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The European Green Deal, Fit for 55 Policy Package and upcoming milestones

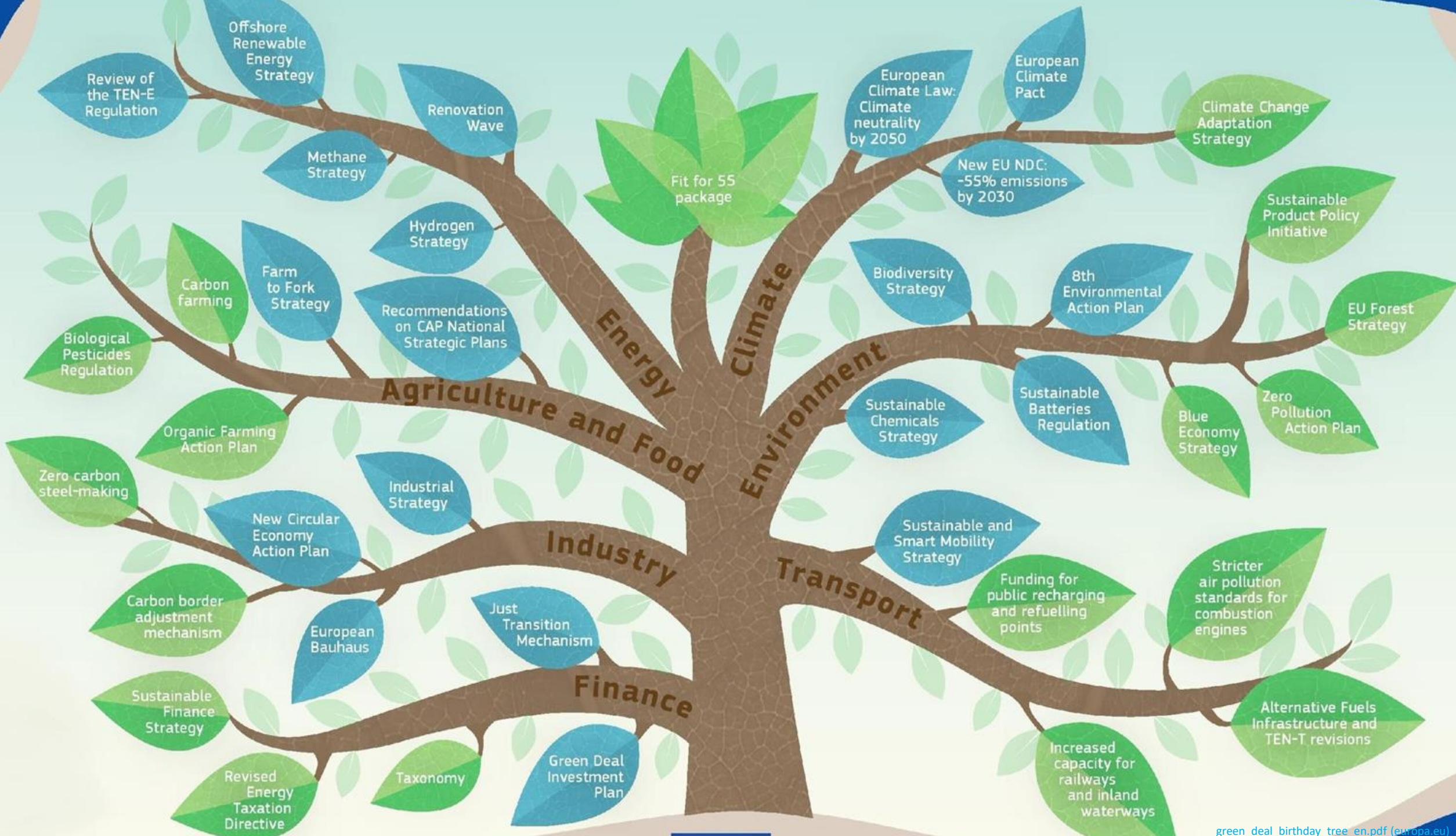
What is the EU Green Deal?

The EU Green Deal

- The [Green Deal](#) was presented by the European Commission on 11 December 2019, as its main flagship initiative for its 5-year term.
- It is a roadmap for the EU to become the first climate-neutral continent by 2050, protect human life, animals and plants by cutting pollution, help companies become world leaders in clean products and technologies and ensure a just and inclusive transition.
- The Green Deal also serves as the EU's new growth strategy requiring a transformation of the entire economy covering a wide range of areas and policies.
- The Green Deal is an integral part of this Commission's strategy to implement the United Nation's 2030 Agenda and the sustainable development goals.

The EU Green Deal

- The major energy and climate policy package to deliver the Green Deal, the Fit for 55 Package, was released by the Commission 14 July 2021 (see section below).
- ‘The European Climate Law’ was adopted July 9, 2021 and enshrines into law the objectives of reducing greenhouse gas (GHG) emissions by at least 55% by 2030, and for the EU to become climate neutral by 2050.
- Key components of the Green Deal often overlap, and include:
 - Energy
 - Industry
 - Built Environment
 - Transport
 - Circular Economy
 - Agriculture
 - Biodiversity
 - Finance
 - Just transition
 - Global Leadership



The Fit for 55 Policy Package

What is the Fit for 55 Policy Package?

- The Commission presented its Fit for 55 Package on 14 July, its most ambitious climate and energy related package to date. The package consists of several interconnected and complementary proposals which update the EU's climate and energy legislation in order to reach the recently agreed target of greenhouse gas emissions of at least 55% by 2030 and deliver the Green Deal. The Package comes after the EU institutions agreed on the Climate Law, setting into legislation the objective of climate neutrality by 2050 and 55% reduction in emissions by 2030.
- Political discussions between the EU institutions and Member States on the Commission's proposals, or so called 'trilogues' have largely been recently concluded.

Elements of the Fit for 55 Package - Emissions



Emission Trading System (revision)

- Adopted:
 - Agreement reached to reduce **emissions from sectors covered by the ETS by 62% by 2030** compared to 2005 levels (from 43%)
 - Foresees phase out of **free emissions allowances by 2034.**
 - An MSR of 24% of CO2 permits created to address price spikes.
 - **The maritime sector will be covered.**
 - **From 2027, the ETS will be extend to road transport and heating and cooling for buildings.** (ETS2)



Effort Sharing Regulation (revision)

- Adopted:
 - EU wide **target of 40% for sectors covered by the ESR** including road and domestic maritime transport, buildings, agriculture, waste and small industries.
 - Adjusts flexibilities where Member States can 'bank and borrow' emission allocations.



Land Use, Land Use Change and Forestry

- Adopted:
 - Aim to **remove 310 million tonnes of net CO2 equivalent from LULUCF sectors by 2030.**
 - As of 2026, removals should start exceeding emissions, with each EU country assigned a binding national target for 2030.
 - Emissions from biomass used in energy production will also be accounted for
 - EU countries will be assigned a carbon budget for 2026-2029

Social Climate Fund



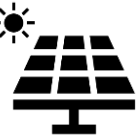
- Adopted: The fund of €86,7 billion would be supplied by revenues of the emissions trading for building and road transport fuels. Commences 2026.



Carbon Border Adjustment Mechanism

- Adopted:
- Puts a **carbon price on imports to prevent carbon leakage**. It will apply to the **cement, iron and steel, aluminium, fertiliser and electricity sectors**.
- EU importers will buy carbon certificates corresponding to the carbon price that would have been paid, had the goods been produced under the EU's carbon pricing rules.
- CBAM will enter into force on **1 October 2023 for a test period** where the obligations of the importer shall be limited to reporting. This transition period will be linked to the phasing out of the free allowances under the ETS.
- The Commission will do a complete review of CBAM by the end of 2027.

Elements of the Fit for 55 Package - Energy



Renewable Energy Directive (revision)

- Adopted:
- Co-legislators agreed to **increase the share of renewable energy in the EU's overall energy consumption to 42.5% by 2030.**
- Member States can either aim for a **14.5% reduction of greenhouse gas intensity** from the use of renewables or a share of at least **29% of renewables** within the final consumption of energy in the **transport sector** by 2030.
- **Industry** must increase its use of renewable energy annually by 1.6%
- A 49% renewable energy share



Energy Taxation Directive (revision)

- Adopted:
- **Aligns the taxation of energy products with EU energy and climate policies**
- Promotes **clean technologies**
- **Removes exemptions** and reduced rates that currently encourage the use of fossil fuels



Energy Efficiency Directive (revision)

- Adopted:
- Member States should collectively ensure a **reduction of energy consumption of at least 11.7%** at EU level by 2030.
- Introduces a **yearly energy savings obligation for Member States of 1.5%** that will be gradually increased from 2024 to 2030.
- **Public sector** which will have to reduce its final energy consumption by 1.9% each year

Elements of the Fit for 55 Package - Transport



CO2 emissions performance standards (revision)

- Adopted:
 - All new cars and vans sold in the EU to be zero-emission vehicles (ZEVs) by 2035. Intermediate target of 55% for passenger cars and 50% for vans by 2030.
 - “Bonus system”, will reward manufacturers which will exceed benchmarks for ZEVs
 - Just transition for the sector



Alternative Fuels Infrastructure Regulation

Adopted: Require Member States to **expand charging capacity in line with zero-emission car sales**, and install charging and fuelling points at regular intervals on major highway



Fuel EU maritime Regulation

- Adopted:
 - Sets emissions reduction targets for ships.



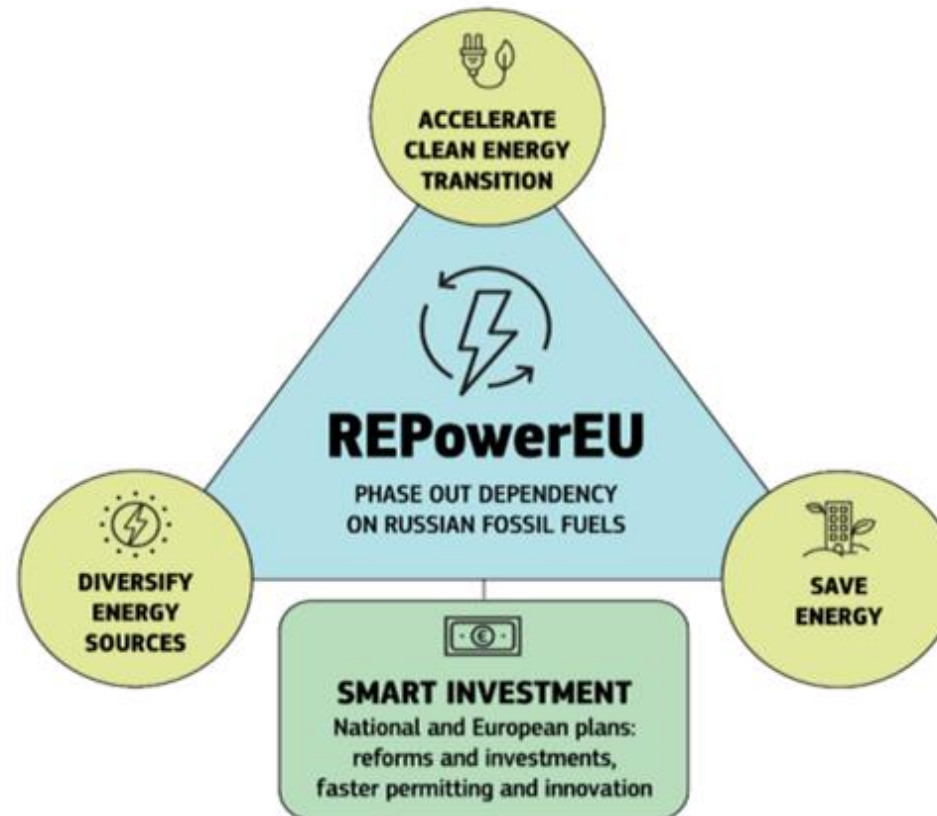
ReFuelEU aviation Regulation

- Adopted:
 - Aviation fuel suppliers shall ensure that the fuel provided to aircraft operators contains minimum share of Sustainable Aviation Fuels.

RePowerEU plan

REPowerEU Plan

- The [RepowerEU Plan](#) was proposed by the Commission in May 2022. It has the dual objective of ending the EU's dependency and achieve climate objectives through a series of measures on energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy.



Upcoming Milestones

EU &
International
milestones

- Belgian Presidency
- 6 February: 2040 climate target Communication (6 February)
- 27 February: Finalisation of the Nature Restoration Law
- Climate Risk assessment / adaptation communication
- 25-26 March: Environment Council and Presidency High Level Conference on the 2040 climate target
- 11 March: Plenary vote on the EPBD

- 17-18 April, Special Council Meeting
- 24 May, Compet Council
- 6-9 June, EU Elections
- 17 June, ENVI Council
- 27-28 June, EUCO (finalisation of the EU's strategic agenda)

- 1 July: Hungarian Presidency
- End of July: Commission releases new Political Guidelines
- 16-19 July: EP Constitutive Plenary, election of the President of the Commission
- September: Hearing of Commissioners
- 22 – 29 September: NYCW
- 21 Oct – 1 Nov: CBD COP16
- 11 – 24 November: COP29
- End of Fall: New EU College of Commissioners

Q1

Q2

Q3 Q4



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