

The role of carbon pricing in the future EU Climate Policy

Introduction to the CECILIA2050 project

Policy Session at the 5th World Congress of Environmental and
Resource Economists
Istanbul, 1 July 2014

Benjamin Görlach
Ecologic Institute, Berlin
Project Coordinator

Which policies does it take to guide the low-carbon transformation?

- EU long-term climate targets require a radical transformation of all emitting sectors.
- EU and Member States already employ a variety of climate policy instruments – but current instruments are not sufficient to bring about the necessary change
- Existing instruments need to be scaled up considerably, and new instruments need to be added to the policy mix
- This raises a number of questions:
 - How is the current policy mix performing, how can it be improved, and how far can it be scaled up? What constraints need to be addressed? Which new instruments do we need?
 - How to manage the overlap of and interactions between policy instruments?
 - How to deal with uncertainties, where to be rigid and where flexible?
 - What could an “optimal” instrument mix for European climate policy look like – taking into account real-life constraints and barriers, and lessons learnt from past experiences?
 - In particular – what is the role of pricing tools in this mix? How far will they get us?

Tackling the 2050 policy mix – the CECILIA2050 project

Choosing
Efficient
Combinations of Policy
Instruments for
Low-carbon development and
Innovation to
Achieve Europe's
2050 climate targets

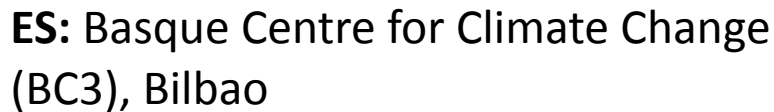
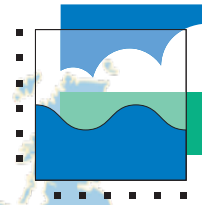


CECILIA2050 at a glance

- What the project is about:
 - Taking stock of existing climate policies, understanding what has worked – and what has not, analysing the barriers and constraints at work in different sectors;
 - Where do we need to get by 2050 – applying different modelling approaches to illustrate the transformation required;
 - How do we get there – what policy pathways could lead the EU towards its 2050 targets? What are the barriers and constraints that policies will need to address and overcome?
- How we do it:
 - Radical realism: understanding the scale of the challenge ahead, yet incorporating practical limitations, barriers and obstacles into the research design
 - Broad notion of “optimality”, incorporating effectiveness and efficiency as well as (political, legal and administrative) feasibility
 - Analysing combinations of policy instruments and their interaction, rather than optimising individual instruments
 - Combining a range of methodological approaches (quantitative and qualitative) from economics, law, social sciences

Who we are: 10 partners from 8 countries

- **NL:** Institute of Environmental Sciences (CML) at Leiden University
- **NL:** Institute for Environmental Studies (IVM), VU Amsterdam
- **PL:** WOOE, Warsaw
- **CZ:** CUNI, Prague
- **IT:** University of Ferrara (UNIFE)
- **ES:** Basque Centre for Climate Change (BC3), Bilbao
- **F:** SMASH-CIRED, Paris
- **UK:** University College London
- **DE:** Institute of Economic Structures Research (GWS), Osnabrück
- **DE:** Ecologic Institute, Berlin



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Andreas Barkmann

European Environment Agency

Aldo Ravazzi

Italian Ministry of the Environment

Benjamin Görlach

Ecologic Institute

Paul Ekins

University College London

Andrzej Blachowicz

Climate Strategies

