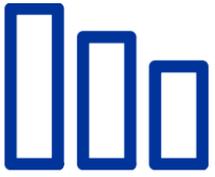


COVID-19 CRISIS & EU CLIMATE POLICIES

5 CHALLENGES & RECOMMENDATIONS TO ADDRESS THEM

By Máximo Miccinilli, CERRE Energy Director

THE EU ETS: THE FIRST VICTIM



The carbon price is sinking, reaching its lowest levels (16€/tonne) since November 2018. It is fundamental that a new proposal to stabilise the carbon pricing system be at the top of the European Commission's post-COVID-19 agenda. It should consider price corridors or, at least, carbon floors to ensure coherence across the bloc for the next decade.

2030 CLIMATE PLAN: NO COVID-19 SCENARIO



Europe's plan to achieve 40% or more than 50% GHG emissions reduction targets compared to 1990 levels by 2030 is at risk. The Commission should urgently include in the modelling exercise the implications of a global sanitary-economic crisis of the magnitude of COVID-19.

EEAGs : THE NEED FOR FLEXIBILITY



The upcoming revised Guidelines on State aid for environmental protection and energy will have to be carefully calibrated. It should be a flexibility tool to soften the effect of COVID-19 in strategic sectors of the EU economy. The lessons learnt from the State aid Temporary Framework should be integrated in the new guidelines. It will help ensure that the energy system will not be hampered in the wake of the crisis and that affordable supplies to all consumers post-crisis can be secured.

DISTRIBUTIONAL EFFECTS ON THE RISE



The implementation of new regulatory frameworks driven by GHG emissions reduction targets may have an impact across different segments of the society. The Commission should set up an EU Observatory for Distributional Effects of the Energy Transition to provide instruments to identify "sensitivity areas for distributional effects".

A GREATER ROLE FOR REGULATORY AUTHORITIES



The COVID-19 crisis is a dramatic challenge for some citizens deprived of regular income. Regulatory authorities should acquire a greater role in the governance of the European National Climate and Energy Plans. This should provide a significant contribution to the improvement of vulnerable consumers' conditions.

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