



TRANSATLANTIC PLATFORM FOR ACTION ON THE GLOBAL ENVIRONMENT – T-PAGE

Scoping Priorities on Climate and Energy - Coordinating Transatlantic Efforts

Discussions at Teleconference 24 April 2007

SUMMARY AND CONCLUSIONS

The first teleconference under T-PAGE brought together a core group of representatives from environmental civil society, primarily from NGOs and academia. All participants felt that discussions taking place under T-PAGE must remain policy relevant and that the project should add value to the debates ongoing in both Europe and the U.S. that are moving forward rapidly. These are: cap and trade, biofuels and carbon capture and storage. These three areas of climate and energy policy represent a challenge to the environmental community in terms of how to approach them and are equally of relevance and importance in both Europe and the U.S. Therefore, participants to the first T-PAGE project trans-atlantic teleconference selected these issues as the core priorities for the T-PAGE project to focus its efforts.

The aim of T-PAGE is to offer a forum where members from U.S. and EU environmental civil society to come together to develop a better, common understanding of the climate and energy debate on both sides of the Atlantic. The focus of the work is on areas where Europe and the US can show domestic leadership, complementing debate ongoing in other fora on international level agreements. Participants felt that the three priorities are the most pressing issues of relevance. While these are not topics that will be simple or easy to deal with, there is a need for honest and open debate regarding experiences on both sides of the Atlantic.

Workshop Conclusions

It was decided that the focus of the dialogue should be on issues that address the following needs:

- Where there is a common EU and US interest but, to add interest, where the exact nature of this common relationship differs between themes;
- Issues that participants feel are pressing challenges being faced by civil society;
- Where there is a possibility to feed into a policy process;

- Where there is a clear need for learning and improved common understanding;
- A subject that interests not only the core group but broader civil society.

In this context it should be noted that the aim of the process is not to develop a solution to international frameworks post 2012, there are other forum where this is being debated. The objective is to highlight where Europe and the US can take action domestically to show leadership on climate change and to address some of the key questions and problems facing domestic action. T-PAGE should identify where it is possible to work together and where similarities and differences lie in relation to opinion and approach.

Following on from the broader debate on climate and energy approaches and based on the criteria above, participants concluded that the priority topics for debate under T-PAGE should be:

1. **Cap and Trade** systems taking into consideration concerns regarding the impacts on competitiveness;
2. **Biofuels** for Transport considering the need to ensure the industry develops in an environmentally sustainable manner, the different development pressures and the impact biofuels development might have on the broader transport and climate change policy debate; and
3. **Carbon Capture and Storage**, as an emerging and important technology how can the benefits be optimised, what is the state of knowledge and what is civil society's role in the debate.

All three of these issues are areas of contention within environmental community; hence there is a need for open, honest dialogue, although the possibility of reaching common positions may be limited. All participants felt the three priorities are important issues where it is necessary to understand and coordinate action across the Atlantic and where the policy debate is moving rapidly.

In terms of the EU and US relationships under consideration, cap and trade allows an opportunity to learn from the experiences and importantly the mistakes made within the EU ETS and to develop ideas for the review of the scheme. Importantly, it allows myths regarding the impacts of the EU ETS to be addressed and should lead to a more informed debate on both sides of the Atlantic. In relation to biofuels, Europe and the U.S. are likely to be big players in the market place for these liquid fuels. The standards they develop will be central to the development of the market more broadly. Additionally, they are also likely, in future, to be competing for the same resources in the market place. Finally, CCS represents an opportunity for civil society to work together to develop approaches and principles surrounding CCS. As an emerging technology the potential approaches taken may possibly be applied to technology development more broadly in the future.

Participants commented that Europe and US are often have comparable policy goals but pursue very different approaches and method to achieve them. It is important to learn from those differences in order to build a stronger debate. Participants felt that when Europe and US are able to work together they can exert global leadership. On climate the

relationship should be a positive one. On some issues the US is in the position of developing policies and identifying what it is trying to achieve, where as Europe is perhaps in a position to explain what has been done so far and the potential pitfalls, successes and repercussions. On others both are struggling with similar challenges and could perhaps benefit from working together and coordinating efforts more. It was commented that T-PAGE should focus on what we can accomplish together, providing materials that allow a clear comparison in terms of actions and approaches.

The EU and US are essential in moving the global debate on climate change forward and at present our governments are not reinforcing each others efforts. Civil society has an important role in bringing about a more effective approach and greater mutual understanding in the field of climate and energy.

ATTENDEES

Europe	United States
Marc Pallemarts, Head of IEEP's Governance Programme - Chair	Jacob Scherr Director, International Program, Natural Resources Defense Council - Chair
Dr. Stephan Singer Head of European Climate and Energy Unit, WWF	Miranda Schreurs Associate Professor in the Department of Government at the University of Maryland at College Park
Jean Pascal van Ypersele Chair of the Climate Change Working Group of the Federal Council on Sustainable Development, Belgium	Brooks B. Yeager Executive Vice President, Climate Policy Center
Mahi Sideridou EU Climate & Energy Policy Director Greenpeace European Unit	Annie Petsonk International Counsel, Environmental Defense
Matthias Duwe Director, CAN Europe	Gustavo Silva-Chavez Environmental Defense
Jason Anderson Head of IEEP's Climate Change Programme	Dan Lashof Science Director, Climate Center, Natural Resources Defense Council
Catherine Bowyer Senior Policy Analyst, IEEP on Climate and Pollution	Melanie Nakagawa Attorney, International Program Natural Resources Defense Council
	Alden Meyer , Director of Strategy and Policy, Union of Concerned Scientists
	Gary Cook , Director, U.S. Climate Action Network

DETAILED SUMMARY OF DISCUSSIONS

Purpose of the Meeting

The aim of T-PAGE is to offer a forum for members from U.S. and EU environmental civil society to come together to develop a better, common understanding of the climate and energy debate on both sides of the Atlantic. It is hoped that this process will facilitate debate across civil society, identifying priority actions whereby the EU and U.S. can show leadership.

This meeting represented a first scoping session for T-PAGE with a core group of participants working together to develop a list of priority topics for further discussion and research during the project. Its objective was to provide direction for the work, ensuring that NGOs perspectives and concerns are taken into consideration. It provides a basis for ongoing work with civil society throughout the project. Priorities identified for T-PAGE will be researched and discussed in depth at subsequent teleconferences in the Autumn/Fall 2007 and a working conference in the Spring of 2008.

Value of T-PAGE

The T-PAGE dialogue is an important opportunity for all on both sides of the Atlantic. The timing is good given the rapid upsurge in public interest in climate change and the U.S. political situation, specifically the new congress is currently busily developing a raft of ideas that might in future lead to a federal climate policy/policies.

Several participants highlighted that a dialogue that facilitates cooperation and mutual understanding is useful and timely. Particularly this forum should not duplicate high level policy discussions but help NGOs and civil society understand, coordinate and take action in the most pressing and challenging areas of climate and energy policy. Currently, there is some exchange between colleagues across the Atlantic but having a formal discussion on certain energy challenges common across the Atlantic is valuable because there is much to be learnt from both sides of the Atlantic.

Identifying Priorities

Each participant briefly presented their views on the priorities for action regarding climate and energy and the role for T-PAGE. Summarised below are the issues raised by theme.

Policy Priorities and Structures

Climate and energy policies are developing rapidly on both sides of the Atlantic. Therefore, the first workshop highlighted the importance of linking into the ongoing policy debates, specifically those surrounding the upcoming reviews in Europe of the EU emissions trading scheme and work ongoing to its expansion; policy development in the field of biofuels for transport; and emission burden from the transport sector more

generally.

Participants from the US highlighted the various Federal bills being put forward which include the objective of seeking a long term reduction path, discussing reductions of 50 to 80 per cent of the current emissions burden. Although it is uncertain if any of these bills will be passed successfully but, importantly, the discussion is happening and progressing quickly over the last year. Most bills promote a comprehensive cap for large stationary sources complemented by specific sectoral policies especially in the field of vehicle performance. Other key components are proposals for renewable energy standards. NGOs are generally calling for 20 per cent of energy from renewables by 2020; however the leading bill contains only a 10 per cent target. This is complemented by state level policies, for example in the field of building codes. There is also momentum regarding vehicle performance standards, driven in part by energy security concerns. Some key issues in going forward will be how many of these policies are developed and coordinated among one another.

In terms of using policy priorities to inform the focus of the dialogue several participants suggested that discussions should be on areas of debate where progress is possible/likely – for example renewable energy, cap and trade and energy conservation/product standards focus on key barriers, points of miss communication or difficulty. Discussion under T-PAGE may help their resolution more generally. Meanwhile others suggested that the focus

Cap and Trade

Addressing the issue of cap and trade was highlighted by all participants as a key priority both in terms of the development of a well thought through federal system in the US and improvement of the EU ETS.

In Europe, while the EU ETS is in place it was felt that opportunities for learning from this are not being maximised and that appropriate interpretation of the system is sometimes lacking – there is a lot of miss-information circulating and no clear means of debunking or rebutting claims. Additionally, the EU ETS is by no means a perfect system with concerns over coverage, price of carbon and the level of the caps. There are therefore, opportunities to learn from new thinking in the US and work together to improve the system and feed into review processes.

In the U.S. several state lead initiatives are under development and there is now considerable momentum in relation to a federal system, with numerous bills being discussed in Congress. There are, however, still considerable hurdles to overcome, not only so that a possible agreement at Federal level might be achieved, but also in terms of operationalising state lead action ie turning ideas into actual working schemes. A further issue is the possibility of linking with the EU ETS – which is being explored and could be discussed within this T-PAGE project.

Key issues to discuss include sectoral coverage of the different schemes developing eg

RGGI focuses primarily on the electricity sector while the EU system gives broader emission coverage. Debate is also ongoing in Europe as to what else could or should be incorporated into the EU ETS. Meanwhile, in the US there are discussions about how social equity/environmental justice can be achieved within a trading system. There are also ongoing debates concerning auctioning and/or grandfathering permits. The US has observed the windfalls received by some companies in Europe and this is influencing the debate away from grandfathering and towards high levels of auctioning. How carbon markets can be used to mobilise and develop new technologies was highlighted as a topic for debate. Finally, the issue of complementary policies to support cap and trade was raised ie what other successful policies have been implemented in Europe that help develop technologies and limit emissions. What measures are necessary to complement a trading system and support it?

Competitiveness and the impact of climate policies upon this, was raised as a topic for potential broader discussion. This links strongly to the debate on the way forward for and future cap and trade systems. The real economic and broader impacts of cap and trade were highlighted as an area where information sharing would particularly be of use. There often appears to be misinformation circulating regarding impacts of the EU ETS per se, but there is currently no clear source of data to rebut comments.

Transport and Biofuels

Concerns over emissions from transport continue to grow as the sector's proportional contribution to the greenhouse gas balance expands. Aviation's contribution is a key area of debate, at least today in Europe. However, this was not highlighted as a priority area for debate among participants. Biofuels for the transport sector was, however, considered to be a vital element of any transatlantic discussion among NGOs. The issue of the exponential expansion of this sector, the rapidly evolving incentives for its growth, lack of clarity regarding impacts and lack of mitigation measures in place to enable the sector's controlled and environmentally responsible development were seen as fundamental.

Biofuels are an issue that civil society on both sides of the Atlantic is trying to address. The policy framework under development today is likely to be central in maximising biofuel's positive environmental and socio-economic impacts, while minimising the negative impacts. The EU recently reaffirmed its commitment with a more stringent, mandatory target proposed by the European Commission for biofuels contribution to the transport fuel mix. The debate in the U.S. is also very active, there is considerable momentum driven by political leaders pushing for energy legislation addressing energy security concerns.

The issue of standards for biofuel development to ensure their sustainable production is a global and a domestic debate with many models being developed. This dialogue offers an opportunity to revisit the issues and pull together a more common understanding of what is practical, possible and desirable.

When discussing biofuels participants stated it will be important to highlight links to the other options for the transport sector. In particular, the issue of vehicle efficiency standards and Carbon Dioxide targets for car manufacturers was raised.

The Role of Coal

The role of coal within a future fuel mix and more specifically Carbon Capture and Storage (CCS) were seen as vital issues. Environmental groups on both sides of the Atlantic are currently grappling with the development and future surrounding this technology. At present demonstration projects are ongoing in both Europe and the US, while attempts are being made to rapidly develop the policy frameworks for managing this technology and dealing with the uncertainties associated with its development.

Participants repeatedly highlighted that CCS would be a useful topic upon which to focus within T-PAGE. It was felt that perhaps lessons could be drawn more broadly in terms of how to deal with new and uncertain technologies. Additionally, the issue of standards and ensuring the environmental and socio-economic quality of development was raised; links were drawn with the biofuels debate ie. both have the potential to offer savings but may result in substantial negative impacts and limited climate gains if environment is not a key driver in terms of designing a policy approach.

One specific topic of interest was how to handle new coal plants, but also more broadly, how CCS and the continued use of coal can be dealt with politically.

Competitiveness and Dealing with Other High Emitters

Politically, the issue of how to address high emitting third countries is seen by some as linked to gaining agreements to stringent binding emission reduction targets. In the US this is seen as a key sticking point with concerns specifically regarding competition from China. The issue of competitiveness was highlighted by participants as significantly impeding the climate debate in the US. A further issue identified were concerns regarding other unchecked sources of emissions specifically from landuse change and deforestation. Brazil and Indonesia are big emitters of emissions associated with deforestation; a hot topic of debate on Capital Hill.

Europe has also placed limits on their foreseen level of emission reductions until action is taken elsewhere. Additionally, conflicting reports are constantly emerging regarding the impact of Europe's climate policies, particularly the EU ETS, on the competitiveness of industry. It was highlighted that in Europe many of the environmental groups are trying to debunk competitiveness as a concern, questioning what exactly the competitiveness of Europe actually means.

It was proposed by some participants that competitiveness and associated concerns be added as a topic for debate under the dialogue. Others, however, felt that this would be covered under the cap and trade topic; where it is a fundamental limitation to policy design. Additionally, others felt that there was a danger of being drawn into an over

inflated debate regarding competitiveness concerns. While the competitiveness issues is crucial to address going forward it was discussed that the dialogue itself should help civil society be able to respond to concerns especially regarding the impacts of the EU ETS. In relation to developing nations and other emitters, while these issues are important it would be desirable to hold a debate in a broader forum. It was felt that competitiveness concerns will remain until there is an effective global mechanism for dealing with greenhouse gas emissions.

Finally, the issue of companies taking differing positions in different localities was raised as a consideration under competitiveness. For example within certain sectors the same company, operating in different regions, will be surviving perfectly well under a cap on emissions in one locality but objecting to it in another. It was highlighted that it is important to understand what the problems in terms of competitiveness really are and to work together to dispel myths associated with certain policies or impacts. By focusing on different priority topics it was hoped it would be possible to help civil society on both sides of the Atlantic understand competitiveness issues. This should be a consideration when discussing any of the priority themes under the project.

Efficiency Standards

Efficiency standards were seen as an effective tool for increasing awareness and reducing emissions across all sectors of society. It was highlighted that there is increasingly a common global market for consumer goods and that efficiency standards set in say Europe and the U.S. would change the market place and potentially drive up standards world wide. Several participants highlighted standards as a possible subject for debate under T-PAGE. Others however, were uncertain as to how the work could add to the debate effectively, as this is a well established tool and the policy processes T-PAGE might link into are perhaps less clear. It was suggested that standards could be used as a unifying theme as the development of quality environmental standards would be important in terms of addressing the efficiency of vehicles, development of biofuels and CCS.

Other Issues

A broad variety of issues were raised and discussed by participants. In addition to the key themes of debate outlined above the following issues of concern were also raised.

- How the debate on voluntary action might be taken forward, ie addressing the emerging market in offsetting and use of voluntary initiatives for industry.
- The future use of nuclear energy as important but perhaps a difficult topic to debate given the forum
- Changing behaviour as a possible theme that might link together the use of technologies and policy instruments. It was commented that behaviour differs based on culture on both sides of the Atlantic.
- Adaptation and the costs of adapting to climate change.
- R&D and its role in developing the technologies to enable emission reduction.