition. This is a huge opportunity for UK businesses if they can get the right support from the UK government, including the creation of healthy, growing UK and European clean energy markets. Other countries are investing heavily in capturing these new markets particularly China, the US and Germany. The UK should develop a more ambitious forward looking strategy for creating stronger and more open markets for clean energy in Europe and globally. This strategy should focus on areas of UK commercial strength: green financial services; low carbon vehicles; offshore wind; advanced grid technology; resilience services and smart cities and infrastructure development.



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## 4. Implications for Europe

The EU will need to **ratify** and implement the Paris Agreement. The **European Council** will have a first discussion of COP21 outcomes on 17-18 December 2015. The **European Parliament** will discuss COP21 on 15 December 2015. They should both:

- Recognise the unprecedented nature of the Paris agreement and Europe's key role in delivering it over the last twenty years.
- Commit to swift ratification and implementation of Paris Agreement into EU law.
- Agree to develop an action plan for EU and Member State climate diplomacy and development activity to maintain the momentum from Paris at international level and in relations with other countries.

The EU will need to enact both the **outcomes of the Paris Agreement** and the EU's **greenhouse gas target** into legislation.

The heart of the Paris Agreement is the ambition mechanism. This requires progress towards the collective Long Term Goals to be reviewed every 5 years and countries are encouraged to increase mitigation ambition commitments to make up the shortfall. As the key advocate of the ambition mechanism the EU must ensure this dynamic logic is reflected in its legislation implementing the 2030 package; particularly the Emissions Trading Scheme (ETS) Directive and the Effort Sharing Decision (ESD implements emissions reductions targets outside the ETS).

This should include:

- **Reviewing the EU's indicative long term goal of 80-95% reductions by 2050** and how it has implemented in the EU Emissions Trading Scheme and the Effort Sharing Decision in order to make it compatible with that of the Paris Agreement, including the prospective of staying well below 2C and aiming for a 1.5C limit
- **Including the Paris ambition mechanism in EU laws** including the ETS and ESD to be agreed in 2016. Include in this legislation the ability to simply increase country targets in the **ETS and ESD** on a pro-rata basis by Qualified Majority Voting, without having to re-open the directives. This will allow revision of the EU's overall target following the 2018 review under the Paris Agreement.
- **Operationalise the "at least" provision of the EU 2030 GHG target** by reviewing the least cost EU emissions reduction pathway in 2017 as input to the first Paris Review in 2018. Based on this process prepare a **revised Nationally Determined Contribution (NDC)** for (re-)submission under the Paris Agreement by 2019/20
- **Ensure member state National Energy and Climate Plans** under the Energy Union governance mechanism are compatible with the guidance agreed under the Paris Decisions, include scenarios of how countries would respond to increased EU ambition and that plans are fully aligned with the Paris Decision review timelines.