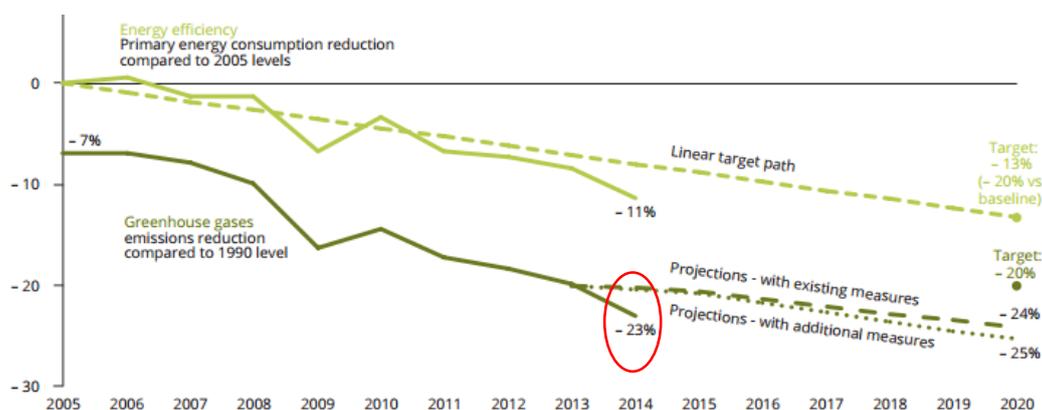


**Figures released from the European Environment Agency yesterday indicate that Europe will significantly outperform its 2020 climate target; however, Sandbag finds that the EEA continues to seriously downplay the level of emissions cuts Europe can expect.**

**Moreover, we argue that spare allowances banked from the current climate package threaten to undermine the ambition of Europe's 2030 climate offer unless action is taken to tighten Europe's carbon budgets.**

New figures released from the Environment Agency predict that Europe is currently on track to reduce its greenhouse gas emissions 24% to 25% below 1990 levels by 2020, substantially over-delivering against its 20% climate target. However the EEA also estimates that emissions reductions in 2014 have already significantly outperformed the forecast, with emissions already 23% below 1990 levels.<sup>i</sup>

**Figure 1: Comparison of EEA 2014 GHG emissions estimate with latest Member State Forecasts<sup>ii</sup>**



*“EU GHG emissions may have decreased by 4% in 2014 and reached a level of 23% below 1990 [...] This level is lower than the levels anticipated by Member States in their projections for 2014.”<sup>iii</sup>*  
- European Environment Agency

If we substitute these obsolete Member State forecasts with our own emissions forecast for the traded sector<sup>iv</sup>, Sandbag finds that Europe is, in fact, on track to cut its domestic emissions by 28-29% by 2020.<sup>v</sup> This is approaching the conditional offer that Europe put forward in the 2009 Climate negotiations in

### About Sandbag

Sandbag is a UK-based not-for-profit think tank conducting research and campaigning for environmentally effective climate policies.

Our research focus includes the phase-out of old coal in Europe; deep decarbonisation of industry through technologies including Carbon Capture Utilisation & Storage; reform of the EU Emissions Trading Scheme; and increasing ambition in the EU 2020 and 2030 climate & energy packages.

For more information visit [www.sandbag.org.uk](http://www.sandbag.org.uk) or email Damien Morris [damien@sandbag.org.uk](mailto:damien@sandbag.org.uk)

Copenhagen, an offer that was intended to be partly met through international offsets as well as purely domestic effort.

This over-performance against Europe's weak 2020 targets threatens to dilute the 2030 target by banking spare carbon allowances into the new climate package. In the Emissions Trading Scheme Sandbag expects 4.4 billion allowances to be carried over, which would make possible 4.4 billion tonnes of extra emissions in the future. If these allowances were used, it would be broadly equivalent to weakening Europe's 40% target in 2030 to an offer to cut emissions by just 26%.<sup>vi</sup> Spare allowances in the non-traded sector are not currently eligible for banking, but if rules were changed, some 1,543 to 1,724 million additional tonnes could also be carried over, according to the EEA. This would further weaken the 2030 target to just 21% below 1990 levels in 2030.<sup>vii</sup>

**Damien Morris, Sandbag's Head of Policy says:**

*"Europe's weak climate targets are being rapidly outpaced by real emissions reductions on the ground. As Europe begins to negotiate a new climate deal in Paris and begins to define its new carbon budgets in law, it's imperative that measures are taken to insulate the new climate and energy package from the oversupply of the previous one. This is mandatory if Europe is to make a fair and appropriate contribution to combatting climate change".*

**Sandbag recommends the following steps are taken to ensure that Europe's carbon budgets are relevant and robust:**

- **Strengthen the 2020 climate target by cancelling ETS allowances from the new Market Stability Reserve;**
- **Strengthen the 2030 climate target to 50%;**
- **Enable climate ambition to be reviewed more regularly by introducing five year budget periods for the ETS and the ESD;**
- **Introduce automatic ratchets which cancel excess allowances from the Market Stability Reserve after a certain period or volume has been exceeded;**
- **Ensure no carryover of allowances is allowed from the current Effort Sharing Decision into the next.**

These and other recommendations are discussed more thoroughly in our recent report on increasing climate ambition '[Harder, Better, Faster, Stronger](#)'.<sup>viii</sup>

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**Notes to Editors**

<sup>i</sup> Member State greenhouse gas forecasts used by the Environment Agency have repeatedly proved too conservative. Latest national forecasts were submitted to the EEA as recently as 31 August 2015 and already appear too cautious for 2014. Precisely the same issue was highlighted in Sandbag's press reaction to the EEA's 2014 report last year: <https://sandbag.org.uk/blog/2014/oct/28/europes-new-climate-target-walk-park/>

<sup>ii</sup> Chart taken from Figure 2.1 of EEA's 'Trends and Projections in Europe 2015' report <http://www.eea.europa.eu/publications/trends-and-projections-in-europe-2015>

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<sup>iii</sup> Quote from p.24 of EEA's 'Trends and Projections in Europe 2015' report  
<http://www.eea.europa.eu/publications/trends-and-projections-in-europe-2015>

<sup>iv</sup> Sandbag's 2020 emissions forecast for stationary sectors in the ETS was first published in October 2014 and remains largely unchanged (See: <https://sandbag.org.uk/reports/2020-surplus-projection>). We have taken the Member State emissions forecasts for the non-traded sector as given, however, these also appear too conservative compared with the EEA's estimated 2014 emissions.

<sup>v</sup> The Member State forecasts find that ETS emissions will fall 8% between 2015 and 2020. We estimate that emissions will fall 21% over the same period, a difference we estimate amounts to 230 million tonnes. This is equivalent to 4% of Europe's 1990 emissions baseline which is roughly 5.7 billion tonnes according to the EEA's GHG Data Viewer. The main driver of additional emissions reductions in the Sandbag forecast is likely to be based on our expectation of continuing falls in electricity consumption as electrical devices get more efficient (from TV's to fridges to motors), and a continued fall in the production of energy-intensive materials (such as steel, cement, oil, gas, paper and glass). Member State ETS emissions forecasts for 2020 appear to be growing closer to Sandbag's forecast over time, however there is a substantial way to go.

<sup>vi</sup> Sandbag expects around 4.4 billion spare allowances will accrue in the ETS by the end of 2020. Expressed as a wedge of allowances on top of the 2030 package, this would be equivalent to weakening the 2020 target by 800 million tonnes. This represents over 14% of Europe's 1990 emissions, which were roughly 5.7 billion tonnes. The operation of the Market Stability Reserve would, however, presumably prevent this full supply from reaching the market by 2030.

<sup>vii</sup> 1,543 to 1,724 million spare allowances in the Effort Sharing Decision translate into a 281 to 313 million tonne reduction in 2020 ambition. That translates to 4.5-5.5% in 1990 terms.

<sup>viii</sup> Published August 2015: <https://sandbag.org.uk/reports/harder-better-faster-stronger-easy-route-increased-eu-climate-ambition/>