Dan Barlow

This briefing highlights the EU framework that relates to climate change policy and explores the implications that leaving the EU may have on Scotland’s approaches to tackling climate change.

The briefing also sets out some views on how alternatives to EU membership may impact on Scotland’s efforts to tackle climate change.
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EXECUTIVE SUMMARY

It is too early to say what the impact of leaving the EU will be on Scotland’s approaches to tackling climate change. However the EU has established several frameworks and initiatives that set targets and approaches aimed at supporting EU wide action on climate emissions and these have an influence on emissions from Member States. Examples include the EU-wide target to reduce climate emissions by at least 40% by 2030 and the Emissions Trading System (EU ETS) policy that seeks to curb emissions cost effectively from the energy and industrial sectors.

The UK and Scottish Government have each established legally binding climate targets. The targets for 2050 set by Scotland, the UK and the EU are of similar ambition and for 2030 Scotland and the UK have set goals that are more ambitious than those set by the EU.

Leaving the EU does not remove the UK or Scotland’s legally binding targets. However plans to meet these goals rely on a mix of measures that include EU initiatives. Scotland’s plans to meet the goals set out in the Climate Change (Scotland) Act 2009 rely on a mix of Scottish, UK and EU measures. In the transport and waste sectors, in particular, significant planned emission reductions are attributed to EU measures (e.g. vehicle standards to reduce emissions). Similarly the EU wide framework on energy has implications for domestic decisions on energy generation and efficiency that influences emissions.

In view of the role that EU approaches play in cutting emissions in the UK and Scotland the UK Committee on Climate Change has highlighted how UK and Scottish policy would need to be developed or adapted to deliver UK and Scottish emission reduction goals.

The nature of the impact that leaving the EU may have on Scotland’s approaches to tackling climate change is also likely to depend on the nature of any subsequent relationship that the UK and, or Scotland has with the EU, and the policy approaches adopted. A closer look at possible scenarios post-UK membership of the EU highlights a range of potential implications for energy and climate policy. Participation in the European Free Trade Area (EFTA) and European Economic Area (EEA) would result in many of the EU energy and climate policies applying albeit some have suggested that the UK would lose its ability to shape the development of policies in this area that may subsequently apply through the EEA approach. Outwith the EU, EEA and EFTA Scotland could choose to develop a wide range of new or different approaches.
INTRODUCTION

On 23 June 2016, the United Kingdom voted in a referendum to leave the European Union (EU). This is one of a series of briefings which examine the implications of leaving the EU for Scotland in a number of policy areas.

EU CLIMATE POLICY

The EU has set itself targets for reducing its greenhouse gas emissions to 2050. The 2020 climate and energy programme that was agreed in early 2008 included a target to reduce carbon emissions by 20% by 2020. Under the EU-wide target different member states agreed individual targets and the UK committed to a 16% reduction in UK greenhouse gas emissions by 2020. Since then:

- In 2011 the EU published A Roadmap for moving to a competitive low carbon economy in 2050. The document included a commitment to cut EU emissions by 80% by 2050.
- In 2014 as part of the EU 2030 climate and energy framework EU leaders agreed to a higher binding target of reducing EU emissions by at least 40% below the 1990 level by 2030.
- In 2015 the EU launched the Energy Union to support a more integrated European energy policy and focuses on five key areas of supply security; energy market; energy efficiency; emissions reduction; and research and innovation (Bolton et al 2016)

There are several significant EU policies that seek to cut emissions. These include the:

Emissions Trading System (ETS): The EU ETS seeks to reduce industrial greenhouse gas emissions cost-effectively. The sectors involved in the EU ETS are responsible for around half of Europe’s carbon emissions. It is the world’s first major carbon market. The ETS is in its third phase and this includes a single EU-wide cap on emissions and a move to greater reliance on the auctioning of emission allowances (rather than free allocation).

Effort Sharing Decision: Under this approach the EU wide emission reduction targets are broken down into binding annual greenhouse gas emission targets for each Member State for the period 2013-2020. The targets relate to emissions from most sectors not captured by the EU ETS (e.g. buildings, agriculture, waste and transport (other than aviation/shipping).

Funding innovation: EU funding has been provided to support innovative renewable energy development projects and carbon capture and storage.

Action on fluorinated gases: The EU has adopted regulations that seek to cut emissions of fluorinated gases (powerful greenhouse gases) by two-thirds by 2030.

In 2013 the European Commission also adopted an EU adaptation strategy. The strategy has three objectives:

- Encourage all Member States to adopt adaptation strategies and provide guidance and funding to help them build adaptation capacity and take action.
- Promote informed decision-making by addressing knowledge gaps and developing an ‘Adaptation Platform’ as a source of information.
- Support action in sectors that are specifically vulnerable e.g. agriculture fisheries and infrastructure.
PARIS 2015

The UK is an individual signatory to the Paris Agreement and also contributed to the preparation of the European Union’s collective ‘intended nationally determined contribution’ (INDC) ahead of the 21st session of the Conference of the Parties (COP21) to the UNFCCC in Paris. The INDC includes a joint target for the 28 Member States to reduce their total annual emissions of greenhouse gases by 2030 to 40 per cent lower than they were in 1990. Outside the EU the UK will be expected to provide its own INDC.

UK Climate Policy

The Climate Change Act 2008 commits the UK to reduce greenhouse gas emissions by at least 80% from 1990 levels by 2050. The Act also:

- Requires the Government to set up interim five-yearly ‘carbon budgets’ for GHG emissions.
- Establishes the Committee on Climate Change (CCC) to provide advice to the Government on emissions targets and report on progress towards these.
- Requires the Government to produce a National Adaptation Plan that assesses the risks to the UK from climate change and prepares a strategy to address them.

In June 2016 the UK Government agreed to set the fifth carbon budget (2028-2032) in line with the recommendation made by the CCC that the budget achieves a 57% reduction in emissions by 2030.

Scottish Climate Policy

In 2009 the Scottish Parliament passed the Climate Change (Scotland) Bill unanimously. The Act:

- Creates the framework for achieving emission cuts and sets an interim target of at least a 42% cut by 2020 and at least 80% cut by 2050.
- Requires Scottish Ministers to set annual targets in secondary legislation in batches for the period 2010 to 2050.
- Enables Scottish Ministers to establish a Scottish Committee on Climate Change or designate an existing body to provide the advisory functions required.
- Places duties on Scottish public bodies to contribute towards meeting the emission targets set in or under the Act.
- Makes a range of further provisions including a requirement on Scottish Ministers to set out a climate change adaptation programme.

The annual targets have to be set in batches. Subsequent to each batch of annual targets being set the Scottish Government must lay a draft report detailing the proposals and policies for meeting annual targets before the Scottish Parliament ‘as soon as reasonably practicable’.

The plan, ‘Low Carbon Scotland: Meeting the Emissions Reduction Targets 2010-2022: The Report on Proposals and Policies’ (Scottish Government 2011), often known as RPP1 was

The Scottish Government have stated that they plan to lay the next draft RPP (detailing proposals and policies to meet Scotland’s emission reduction targets to 2032) in the Scottish Parliament ‘towards the end of 2016’ (Scottish Government 2015).

In May 2014 the Scottish Government published Climate Ready Scotland Scottish Climate Change Adaptation Programme (Scottish Government 2014).

HOW EU MEMBERSHIP CURRENTLY IMPACTS ON CLIMATE CHANGE POLICY IN SCOTLAND

As shown in Table 1 the UK and Scotland have adopted targets that are more ambitious than those set by the EU for 2030 and the same as those set for 2050.

Table 1: EU, UK and Scottish greenhouse gas emission reduction targets

<table>
<thead>
<tr>
<th></th>
<th>% reduction in emissions from 1990 levels</th>
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<tr>
<td></td>
<td>By 2030</td>
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<tr>
<td>Scotland</td>
<td>64%</td>
</tr>
<tr>
<td>UK</td>
<td>57%</td>
</tr>
<tr>
<td>EU</td>
<td>40%</td>
</tr>
</tbody>
</table>

Leaving the EU does not remove the legally binding UK or Scottish climate targets under the Climate Change Act (2008) or Climate Change (Scotland) Act 2009. However in a number of ways EU climate policies have a significant influence on how targets may be achieved. The UK CCC (2016) have identified that EU-level policies are set to account for 55% of the emission reductions required by the UK by 2030.

The Scottish Government cites the influence that policies out-with Scotland’s have on emissions here (Scottish Government 2015b):

‘Scottish emission levels also depend to a significant extent on policies at UK and EU level.’

RPP2 sets out the measures aimed at meeting Scotland’s emission targets and is structured around key emission sectors e.g. energy, homes and communities and transport. For each sector the document details whether the control of policies or proposals rests at an EU, UK or Scottish level. In the transport and waste sectors significant planned emission reductions are attributed to EU measures (e.g. vehicle standards to reduce emissions). Table 2 highlights the significant role that EU policy plays in the Scottish Government plan to cut emissions from the transport sector in 2020, with EU policy accounting for two-thirds of the planned abatement.
Table 2: RPP2 Transport Policies and Proposals – emission reductions (kilotonnes carbon dioxide equivalent per year KtCO₂e)

<table>
<thead>
<tr>
<th>Policies</th>
<th>EU, UK or Scottish</th>
<th>Annual Abatement (KtCO₂e) 2020</th>
</tr>
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<tbody>
<tr>
<td>Decarbonising Vehicles (EU Directives)</td>
<td>EU</td>
<td>1243</td>
</tr>
<tr>
<td>EU legislation on new vehicle emissions standards and on the proportion of transport fuel that must be comprised of biofuels.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decarbonising Vehicles</td>
<td>Scottish</td>
<td>282</td>
</tr>
<tr>
<td>Measures to increase the adoption of electric vehicles, low carbon buses, hybrid ferries and encourage biofuels.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable Communities</td>
<td>Scottish</td>
<td>139</td>
</tr>
<tr>
<td>Promoting sustainable and active transport through the provision of integrated public transport, travel planning, developing cycling and walking infrastructure and encouraging the expansion of car clubs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Efficiencies</td>
<td>Scottish</td>
<td>121</td>
</tr>
<tr>
<td>Engaging with businesses to support for workplace travel-planning and advice to encourage fleet efficiency improvements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Network Efficiencies</td>
<td>Scottish</td>
<td>36</td>
</tr>
<tr>
<td>Applying Intelligent Transport System (ITS) tools and the use of average speed cameras to promote fuel efficient driving</td>
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Similarly the EU wide framework on energy has implications for domestic decisions on energy generation and efficiency and in this way influences emissions. RPP2 highlights how the EU emissions trading system impacts on Scotland’s progress in cutting emissions in some areas (Scottish Government, 2013a):

‘When the Scottish Parliament was considering the Climate Change (Scotland) Bill in 2009, the expectation among those scrutinising the Bill was that the EU would strengthen its 2020 target to require a 30% reduction in greenhouse gas emissions. The number of emissions allowances in the EU Emissions Trading Scheme would be reduced as a consequence and this would provide a greater incentive for accelerated action on emissions from large emitters in Scotland such as electricity generation and heavy industry. However, stalling international climate change negotiations have so far limited further progress in Europe and constrained the contribution that the so-called ‘traded sector’ is making to cutting emissions in Scotland.’
REACTION TO THE DECISION TO LEAVE THE EUROPEAN UNION

INTERNATIONAL AND EU POLICY

On international climate policy it has been suggested (Marcantonini 2016) that the UK’s leverage on international climate policy is likely to be reduced:

‘Brexit will probably reduce the international leverage of UK. In climate negotiations a country’s influence depends significantly on its share of global emissions and wealth. As a member of EU, the UK had access to the table of the major players, while, out if EU, it risks being moved to a secondary position.’

In evidence to the House of Lords Select Committee on the European Union (House of Lords 2016) Professor Michael Grubb echoed this sentiment that about the UK role in international climate diplomacy:

‘…the hard and obvious question for the UK is not only that its exit will weaken the EU in but where does the UK sit?.. on its own it would have very little leverage.’

The Grantham Research Institute on Climate Change and the Environment have suggested (Ward 2016) that it will be more difficult for the European Union to achieve the target contained in its INDC without the UK given that the UK has cut emissions at a faster rate than the average for the European Union. In addition it was expected that the UK would have taken on a reduction target greater than EU average as part of the EU’s effort sharing decision about achieving the EU-wide 40% target.

UK

Leaving the EU does not remove the legally binding UK or Scottish climate targets under the Climate Change Act (2008) or Climate Change (Scotland) Act 2009.

However in its most recent progress report, the Committee on Climate Change (CCC 2016a) notes that while leaving the EU the latter does not alter the need to reduce emissions or the scale of that reduction, but might have an impact on how the UK’s carbon budgets are met

‘Insofar as the Leave vote leads to a removal or weakening of policies that derive from the EU (e.g. new car emissions standards, the EU Emissions Trading System, Directives on waste and F-gases), UK policies will have to be developed that meet the UK commitments. It is too early to say what the impact of the vote will be or how UK policy should seek to evolve – the Committee will publish an analysis of this issue in the autumn.’

In October 2016 the CCC published a report on the implications of Brexit for UK climate policy (CCC 2016b). The CCC suggest that in several areas where EU policies are working well to cut emissions the UK should seek to either remain in these schemes or replicate them. The CCC identify a number of such initiatives including:

- Product and efficiency standards - new vehicle efficiency standards, energy efficiency product standards and labelling.
- The EU ETS
- Sector targets e.g. to reduce landfill waste and increase the uptake of biofuels

The CCC have also recommended that the UK improves on some EU policy approaches to cut emissions, for example the Common Agricultural Policy (CAP) by developing a UK framework
that links support for farming more closely with achieving emission reductions.

Claudio Marcantonini of the European University Institute has suggested that outside of the EU INDC commitments the British government can ‘potentially submit more ambitious INDC and freely decide to implement stronger climate policy’, on the other had they have also suggested that the ‘UK will probably go through a period of economic and political instability that might move climate policy down the priority list.’

Marcantonini has also suggested that given the integration of the UK energy market with that of the rest of Europe and the UK’s participation in the EU ETS significant negotiations in these areas will be required to identify if, and how, the UK participate in these systems.

**SCOTLAND**

In the context of the UK vote to leave the EU and the impact this may have on climate policy in devolved nations the CCC (2016) have stated that:

‘The vote to leave the EU may have an impact on how emissions reductions are delivered in the devolved administrations. A number of EU policies currently contribute to cost-effective emission reduction. To meet domestic emission reduction commitments it will be necessary to agree new arrangements or adapt existing arrangements, as appropriate. It is too early for the Committee to assess the precise balance under the new arrangements.’

As part of the UK many of the impacts associated with leaving the EU for the UK will also apply in Scotland. In a briefing for ClimateXchange Bolton et al (2009) highlights some issues related to Scotland’s energy future and relationship with the EU:

‘The prospect of Scotland retaining some form of EU membership or close association raises a distinct set of issues. Many of the debates about Scottish energy futures which arose during the 2014 independence referendum campaign – such as the creation of an independent Scottish regulatory authority and the future of the integrated market in Britain - will need to be revisited, now under different circumstances.’

**HOW MIGHT ALTERNATIVES TO EU MEMBERSHIP AFFECT CLIMATE CHANGE POLICY**

The EFTA website states refers to the alignment between the climate policies of the EU and EEA EFTA States:

‘They have binding greenhouse gas (GHG) emission reduction targets for 2020, and a similar set of instruments to achieve them, adopted mainly as part of the 2009 Climate and Energy Package. Most of the legislation implementing that package is EEA relevant and has been or is in the process of being incorporated into the EEA Agreement. Examples include the Directive establishing the Emissions Trading System (ETS), the Renewable Energy Directive, the Fuel Quality Directive, and the Regulations setting emission performance standards for new passenger cars and light commercial vehicles...’
In advance of the Paris 2015 Climate Summit the EEA EFTA States announced emission reduction targets equivalent to the EU 2030 target of a reduction of at least 40% below 1990 levels by 2030. Since then Norway and Iceland have announced their intention to meet their GHG emission reduction target for 2030 jointly with the EU and its Member States and the EFTA website states that this allows them the same flexibility in meeting these targets as EU Member States:

‘One of the reasons why Norway and Iceland are interested in joint fulfilment in the context of the 2030 framework is that they want the same flexibility as EU Member States for achieving their targets also for sectors not covered by the ETS. Flexibility mechanisms that would allow Member States to count emission reductions taking place in another Member State towards their national targets are currently being discussed at EU level…the EEA EFTA States might well want to make use of such flexibility mechanisms to achieve at least part of their emission reduction targets.’

The global law firm Norton Rose Fulbright (2016) have proposed that if the UK adopted an approach of participating in the EEA and EFTA it could then participate in the EU ETS:

‘If Brexit used the EEA + EFTA model, then, like Norway, Lichtenstein and Iceland, UK industry would be able to participate in the EU cap and trade scheme. If the UK did not participate in the EU ETS, transitional and linking arrangements would be required, which would be particularly important for companies holding a surplus of allowances.’

They have also suggested that if it chose not to follow the EEA and EFTA model the UK could choose to follow significantly different approach to renewable energy:

‘the UK would be released from its renewable energy targets under the EU Renewable Energy Directive and from EU state aid restrictions, potentially giving the government more freedom both in the design and phasing out of renewable energy support regimes. The availability of funding from EU institutions may impact the deployment of capital intensive projects such as offshore wind… However, given that the UK would still be bound by national and international decarbonisation obligations… it is anticipated that renewable and low carbon energy development would continue to form part of UK Government climate change policy.’

In their paper The Impacts of Brexit on Energy and Climate Policy Chatham House (2016) have set out the implications of a range of alternatives to EU membership for UK climate and energy policy. They suggest that the implications will depend on a number of factors including:

• The degree of access to the European gas and electricity markets;

• The extent to which the UK would lose the capacity to influence EU decision-making on energy policies, relative to what it would gain in terms of sovereign power to design distinct national energy policies;

• The ease with which a deal might be negotiated with other EU states and institutions.’

The authors explored five ‘Brexit models’ and describe the key elements of each of these as follows:

<table>
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<th>Model</th>
<th>Key elements</th>
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<tr>
<td>Norway</td>
<td>• Membership of EFTA and EEA</td>
</tr>
<tr>
<td></td>
<td>• Fully integrated in EU single market</td>
</tr>
<tr>
<td>Country</td>
<td>Energy Community</td>
</tr>
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<td>-------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>- Adopts vast majority of EU energy legislation, but with significantly less influence over its contents and with no formal voting power</td>
</tr>
<tr>
<td></td>
<td>- Contributor to EU budget</td>
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The authors concluded that

‘All five Brexit models would undermine the UK’s influence in international energy and climate diplomacy. The UK would no longer play any direct role in shaping the climate and energy policies of its EU neighbours, at a time when the EU’s proposed Energy Union initiatives offer the prospect of a more integrated and effective European energy sector. A decision to leave the EU would make it easier for a future UK government to change direction on climate policy, since only a change in domestic legislation would be required.’
In evidence to the House of Lords Energy and Environment Sub-Committee of the Select Committee on the European Union (2016), Anthony Froggatt of Chatham House was questioned further on the potential for the UK to change direction on climate policy. Mr Froggatt noted that while the UK fifth carbon budget provides a framework for emission reductions to the period to 2032:

‘…if we look ahead to one or two Administrations away from now, they may be less supportive of the Climate Change Act and, potentially, could seek to overturn it. The EU created another framework by which the UK was bound on climate change actions.’

**SOURCES**


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