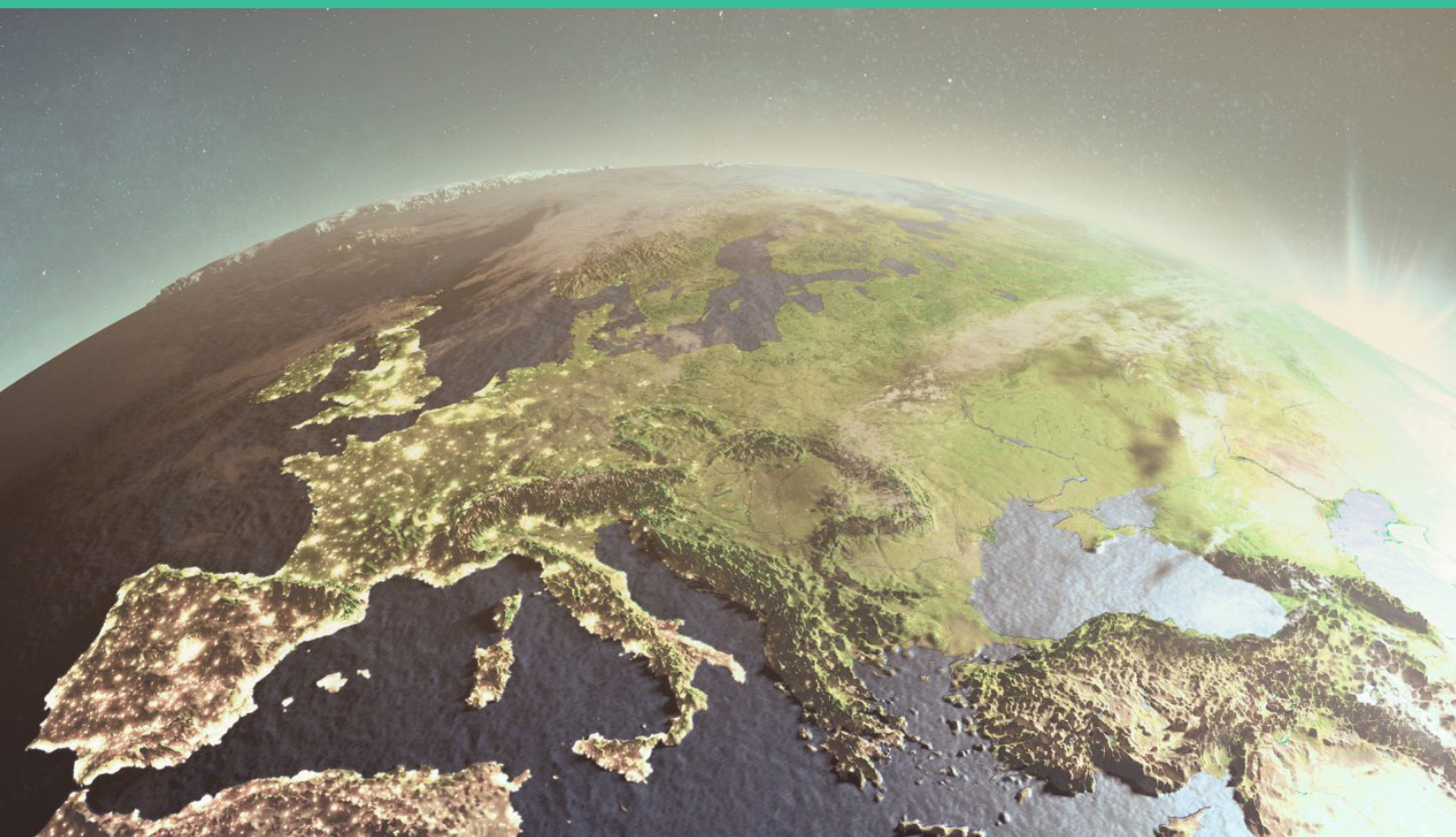


FALL 2019

# Europe's climate and energy summit 2019

EVENT REPORT



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## Introduction

The window of opportunity to act to prevent the most damaging effects of climate change is fast disappearing, panellists agreed at the 2019 'Europe's Climate and Energy Summit' hosted by Friends of Europe. The urgency of the climate crisis is impossible to brush off given this year's extreme weather events and the protests of young activist Sweden's Greta Thunberg, along with thousands of students across Europe.

European governments need to take this on board when finalising their National Energy and Climate Plans (NECPs) due by Christmas to meet the 2030 targets on energy efficiency, renewables and greenhouse gas emissions. But a first analysis of these plans shows most member states are underachieving and less than 10% are doing well.

"Time is running out," the conference's moderator, Friends of Europe Director of Insights **Dharmendra Kanani**, told the 7 November Brussels meeting. Calling on Europe to "up its game," especially with a new European Commission due to take office in December. He highlighted the dire warnings outlined in many reports including the Special IPCC report on the impacts of global warming of 1.5°C above pre-industrial levels and that at current rate, global warming is well on track to hit the 3.5°C by the end of the century.

“The money is there, it is about creating the right environment

**Mark Fulton**, chair of the Research Council at independent financial think tank Carbon Tracker

With this temperature increase will come increased risks to health, livelihoods, food security, water supply, human security and economic growth. However, there is no shortage of ambition to change the status quo, delegates heard. Commission President-elect Ursula von der Leyen has promised to achieve a 'European Green Deal' and implement a 'Just Transition Fund', among others. She also wants Europe to be the world's first climate neutral continent.

Technology to combat climate change is getting cheaper too, mainly through improved and continued research and innovation. Even the finance is available, **Mark Fulton**, chair of the Research Council at independent financial think tank Carbon Tracker, maintained: "The money is there, it is about creating the right environment."

Current Commission Director-General for Climate Action, **Mauro Petriccione**, welcomed the present "green wave". And he promised, along with the EU clean energy package, more mainstreaming of climate into other policies, as well as increased funds for research and innovation, international development and a greener CAP.

It is not enough to just develop more policy, however. New laws must also be inclusive and fair, meeting the needs of civil society as well as business competitiveness, as

Executive Director of petition and activism platform Change.org, Italy, **Stéphanie Brancaforte**, said. “We need to massively reduce inequality and massively reduce emissions at the same time.”

### Call for action

Policymakers, industry and the public must work together to stop climate change, panellists agreed. The pathways are clear – it must be “in with the bold and out with the old”, Dharmendra Kanani said. “Von der Leyen said that climate will be a central part of the agenda, but we will wait and see.”

Mark Fulton also noted the urgency of the situation. Citing 18th century French diplomat Charles Maurice de Talleyrand to make his point, he noted, “The art of statesmanship is to foresee the inevitable and to expedite its occurrence.”

“**The voters that don't pay attention to climate change are dying rapidly and those that do care are a much greater part of the population**

**Mark Fulton**, chair of the Research Council at independent financial think tank Carbon Tracker

Speed is key, he continued: “We say that by 2025 we will see a very significant increase to policy ambition,” but “The transition needs to happen very much faster.”

Performance standards in policy were key, Fulton added – for coal power plants, cars, energy efficiency and renewable energy. “If you want to regulate something you need performance standards,” he maintained.

“It's not me that demands that, it's young people and voters,” he added: “The voters that don't pay attention to climate change are dying rapidly and those that do care are a much greater part of the population.”

Another bold option would be just to ban coal-fired stations, he said, especially as they are loss-making financially, “The signal would be interesting, but the politics would be very complex.”

### Increasing funds...

Climate finance needs to come faster too, Fulton said. And getting the money is not as hard as people think it might be, “It is just risk and return if companies have a good risk profile.”

At the same time, there should be more carbon markets and higher carbon prices in different parts of the world. “There is a lot of activity. Billions are there but we need trillions for things to happen,” he said.

And, “Policy must act first to create business certainty,” Fulton urged, warning against policy inertia. “Companies will say we think you are going to act, but we are not going to until you do.”

Meanwhile, chief climate policy maker Mauro Petriccione assured delegates of the Commission's plans to enable investment into climate change. This would entail more mainstreaming, cohesion funds and spending to reskill people to take up more climate-friendly employment. “Investment is happening, but we have to create the environment that encourages people to want to spend that money.”

### ... And greener policies

Achieving a zero-carbon energy supply is feasible, he maintained. “We have plenty of analysis to show that this is possible, but not that it will be done,” he regretted. “But we don't live in a Harry Potter's world and even in that world a magic wand has its limitations.”

But he was proud Europe is leading the way in meeting climate targets for 2050. “Europe can do it, but I am not sure the rest of the world can,” he said. Japan was “at least going in the zero-carbon direction” though. And China, with the biggest carbon market in the world, could impose performance standards to boost climate-friendly technology.

“ We can't have a policy of 'green at all costs'. We need to eliminate emissions in the context of an economic and social policy that helps everyone

**Mauro Petriccione**, European Commission Director-General for Climate Action

So, the fact that the energy transition is slower out of Europe is no reason for despondency. It just means, “We need to give other countries a real-life example that works not only for the climate, but also for climate prosperity.”

Petriccione further emphasised that while understanding the will to ban coal, “What is the difference between a ban and a phase-out? In the early 2030s coal will go.”

And he cautioned: “We can't have a policy of 'green at all costs'. We need to eliminate emissions in the context of an economic and social policy that helps everyone.” This included people working in industries, like coal, that are set to disappear.





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1. **Mark Fulton**, Chair of the Research Council at Carbon Tracker  
Michal Kurtyka, Secretary of State at the Polish Ministry of the Environment, and President of COP24
2. **Valentino Rossi**, Head of Public Affairs, Regulation and Antitrust for Europe and Euro-Mediterranean Affairs at Enel
3. **Linda Steg**, Professor of Environmental Psychology in the Faculty of Behavioural Sciences at the University of Groningen
4. **Mauro Petriccione**, European Commission Director-General for Climate Action



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## Business goals

**Valentino Rossi**, Head of Public Affairs, Regulation and Antitrust for Europe and Euro-Mediterranean Affairs at multinational power company Enel, said his organisation had been engaged in the energy transition – notably away from coal – for 15 years. “We are now completely transforming energy transitions of our countries in a way that makes them sustainable, affordable and safe and are mobilising a huge amount of capital to do this.”

In September, Enel committed to a 70% reduction in its direct greenhouse gas emissions per kWh by 2030, from a 2017 base-year. In October, the company placed its first ‘general purpose’ sustainability bond on the European market, with €2.5bn targeted specifically at boosting clean, affordable energy, and climate action.

“ **New technology is the best option, and don’t forget Africa where demand will explode in the next few years** ”

**Valentino Rossi**, Head of Public Affairs, Regulation and Antitrust for Europe and Euro-Mediterranean Affairs at multinational power company Enel

For Rossi, the successful “recipe” to a carbon-free Europe was quite easy to explain. First the right policy was required, especially to boost renewables; second, consumption should be efficient, decreasing overall energy need; and, third, companies should “electrify as much as possible” to achieve decarbonisation.

In addition, industry should support countries starting from behind, like Africa. “New technology is the best option, and don’t forget Africa where demand will explode in the next few years.” He also urged consumers to change their behaviour – noting this would be helped by lower energy prices because of the growth of renewables

## Behavioural change

**Linda Steg**, Professor of Environmental Psychology at the University of Groningen, the Netherlands’ Faculty of Behavioural Sciences and Social Sciences, gave some reasons to be optimistic. Today only very few people engage in climate change denialism. “We generally underestimate the way people care about the environment.”

“ **We generally underestimate the way people care about the environment** ”

**Linda Steg**, Professor of Environmental Psychology at the University of Groningen, the Netherlands’ Faculty of Behavioural Sciences and Social Sciences

Systems matter too, she said. Sometimes they do not enable climate actions. For example, travelling to the South of France is much more expensive by train than by



air. “Incentives and systems should be changed and leadership and trust are needed.” For Steg, change should be acceptable but it is often misunderstood, and only taken on board when there are personal benefits and little costs.

It is a matter of which trade-offs we want to make, she said. “If you only focus on mitigation options, people will say they don’t want it, but they also don’t want negative emission technologies or climate change, so we need to make sure there is a choice to make.”

And echoing Petriccione, she said that it was important to see how costs were allocated so as not to end up with energy poverty and the poorest populations losing out: “We need to factor in the yellow vest, the distribution of costs and benefits is very important.”

### A just transition

Indeed, as the ‘gilets jaunes/yellow vests’ movement has shown, citizens are demanding more social justice. They argue that industry remains the privileged player. But some industries protest that current energy and climate policies hinder their competitiveness and investment attractiveness.

“ We need to have an empathetic mentality, and not promote one group of ‘losers’ above another. Farmers’ needs are no less important than a fossil fuel worker

**Stephanie Brancaforte**, Executive Director at Change.org, Italy

The new Commission will inherit the European Union clean energy package – and with it, the potential to achieve accelerated decarbonisation in Europe. But for this to happen, measures are needed that are not only socially just but also acceptable to industry.

For Change.org’s Stéphanie Brancaforte, a “people-led green deal” was essential. This deal should also respect everyone: “We need to have an empathetic mentality, and not promote one group of ‘losers’ above another. Farmers’ needs are no less important than a fossil fuel worker.”

She said that how to achieve this green new deal is something over which every country and region should consult. And dealing with climate change should not be scary, she maintained. “It is an opportunity to have better transport, reduced energy costs, more efficient housing and health benefits.”

One barrier to overcome is how to deliver on CO2 emissions reductions and make it palatable for countries that have ignored climate action. “In the US, massive civil disobedience is needed to push matters forward.”





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1. **Dharmendra Kanani**, Director of Insights at Friends of Europe
2. **Olivier Grabette**, Executive Vice-President of the Réseau de Transport d'Électricité (RTE)
3. **Maria Spyraكي MEP**, Member of the Committee on Industry, Research and Energy at the European Parliament
4. **Stephanie Brancaforte**, Executive Director at Change.org, Italy



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“ We would like to see more action, but action that demonises the ‘opponent’ [like a coalminer] is a barrier to achieve consensus

**Mark Radka**, Brand Chief, Energy, Climate and Technology, Economy Division at the United Nation's Environment Programme (UN Environment)

But if policymakers work with campaigning organisations this could help, she said. “We don't need to work in isolation, we should work hand in hand with mobilisers and campaigners to see what is the best option.”

**Mark Radka**, Brand Chief, Energy, Climate and Technology, Economy Division at the United Nation's Environment Programme (UN Environment), also emphasised the need to work together and to consider everyone's position when aiming for a just transition. “We would like to see more action, but action that demonises the ‘opponent’ [like a coalminer] is a barrier to achieve consensus.

“We need to appreciate these efforts and make them part of systemic change,” Radka added, especially as “I have not seen a coalminer who would want their son to be one too.”

For Radka, there are many positive developments: “The ramp up of renewable energy is consistently underestimated, even by Greenpeace.” But government policies must promote the use of these new technologies or performance standards, which in Africa do not even exist.

The main barriers to change are not the money, technology or even achieving the necessary skills, he said, but achieving “the polarisation of the need for action” and convincing people who want to keep the status quo.

“ It is important to explain to consumers that if you use plastic and then throw it away, you will end up eating it

**Maria Spyra**ki, MEP in the Industry, Research and Energy Committee

Involving the public in policy choices is key to acceptance, he said for example over decisions on whether to install new renewable equipment. “The main problem is that no one ever consults with local communities, but in Denmark people can become owners of wind turbines so they see it as a future that they want to be part of.” All parts of decision-making are important: “No-one wants an orange or blue tower that looks like an amusement park,” he said with a smile.

**Maria Spyra**ki, MEP in the Industry, Research and Energy Committee, said that changing consumer behaviour – for example to appreciate renewables – was a major aspect to work on in the new mandate. “The consumer model is changing,” she said, citing the success of story of plastics: “It is important to explain to consumers that if you use plastic and then throw it away, you will end up eating it.”



## Transition challenge

Funding a just transition to a climate neutral economy also requires major investment, she noted. In November, MEPs asked for nearly €5bn from the next long-term budget to be put into an Energy Transition Fund (ETF) to help some 41 coal-dependent regions and countries relying on fossil fuels.

“ For every single coal plant we had a dilemma. Should we sell it, should we stop it, should we transform it? Sometimes we cannot just close it as the country needs it

**Gilles Bourgain**, Strategic Deputy Director at global energy and services group ENGIE

“It is important to understand the scale of transition that we face,” Spyraiki maintained. Germany will switch off its coal plants by 2038 and 237,000 people currently employed in the coal sector in Europe. “But can a coal miner become an IT worker in a year? Mrs Leyen said she will establish a just transition fund, but will not give the details,” she warned.

**Gilles Bourgain**, Strategic Deputy Director at global energy and services group ENGIE, also noted the difficulties of transitioning from coal. “For every single coal plant we had a dilemma. Should we sell it, should we stop it, should we transform it? Sometimes we cannot just close it as the country needs it.”

Today, Bourgain, also Deputy Chief Executive Officer at energy industry company Tractabel, said it was possible to be competitive and achieve a zero-carbon transition: “Three years ago ENGIE put the climate and energy challenge at the heart of our policies, removing plants not compatible with climate goals,” he said. “We kept in our portfolio all businesses we truly believe could move to zero carbon in the long run.” And the company did this without losing financially and recovered economic growth.

ENGIE wants to promote natural and renewable gases, push energy efficiency business models. And “we believe in green gas” (biomethane or green hydrogen), Bourgain said. In France, cost parity between natural gas and biomethane is expected by 2030 and ENGIE believes in a 100% renewable mix by 2050.

To make the energy transition a success, citizens, workers and cities must also be involved in projects. “We need to understand the client and we need to assess their needs, ensuring money flows to specific cases,” Bourgain added. “This is true in Europe but also in Africa.”

Pushing the boundaries is essential for ENGIE, for example training investors, having better regulation, increased renovation of buildings and investment in R&D for innovation projects. And Bourgain was confident that, in contrast to the situation 20 years ago, “There is more guts about the urgency to act.”

## Competition and cooperation

**Olivier Grabette**, Executive Vice-President at France's transmission system operator (TSO), said it was essential to find a framework and system for competitiveness. The company supports the adaptation of existing infrastructures to achieve a successful energy transition to the EU's 2050 carbon neutrality goal.

“For almost 20 years, Europe has been a place for competition, but we have forgotten that it is also a place for cooperation

**Olivier Grabette**, Executive Vice-President at France's transmission system operator (TSO)

Grabette also said businesses must be very active in cutting energy demand. This means behavioural change as well as efficiency. Addressing the needs of local populations will be helped in collaborations with industry and NGOs to prove actions are acceptable. “For almost 20 years, Europe has been a place for competition, but we have forgotten that it is also a place for cooperation,” he said.

For example, RTE is studying with partners innovations such as battery storage, flexible charging control of electric vehicles and synergies between sectors to help accelerate the energy transition.

And Grabette agreed with the panel that there was no time for analysis on how to change the situation: “It is time to act and companies have a social responsibility to do so.”

## Financing the change

The financial sector will need to play a central role to achieve this bold transformation to a carbon-free Europe, the meeting heard. Investments in energy and related infrastructure would have to increase to 2.8% of GDP annually (from 2% today) to achieve a net-zero carbon economy – or to around €520-575bn a year, the Commission announced in November 2018, when presenting its climate strategy for 2050.

**Andrew McDowell**, Vice-President at the European Investment Bank (EIB), said it was possible to mobilise about a trillion euros for climate and the environment by 2025. But banks must commit to much bigger climate targets, and faster.

“We need to mobilise the private sector,” McDowell said. “Every one euro we put into a project needs to get three from the private sector.” Business must also become more comfortable with risk, promising to work closely with the Commission on sustainable finance taxonomy to achieve common standards.

Getting enough projects to finance will depend on policy, the stringency of EIB criteria and standards and the need to add value, he said. “We see a need for more regulation on carbon pricing and energy markets; and to broaden the ETS to more sectors.”





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1. **Gilles Bourgain**, Deputy Strategy Director at ENGIE; Deputy Chief Executive Officer at Tractebel
2. **Mark Radka**, Brand Chief of Energy, Climate and Technology in the Economy Division at UN Environment
3. **Leena Ylä-Mononen**, Director-General at the Ministry of Environment of Finland





And he said old habits must stop. “We must end our relationship with financing the fossil fuel sector and the gas sector.” But we must also be conscious of geopolitics, he said: “We cannot simply replace fossil fuel dependency with lithium [ion batteries].”

In addition, development finance is key. “We need to bring our partner countries with us on this journey. The danger is that other countries like Russia and China will replace our energy financing with lower environmental standards and we need to work with the EU on this in the coming years.”

The EIB is also waiting to see if the EU's clean energy package will be reopened in the new mandate or if there would be more ambitious standards for 2030. “We don't like to take a strong view on these things, but a stronger policy would generate more finance,” McDowell made clear.

## European climate plans

Every EU country must submit its final plans to achieve the 2030 targets on energy efficiency, renewables and greenhouse gas emissions by the end of 2019. They also have to propose alternative pathways in line with the EU's 2050 long-term climate strategy. Inclusive, sustainable finance will be key to meet these aims.

**Matthias Duwe**, Head of Climate at the Ecologic Institute, worked with Climact on the May 2019 report assessing the National Energy and Climate Plans (NECPs) for the European Climate Foundation. This showed that so far, the 28 draft plans fall short on ambition and credibility and do not describe a robust, Paris-compliant pathway for Europe.

## “These plans should follow like investment brochures

**Matthias Duwe**, Head of Climate at the Ecologic Institute

For Duwe, not only should these plans provide policy certainty, “These plans should follow like investment brochures.” There should be information on investment needs on public financing available for building renovations and decarbonised transport infrastructure. And the policies should provide the right incentives, including financial, to achieve the desired change.

Citing the report's analysis, he said: “All plans are clearly in need of improvement, but there are positive examples and best practice cases in all of them.”

But more needed to be done. There should be explicit detail on how targets will be achieved and a clear follow-up process to check member states significantly improve their final plans, with adequate targets, credible policies and public engagement.

## Finnish success

Finland is a good news story, however. It has allocated €1.2bn for power grid infrastructure renewable for 2015-2025, including wind, solar and electrification. And in June 2019, the country announced its plan to be carbon neutral by 2035, in a programme that has been called “the most ambitious in the world”.

“Reforms on green taxes or cutting harmful subsidies need to be taken and for politicians, this ain't going to be easy

**Leena Ylä-Mononen**, Director-General at the Finnish Ministry of the Environment

“We had our first snow last night, that is a driver of policies,” **Leena Ylä-Mononen**, Director-General at the Finnish Ministry of the Environment, told the summit. She also noted wide support in civil society for climate action in Finland, with 80% of the population saying urgent action is necessary; and, a high level of trust in government and officials.

Ylä-Mononen further highlighted the business opportunities of being a front-runner in the energy transition, as well as the huge scale of investment needed in the energy and transport systems. All implementing decisions should be made quickly, even if those like phasing out combustion and fossil fuel are likely to be painful for some: “Reforms on green taxes or cutting harmful subsidies need to be taken and for politicians, this ain't going to be easy.”

But Finland, that has provided climate finance since the 1990s, was keen to be first and have a global influence, she said. The Scandinavian country will include nuclear as well as renewables to meet its climate goals. “We need action in all levels, from citizens to schools to industry and companies have already been mobilised, not necessarily by government programmes, but by taking action and working on their roadmaps and plans.”

## Industry aims

Indeed, industry is also making strides in setting aims for sustainable finance, the conference heard. “Upscaling climate efforts is about aligning sustainable goals with investor impact,” said **Carine de Boissezon**, Chief Sustainability Officer at Electricité de France (EDF).

“Upscaling climate efforts is about aligning sustainable goals with investor impact

**Carine de Boissezon**, Chief Sustainability Officer at Electricité de France (EDF)





1. **Annegret Groebel**, Director of International Relations at the German Regulatory Authority for Electricity, Gas, Telecommunications, Post and Railway (BNetzA); President of the Council of European Energy Regulators (CEER)
2. **Andrew McDowell**, Vice-President of the European Investment Bank (EIB)
3. **Carine de Boissezon**, Chief Sustainability Officer at EDF
4. **Matthias Duwe**, Head of Climate at the Ecologic Institute





The Group considered Europe's carbon-free energy leader wants to double its net installed renewable energy power from 28 GW today to more than 50 GW in less than 15 years. It also plans to help build 83 wind turbines in Fécamp (Normandy, France) creating 6,000 MW of offshore energy as well as investing in the German wind market and hydropower in Cameroon.

De Boissezon highlighted the importance of linking financing conditions and company performance, for example via sustainability linked loans. Green bonds, that come with tax incentives if used for environmental benefit – for example to finance renewable projects, are very effective in this regard. While worth €200bn, they still make up only 7.9% of the total bond market, she said.

France is one of the biggest green bond issuers, giving out nearly 20 billion, de Boissezon continued: “We were one of the first companies to do a scalable green bond in 2013, wanting to put some value into what we are doing in the renewable business.” And mindful of environmentalists' mistrust, she said that the greenwashing issue was not at stake, compared to the good that could be performed by the bonds.

“It's the EU taxonomy I'm worried about,” she added, referring to the EU's proposed tool to help investors understand if economic activity contributes to climate mitigation. “We might end up with restrictive measures just to avoid greenwashing,” she said.

**Annegret Groebel**, President at the Council of European Energy Regulators (CEER), was more positive. She noted a clear greening of regulation with auctions along with traditional tariff regulation.

“The grid is becoming smarter, allowing consumers to make use of new options to reduce their bill. We want to allow consumers to switch operators more freely

**Annegret Groebel**, President at the Council of European Energy Regulators (CEER)

The consumer is also becoming more active. This is very important in the energy transition and will help sustainable financing, said Groebel. Also Director of International Relations at the German Regulatory Authority for Electricity, Gas, Telecommunications, Post and Railway (BNetzA), she said CEER aims to increasingly involve consumers, going from an operator- to a customer-centric model.

In addition, distribution is becoming greener she observed, “The grid is becoming smarter, allowing consumers to make use of new options to reduce their bill.” In practice, this means, “We want to allow consumers to switch operators more freely.

“According to the new legislation they have the right to get a dynamic pricing contract where the consumer will not be just a rate payer,” Groebel added, telling the meeting dynamic pricing already works well in the Nordic market.

## Conclusion

All elements including policy and finance to achieve the EU climate targets – and in a just and inclusive way can be put in place, panellists agreed. The EU is also leading the way in climate-mitigating technology and Africa is the continent to watch in future.

But speed is of the essence. “A key message of this summit is the pace is clearly not there,” Dharmendra Kanani concluded. “I hope we won't have even worse climate indicators in the sense of the temperatures experienced this year. I hope that we don't have a 'Titanic' moment before we actually act, but let's see.”

For Mark Fulton too, the money is available and “It's inevitable that more policy is coming, but we need to get on with it as soon as possible.” And any new policy must enable business certainty too.

Maria Spyraiki said there was not even any need for new laws, “In my opinion we have enough legislation, we need implementation,” said the Greek MEP, also demanding urgent action.

Meanwhile, as student protests continue and Greta Thunberg shows no sign of stopping her climate campaigns, Mauro Petriccione emphasised, “Because young people are passionate about the climate, they will start caring not only about the end of the world, but the end of the month.”

Kanani agreed, “What we do know is citizens are asking for more and better, so let's hope they will really define action in the coming months, also in the terms of the new EU mandate.” And Mark Radka said it was important to know how to be smarter in how we co-opt those who are resisting change.

Finally, and on a positive note, the transition to a carbon-neutral Europe or even world must and will happen eventually, panellists agreed. And this change can even accelerate when those resistant to change, like the US in the process of pulling out of the Paris climate agreement, are in power, Linda Steg said: “[US President Donald] Trump supporters may be more climate-sceptic, but many don't like him that much and engage more in mitigation actions.”

