

## Green Growth Summit 2022

### *Climate and energy at the crossroads – How to deliver climate action and secure energy for Europeans and the world?*

Monday 10 October

Hybrid

### Summary Note

*The annual Green Growth Summit took place on 10 October 2022 in the context of the EU moving rapidly to reduce its dependency on Russian fossil fuels and run up to COP27. The Summit brought together Environment, Climate and Energy Ministers, State Secretaries, Ambassadors, Members of the European Parliament and business leaders, to discuss how to ensure an ambitious outcome of the negotiations and implementation of the ‘Fit for 55 Package’, in parallel to the REPowerEU Plan, and reflect on how the EU could show global leadership in climate action and clean energy transition. It was also an opportunity to launch and discuss CLG Europe’s new report on ‘Context is everything: Insights and lessons for successfully delivering the European Green Deal.’*

**Eliot Whittington**, Director, CLG Europe and the Green Growth Partnership opened the Green Growth Summit by welcoming panellists and participants, introducing the Green Growth Partnership, CLG Europe and setting the scene by mentioning the launch of CLG Europe’s new report ‘Context is everything: Insights and lessons for successfully delivering the European Green Deal’, as well as the upcoming COP. The world is at a crossroads and decisions made now will define the future pathway of Europe. It is not a time for stepping back but long-term direction and clarity around energy and climate goals are needed to accelerate the green transition.

#### **SCENE SETTER:**

***“From ambition to delivery: How can policy enable and encourage more sustainable choices by businesses and households in the EU?”***

**Sanna Markkanen**, Research Programme Lead, Cambridge Institute for Sustainability Leadership.

Sanna Markkanen presented the key results from the latest CLG Europe [report](#), co-written with Cambridge Econometrics, entitled ‘Context is everything: Insights and lessons for successfully delivering the European Green Deal’. The report analyses how contextual factors impact the effectiveness of climate policy and influence consumers and businesses to change their behaviours through five business case studies and eleven policy case studies in the buildings, energy and transport sectors and circular practices. These contextual factors fall into two categories: ability and willingness. The ability to make these choices depends on factors like income levels, cost of low carbon technologies, institutional factors and governance mechanisms, and access to information and infrastructure. Factors that affect the willingness of businesses and consumers refers to their ingrained behavioural patterns that can be influenced by social norms and conventions, communication from external sources, individual factors and awareness. Awareness building is essential as seeing others make sustainable choices makes one more likely to make these same choices themselves. The report includes case studies such as [Signify’s](#) connected LED lighting in Poland, a government-funded [programme](#) in which switching to LED technology reduced cities’ CO2 emissions and, electricity consumption and costs by around 70 per cent. Another example given was the deployment of heat pump technology in Poland in which the Danish government [demonstrates](#) the potential of synergies and adopting a synchronised set of policies by increasing heat pump installation among both domestic and industrial consumers.

Climate policy goals that are aligned with the broader policy context and different levels of governance, a clearly communicated vision and co-benefits, and a strong level of social trust are all important enabling factors. Coherent policy alignment and strong policy synergies are also essential as policy is more successful when they are aligned. Well-resourced, empowered and coordinated institutions, and EU and national level targets and funding programmes allowing flexibility for local governments is encouraged. Policies should be designed for specific goals and conditions with multiple measures designed to work together to support a common goal. There also needs to also be an element of stakeholder engagement to inform policy design and implementation.

**MEP Pascal Canfin, Member of the European Parliament, Chair of the Environment Committee of the European Parliament, Renew Europe Group**

Pascal Canfin highlighted the need to continue accelerating the Green Deal agenda, including through the Fit for 55 Package, and addressed how best to handle the energy crisis. The EU must work to counter the narrative that it is backtracking from its climate objectives. The EU is not backtracking nor changing its policies. Currently, the institutions recognise the benefits of renewables, refurbishing and renovations to address the crisis. In light of the war in Ukraine and tensions with Russia, it is important that the upstream and downstream capacity of renewables are built up and that Europe avoids creating any similar dependencies on supply from other third countries. All the key elements at the core of climate policy are at the core of the EU's response but it is also a matter of sovereignty – our need to reduce our dependency on fossil fuels. There are some challenges in the short term, such as countries using coal as a short-term fix to energy supply shortages. It is important to be clear with these countries that this use of coal must be limited. Beyond these relatively little increases in emissions caused by such temporary measures, the positive achievements of the clean energy transition far outweigh the negative ones. The EU remains on track to deliver on its Green Deal objectives.

### **SESSION 1:**

#### **“Delivering an ambitious climate and energy secure common agenda through progressive policies and business action”**

**Sven Giegold, State Secretary, the Federal Ministry for Economic Affairs and Climate Action, Germany**

Sven Giegold presented his view on the REPowerEU plan, the Fit for 55 package and COP27, and Germany's priorities for the upcoming Energy and Environment Councils. He suggested moving forward as quickly as possible on REPowerEU. Germany agrees with how the plan will be financed, even if this may entail a higher net cost, and as long as the integrity of the Green Deal is maintained in its spending. It is essential that the Fit for 55 package is agreed as a whole, with regulatory measures and market-based instruments staying together. The EU emission trading system (ETS) and emissions trading system for fuel distribution for road transport and buildings (ETS II) must be agreed together. Citizens should not be burdened with additional costs and ETS II can be phased in later as already planned. Europe is under severe pressure and the Green Deal agenda is exactly what is needed to ease this pressure. It is a future growth agenda. Stricter regulations and market solutions are needed on pollution. Europe must remain bold on the future of chemicals in the EU.

The EU can be a global leader in green technology and should take note of the United States' [Inflation Reduction Act](#). Investment in heat pumps and green infrastructure in Europe is badly needed for Europe's sovereignty and economic growth. A European platform for transition technologies has been proposed to create this win/win situation. Germany has made some concessions by allowing LNG imports and coal and nuclear operations to run longer. These operations are expensive and Germany is striving for a 100% renewable energy system domestically. RWE, a German multinational energy company, has demonstrated the country's continued ambition by updating its coal phase-out target from 2038 to 2030. Moving forward, it is important to not get distracted by short-term arguments and instead focus on building Europe up as the

growth pole in the energy transition. For COP27, it can already be said that the EU is more ambitious with the Fit for 55 package. The EU has to be credible with its plans by keeping its promises to developing countries and the commitments made at Glasgow.

**Raúl Fuentes Milani, Ambassador, Deputy Permanent Representative of Spain to the European Union**

Ambassador Raúl Fuentes Milani shared the Spanish perspective on delivering ambitious climate and energy policies for the EU. He echoed the sentiment that Europe is not backtracking but instead moving forward even faster with its ambitions. It is important now to work with the European Parliament in getting public support for the Green Deal agenda. Citizens need to be able to see the benefits of being active on climate change. Government administrations have to provide buffers to help people through these difficult times. With regards to Fit for 55, the Renewable Energy Directive (RED) is very important. The proposals in this package are also interconnected. It is difficult to agree on an emissions trading system for fuel distribution for road transport and buildings (ETS II) if there is no agreement on the first emissions trading system (ETS). On energy, Spain has an ambitious agenda. The country plans to reduce its primary energy consumption by 90% in 2050. Renewables need to account for 97% of final energy consumption. Spain is also aiming to be more autonomous by manufacturing the components for renewables within the country. In further response to the energy crisis, Spain has put the Iberian mechanism in place to decouple its electricity price from gas and has reduced VAT on electricity by 10% a few months ago. To protect vulnerable consumers, the country is creating a system that takes the windfall profits of energy operators to redirect funds to households.

**Sirpa Pietikäinen, Member of the European Parliament, Committee on Economic and Monetary Affairs, European People's Party**

Sirpa Pietikäinen reflected on how EU policy can deliver both climate and energy security objectives as well as how the EU can finance the climate and clean energy transitions and stimulate private investments. Neither climate nor energy security objectives can be achieved if they are not delivered at the same time. The cost of non-action has not been calculated in EU budgets. We know that it is important to set the bar right with Fit for 55 Package. Scientists are now [saying](#) that current measures are not sufficient to meet a 1.5°C scenario so it does not make sense to move forward without agreement on a more ambitious set of climate change mitigation measures just to appease investors with '[green](#)' fossil gas projects. If scientists are saying that the current package is not adequate, it does not make sense to tie the agreement just to please certain groups of investors. There is money available from the Renovation Fund and the Social Fund to help the EU transform the building sector. That is where most energy consumption occurs so the building sector must be energy positive. It is not a question of having the investment or technology to do so, it is about negative lobbying slowing down the transformation. More than 70% of the contact businesses are having with members of the European Parliament is coming from the negative side. On the contrary, actions of businesses that are embracing the green transition and making the necessary changes will be labelled green and their due diligence will reflect this and recognised. Therefore, it is best to choose to be a lucrative partner in the transition.

**Carey Causey, President, Ball Beverage Packaging EMEA**

Carey Causey presented [Ball Beverage Packaging's](#) actions and commitments to accelerate the deployment and investments of renewables and addressed how increasing circularity and recycling can reduce energy consumption and be a part of the solution. Ball is a 142-year-old company with € 14 billion in turnover and is the largest aluminium can manufacturer in the world. By the end of this year, the company plans to release its new net-zero targets. A prominent challenge that has arisen in operating across Europe is the differing national regulatory policies. In terms of circularity, the focus for the company remains waste procedures as Ball strives to meet its recycling targets. By 2030, the company aims to align the industry to achieve a [90%](#) global recycling rate for aluminium cans, cups and bottles. When a consumer drinks a beverage and disposes of it in a recycling bin, within sixty days, it is back on the shelf with no yield loss. Moreover, if a can is manufactured with recycled materials, it requires [95%](#) less energy than primary production. Moving forward, the EU needs to push for a

minimum recycling target of 90% and to put in place deposit return schemes that more effectively encourage consumers to recycle their beverage containers.

**Julie Kjestrup**, Head of EU Affairs, Velux

Julie Kjestrup made the case for energy efficiency in buildings as the International Energy Agency (IEA) estimates that energy efficiency could achieve more than [40%](#) of the emissions cuts needed to reach international climate goals using cost-effective technologies already available. If energy efficiency is achieved first, then the shift to renewables is made much easier. The less energy that is needed overall, the less is needed to be produced, transported or stored, making the shift to renewables faster and cheaper. On the Energy Performance of Buildings Directive (EPBD), decision-makers should pursue ambitious policies and inclusion of Minimum Energy Performance Standards (MEPS) for existing residential and non-residential buildings. It is time to start renovating and ensuring that this is done correctly, not only from the perspective of reducing emissions but also from a health and wellbeing perspective as it is important to provide clean air and ventilation to citizens. There is huge financial benefit to looking at these factors as well which rules and regulations should also capture. [Velux](#) is active in reducing its Scope 3 emissions, which account for 94% of its total footprint, through such initiatives as sourcing lower CO2 materials. The clean energy transition cannot be achieved alone as businesses and consumers depend heavily on each other. Velux is involved in the Danish Climate Partnerships with the Danish government where business put forward practical solutions to help Denmark reach its climate objectives. The Climate Partnership for Construction identified annual CO2 savings equalling to one-fifth of the Danish target, and brought forward 27 specific recommendations that could be implemented immediately, such as CO2 requirement for new buildings.

**Ester Asin**, WWF European Office, Director

Ester Asin kicked off the open discussion and provided WWF's position on REPowerEU. Europe's dependency on fossil fuels from Russia has resulted in the worst energy crisis to date. This has led to deepening social justice issues. The crisis can be addressed with a mixture of short-term and long-term measures. Emergency measures are needed for companies, like SMEs. There has to be increased private investment in energy efficiency and renewables to decarbonise society in a way that is socially just. The taxonomy should act as a credible guidebook for the financial sector to keep moving in the right direction. The massive deployment of renewables is critical but it has to be done in a way that preserves biodiversity, minimises impact on- and involves- local populations. Sustainability disclosure is also essential when it comes to improvements that can be made and the concrete actions of businesses. It creates more obligations for businesses. It is important to think of the role of nature in meeting Europe's climate objectives. Forests, peatlands and wetlands can all store vast amounts of CO2. To conclude, Ms Asin urged for society's measure of success to shift beyond Gross Domestic Product (GDP) and economic growth in a way that ensures planetary boundaries are respected and the wider wellbeing economy is given more value.

## **SESSION 2:**

### ***“Building blocks for a global energy transition and accelerated climate action”***

**Lila Karbassi**, Senior officer, UN Global Compact, Chair of the Executive Board of the Science Based Targets Initiative.

Lila Karbassi outlined the expectations for the upcoming COP and addressed what businesses are doing as part of the [Science Based Targets Initiative \(SBTi\)](#). For COP27, the big focus will be on adaptation and the most vulnerable countries. The Nationally Determined Contributions (NDCs) are to be closely examined with the aim of encouraging further ambition. The priority would be to strengthen their emissions reductions targets and

NDCs with a request to strengthen them every year. There will be a global stock take to see that preparations are continuing on what was agreed at Glasgow. This will be a question of whether pledges are on track to be realised. More companies are also expected to be present at COP than ever before. There is a growing demand for more credible corporate action which has created big momentum around the SBTi. Currently, businesses, representing one-third of the global economy have made pledges under the SBTi. That makes a total of 2300 companies. However, 50% of these companies signed are European based. The remaining 20% headquartered in Asia and 18% in North America. This has to be a global effort. Emerging economies have to be involved as well. The cost of investment in renewables has to be brought down to get them on-board. It is clear that the EU is well-positioned as a global leader tackling climate change with the legislation it has in the making. If businesses are not in-line with 1.5 degrees, it presents a material risk for financial performance and stability of the markets. This builds a strong case for regulation and a level playing field not only in terms of disclosures on CO2 emissions but performance against the 1.5-degree target as well. Ms Karbassi concluded by outlining the current priority of the SBTi which is to enhance transparency and accountability of progress towards the target. They have launched a Measurement Reporting and Verification workstream which will be presented at COP27.

### **Terhi Lehtonen, State Secretary, Ministry of the Environment and Climate Change, Finland**

State Secretary Lehtonen provided Finland's perspective on the green transition and the energy crisis. The war in Ukraine has resulted in a number of short-term emergency measures to mitigate the impact of a disrupted energy supply. Member states are turning to coal, for example, but this will not affect the EU's 2030 targets. Europe must break way from fossil fuels as quickly as possible whilst leaving no one behind in the transition. Finland continues to favour zero emissions and has increased support for public transportation, business and households to move away from fossil fuels. The country has a binding carbon neutrality by 2025 target legally in place with an aim to be carbon negative soon after that. It is important to not lose sight of the big picture. COP27 will be an African COP. The agenda will undoubtedly have a focus on international climate finance and loss and damage. Leaders cannot lose track of the urgent need for mitigation and all major economies have to update their NDCs. The EU must do its part. The energy crisis can be a means of accelerating the climate agenda. Currently, Europe is on track to finalise an ambitious Fit for 55 package but the bloc needs more installed solar and wind power. There is the question, however, of whether the necessary production line is available to ensure this. There needs to be more flexible energy demand and infrastructure. Finance will be a key theme at COP. All financial flows need to be aligned with the Paris Agreement and member states want to work with businesses to ensure this. Financing and stimulating investments will be key for the transition.

### **Elina Bardram, Director, Adaptation & Resilience, Communication and Civil Society Relations, Directorate General for Climate Action, European Commission**

Elina Bardram presented the Commission's approach and expectations for COP27, the upcoming Paris Stocktake in 2023 and the global energy transition. The upcoming COP has to be about implementation and frequented with testimonies on delivery. It should show that governments are walking the talk and that citizens and businesses alike are ready to embrace the green transition agenda. Leaders should not be side-tracked by predominant global narratives such as the war in Ukraine and inflation and allow the topic of climate to its designated time. Countries need to show how their NDCs meet objectives for below 2 degrees and the potential for 1.5 degrees. On what the EU wants to tell its partners at COP, Ms Bardram said that the negative consequences of a quick transition can be dealt with in the locations that most require assistance. The loss and damage question is an area that requires dual recognition. Engaging in this conversation can be best done by assessing the real needs of developing countries. On other important stakeholders, businesses have become enablers of the Paris Agreement. Unlike what is typically assumed, in many cases it is the businesses that are requesting more rigorous and ambitious action from governments. This needs to be the DNA of climate action.

### MEP Pär Holmgren, Member of the Environment Committee of the European Parliament, Group of the Greens/EFA

MEP Holmgren presented his expectations for COP27, why there is a need to step up ambition by building on the Glasgow Climate Pact, and the role of energy transition partnerships to accelerate the global energy transition and the EU's response to the energy crisis. The huge gap between science and climate policy persists. There is still a fifty percent risk that one year the earth will hit 1.5 degrees. This will be reached permanently within ten years. If climate neutrality is still just a discussion that means in thirty years we will only increase the Greenhouse Gas effect. It can be assumed then that by 2050, 2 degrees can be expected. The cooling effect by aerosols, dirt and smog from fossil fuels means that an additional warming by 0.5 degrees can also be expected, meaning that reaching 2.5 degrees in 2030 is not unlikely. This trajectory highlights the need to address this issue as a crisis. Soon, the planet will reach a position where the crisis is in the past and it has become a catastrophe. Nationally Determined Contributions must be raised, which seem unlikely to be achieved so close to COP. In the 1990s, the first COP was a discussion on mitigation since reduction could be expected, with adaptation as the next step. Now, it is moving more towards a loss and damage scenario. Rising sea levels cannot be stopped and glaciers have already passed their tipping point. There is too much talk of China being the biggest emitter and, more recently, India. The United States is responsible for 25% of increased emissions and the EU for another 25% of the increase. They need to take full responsibility and show full leadership. There is no sense in getting caught in a blame game. When it comes to companies, leading businesses in this transition can create both jobs and profit. Businesses are seeing the important leading role and will be the ones transforming society.

### Anthony Abbotts, Director Group Public Affairs and Sustainability, Rockwool Group

As the world's largest producer of stone wool insulation, [ROCKWOOL](#) has a critical role to play in the decarbonisation of buildings both in terms of supporting the retrofitting of the existing building stock and driving ambitious goals to decarbonise its own value chain. Renovation of the current building stock and retrofitting of old buildings have huge potential to reduce emissions and fossil fuel dependency. Renovating the worst building to even an EPC class E could remove fossil fuel consumption in buildings by around [31%](#). However, it is proving difficult to decarbonise fast enough because the needed infrastructure is not there. This is proving a lost opportunity as there is a lot of ambition in the building sector. There are a lot of challenges that come with improving energy efficiency and retrofitting. Concerns are mounting that some building renovation schemes can be ineffective or costly. Good examples coming from Italy, such as the Superbonus scheme offering tax credits of up to 110 per cent on the cost of retrofitting and earthquake-proofing homes, show that you do not need to present money upfront but can instead pass the risk on to the construction company. Such efforts can be more widespread across Europe with better best practice sharing. Finance also needs to be accessible to all and there is a need for further simplification. Renewables require more streamlined permitting processes. Lastly, awareness raising campaigns are crucial. The transition needs to be made easy for people with one stop shops so that advice, money and contacts are all in the same place.

### Sophie Punte, Managing Director of Policy, We Mean Business Coalition

Sophie Pune reflected on the role of businesses and the [We Mean Business Coalition](#) at the COP, and emphasised the need for a successful energy transition and industrial decarbonisation. At COP, being all-in means moving from ambition to implementation. The energy crisis is an opportunity to jump on the clean energy transition. In the EU, there is the 45% renewable target and progressively more ambitious energy efficiency targets. Europe sets the standards. Countries are looking towards the EU with regards to the ETS and CBAM, and now the taxonomy with its mixed messages on gas. This immense responsibility as a leader means that the EU cannot backpaddle. There are 300 companies that have joined the [RE100](#) initiative to source 100% of renewable energy, so businesses are doing their part. For transport, halving emissions in transport means having six million heavy-duty electric trucks on the road. For the steel sector, halving emissions by 2030 means having 70 zero emission steel plants.

## CLOSING REMARKS

### **Leonore Gewessler, Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology, Austria**

Leonore Gewessler brought the Summit to a close by echoing calls of speakers that the current geopolitical situation presents a crucial point when it comes to realising Europe's climate goals. It can be a catalyst for the clean energy transition. The most urgent action is to reduce dependency on Russian gas. This can entail some uncomfortable short-term decisions, such as restarting coal plants. There has to be a common European response to the crisis. There have been agreements on demand reduction and revenue caps but there needs to be a proposal from the European Commission on decoupling the price of gas from the electricity market. To conclude on gas, Austria has just announced that they have filed a legal challenge against the Commission on the taxonomy. Nuclear power and gas cannot be considered green. The future has to be renewables and energy efficiency. Renewables are cheaper and can lower energy prices once again on the market. In Austria, they have adopted a Renewables Expansion Act, are streamlining permitting and debating a law that will come into force this fall that will rule out gas heating in buildings. At European level, Austria seeks this same spirit and movement, with the REPowerEU and increased targets in the Fit for 55 package. In terms of COP and the EU's global standing, some are concerned that this crisis has affected its credibility as a leader in mitigating climate change. Looking at the push for renewables, 2019 to 2022 were record years for Europe's rollout of renewables. Commitments were made at the last COP and the EU will continue to progress on them. It is better to act now than react later.

### **Eliot Whittington, Director, CLG Europe and the Green Growth Partnership**

Eliot Whittington closed the event by thanking all the speakers and noting the valuable insights that have come forward. There is powerful consensus on the challenge to the granularity of getting things done. It is hard to get agreement from across Europe and then internationally. However, there is strong consensus that the real costs of not taking up action are high. The EU's secret power is its solidarity and market influence which the audience has heard testimony of today. It is imperative to move forward.