Comparing EU Climate Governance 2008 and 2014

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1. Introduction

In 2008, prior to the Copenhagen Conference, the EU adopted an ambitious package of climate and energy policies. This package, designed to achieve the so-called 20-20-20 targets (on climate mitigation, renewables shares and energy efficiency) for 2020, established the EU as a global leader. 7 years later the EU is on track, partly even better than foreseen. This success story merits an explanation especially as the EU is not a sovereign state but a hybrid institution with very fragmented competences, whose members have very divergent structures and interests.

The past two decades can be considered a success story in multilevel reinforcement with strong mechanisms of benign multilevel governance. It can be described in the categories of policy acceleration (Jänicke 2012; Jänicke 2013; Calliess and Hey 2013; Schreurs and Tiberghien 2010; SRU 2011, Chapter 5). In other words, there was positive feed-back from the setting of the EU's first indicative targets and policy instruments, as well as from its stronger market and innovation dynamics, to the later legally-binding and more ambitious targets.

The conditions have become more difficult for setting an equally ambitious agenda for 2030. The 40-27-27 targets adopted at the European Council Meeting of October 2014 seem to be a continuation of the agenda 2020. However, after a closer analysis, the 2030 targets are a remarkable shift in the agenda. There is some continuity on the climate agenda: governance has been partly improved, as in the case for the European Emissions Trading System. However,

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there is a policy shift with regard to renewables and efficiency. Targets are at the lower end of ambitions and the governance of achieving them has been considerably weakened. Several member states had asked for a 30% renewable energy and energy efficiency target and NGO's were advocating higher targets.

A systematic comparison of the constellation of key factors which led to the EU 20-20-20 agenda and the emerging EU agenda for 2030 is an ideal test case to identify conditions for benign and malign multilevel governance. For definitional purposes, benign multilevel governance is understood as mutual reinforcement: some member states with high national ambitions are driving the EU agenda and, when they are successful, their own capacity for further measures improvement is strengthened. On the other hand, malign multilevel governance is characterized by stalemate between the levels.

The emerging agenda for 2030, rather, is a case of policy deceleration. The targets for 2030 can be interpreted as a cautious adaptation to the new economic and political conditions within the EU, while trying to keep the direction of change at a somewhat lower speed.

2. Key factors and drivers of the 2020 package

The 2020 package can be interpreted within the triangle of factors that help accelerate policies, including economic trends, technological innovation and policy decisions (Jänicke 2013).

Economically, the key driver of the agenda was the dramatic surge of fossil energy prices prior to the outbreak of the economic crisis. Europe is fossil energy poor with a very high and strongly increasing fossil fuel import bill. The climate and energy policy agenda can be interpreted as an import substituting strategy reducing vulnerability against volatility in the world energy price. Another key driver was the reinterpretation of climate change as an economic concern. Climate change as a market failure and threat to economic growth was the core message of the Stern report "Economics of Climate Change" (2007), which impressed political leaders in Europe including the president of the European Commission (Hey 2009a).

In regard to technical innovation, the emergence of renewable energy as key climate mitigation technology is remarkable. A renewables-based energy system has been considered and framed as a tool for a new industrial revolution, as a combination of IT and energy technology innovations (Rifkin 2011). The costs for renewable energy are expected to fall as market penetration increases. The rapid growth of the sector itself, however, also strengthened a constituency for more ambitious policies. Renewables at that time were perceived as market opportunities rather than as a threat to conventional power production.

The political constellation was also favourable: Different coalitions supported the 2020 agenda, namely an alliance of major leading countries, such as the UK, Germany and France, together with the European Commission and the European Parliament. But also the energy sector was generally supportive, claiming that nuclear, coal with carbon capture and storage (CCS) and renewable electricity would be different and mutually-supportive low-carbon options. Leading countries defended their very effective national renewables support systems, such as the feed-in-tariff against internal market driven reform ideas and hence could contribute to the unprecedented dynamics of renewables deployment.

Last but not least, the EU's institutional system has been very helpful in facilitating an agreement amongst key players. The alliance of pro climate countries was able to offer concessions and compensation to the climate skeptic countries in order to buy in their acceptance. The potential opponents to an ambitious climate agenda, such as the energy

intensive industries, were also offered generous exemptions. The climate-protection friendly alliance institutionally was in control of the decision-making process.

3. The changed opportunity structure in 2014

Since 2008, Europe has been in its deepest and most persistent economic crisis since the Great Depression. GDP in 2014 has still not yet reached pre-crisis levels. Unemployment has reached unprecedented levels and purchasing power has decreased. Furthermore, fossil fuel prices have declined heavily. In such a constellation, financing high upfront investments for renewables are felt harder, even if renewables become more competitive with conventional energies. The Eurozone has entered a competitive race to the bottom under a regime of fiscal austerity (Streeck 2013; Scharpf 2011; Bofinger 2013). Important cost factors, such as labour, taxation or energy cost were kept low in order to improve competitiveness. The new business friendly agenda, aiming at less bureaucratic costs, also had severe impacts on the standing of the environment, climate and renewables agendas in member states and at the EU level (Hey 2013; 2014b; 2014a).

Any transition has winners and losers. In countries with an accelerated growth of renewables the conventional power sector faces serious economic difficulties, e.g. in Spain and Germany. Those sectors initiated powerful campaigns criticizing the excessive cost of renewables support. The hope that the climate agenda would also be beneficial for other sources, such as nuclear and CCS did not materialize. Nuclear is not only one of the most expensive low carbon sources (Agora 2014), the nuclear option is also widely discredited after Fukushima. Also the other low carbon option, CCS, is not moving ahead. Most planned demonstration projects in the EU have been cancelled due to popular opposition and to the very low carbon price (Oei et al. 2014). So it has become more obvious that a dynamic climate policy including renewables support may become detrimental to the incumbent sector. The incumbent's interest to stop or contain renewables growth has become stronger.

The political constellation in 2014 hence has become more fragile (Fischer et al. 2013). Even though several EU member states have developed ambitious long term energy and climate roadmaps and partly have institutionalized them by legal requirements (Notenboom et al. 2012) the leading alliance of the past fell apart. The original leader, Germany, was merely absent in the early discussion on the 2030 road-map, as there was disagreement in the government coalition on policy ambitions. Too late in the agenda-setting phase, in early 2014, did the Christian-Social democrat Coalition government adopt a more proactive, moderately progressive position. The Federal Government tried to build alliances to defend the triple-targets for climate, renewables and efficiency against increasing skepticism. The British government, on the other hand, formed a broad alliance in favour of a "technology neutral" approach aiming at non-discriminatory support for all carbon neutral technologies and hence resisting dedicated EU targets for renewable energies. France, yet willing to build up a credible line prior to the 2015 Climate Conference in Paris, is still in a very early stage in its move beyond its nuclear-based monostructure. On the other side, opposition from a coalition of Eastern European countries is much better organized. Industry and the energy sector continued to advocate a moderately ambitious climate target, but opposition against a binding renewables and efficiency target for 2030 is getting stronger.

The European Commission has also changed its priorities. Due to the pressure of fossil and nuclear lobbies, the climate skepticism of some countries and the renaissance of the old narrative of a trade-off between competitiveness and the environment, the agenda has become more internal, market-oriented and skeptical against national policy designs on renewables. This mirrors the shift in power and influence in the course of the multiple crises facing the

Eurozone. The European Commission used reformulated state aid guidelines to define a strict framework for national renewables support schemes. Now, feed-in-tariffs are only allowed for small-scale installations, and a general policy shift towards auctioning systems was enforced. Only lately has the Commission adopted a proposal for a European Target on Renewables Shares and an efficiency goal for 2030. The targets and especially their enforcement mechanisms will be substantially weaker than those for the 2020 governance system. The debate on energy efficiency received momentum from the Russian – Ukraine crisis. Efficiency was considered as a means of making the EU more independent from Russian gas imports.

4. A tentative conclusion

In view of that constellation, the 40-27-27 agenda for 2030 is still progress. The result is mixed: the 40% climate target was the achievable common denominator. It will be implemented by a reformed and strengthened emissions trading system. However, on the other pillars, EU governance has gotten weaker. It is, thanks to a last minute alliance of "green member states" and the Commission, that renewable energy and efficiency targets could be kept on the agenda. However, the possibilities of the Commission to enforce the respective targets have become weaker.

The climate agenda is now embedded in the agenda for a European Energy Union (Geden 2015). The Energy Union aims to ensure more European coherence against diverging national energy policy approaches. It puts better gas infrastructures and a reinforced market integration agenda at the forefront. The result is that the freedom of pioneering countries in renewables support has been considerably constrained. Redefined state aid guidelines put national support schemes under scrutiny for their impacts on the internal market.

In this regard, we can distinguish, following the German European integration scholar F. Scharpf (1999), between negative and positive integration. Negative integration refers to the creation of a European internal market; positive integration, to a common policy framework for that market. In that sense the 2030 agenda of the EU is a remarkable shift to negative integration from the previous positive integration.

Furthermore the governance mechanisms for delivering the renewables targets have become weaker. Neither is there a harmonized European support system for renewables nor an effective enforcement mechanism for member states to deliver. The emerging governance mechanism rather tends to resemble a "pledge and review" system, relying on voluntary national action within the constraints of the state aid guidelines. This will most probably result in more policy divergence in the EU.

Despite such shortcomings, the EU will still be able to play a credible and dynamic role in international climate policies as, in relative terms, targets, policy design and implementation are relatively well developed in comparison to most other regions in the world (Oberthür und Roche 2008; Oberthür und Groen 2014).

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