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OPINION

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CONTRIBUTION OF PUBLIC SERVICES' PROVIDERS TO CLIMATE ACTION FOR A SUCCESSFUL AND AMBITIOUS COP21

Executive summary

- Ahead of the COP 21 in Paris, CEEP calls for the conclusion of an **ambitious and robust climate agreement that includes binding commitments**. These should be regularly reviewed and strengthened by all parties.
- **Public services providers** support ambitious climate action. They are committed to climate action through their **business culture** and their sectors of activity. Their approach is based on the logics of sustainability, taking into account its environmental aspects, as well as its economic and social dimensions
- **Mitigation** policies should take a comprehensive approach and be structured around **resource efficiency** and **decarbonisation**. Public services sectors such as transport, telecommunications, energy, waste management and water treatment, as well as R&D have an important mitigation potential. In order to fully exploit this potential, the current orientation in Europe to put into place a European Emissions Trading Scheme (ETS) must imperatively provide a true and fair carbon price, creating a level-playing field in order to incentivise investments that foster the decarbonisation of the European economy.
- **Adaption** policies should be seen as complementary to mitigation policies as they provide measures needed to **tackle the negative consequences due to climate change**. Adaptation measures should include the protection of infrastructure in order to increase their resilience. The implications of climate change on sectors such as water, energy and transport, need to be urgently considered.
- **Climate change policies cannot ignore the investment challenge**. There is a strong economic case for investing in climate action as this will create the sustainable growth and jobs Europe needs. In order to unleash the full potential of investments in climate-friendly solutions, private investment needs to be underpinned by public investment.

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Our expectations for the EU at COP 21

In view of the United Nations Climate Change Conference COP 21 in Paris, CEEP encourages the European Commission to work for an ambitious and robust agreement. COP 21 can indeed be seen as the conference of the "last chance" and should therefore lead to an agreement that includes binding commitments that are regularly reviewed and strengthened by all parties.

The current bottom-up approach decided in Lima in December 2014 has the potential to give new impetus to the negotiations. This is crucial given the reality of the risk related to the climate and the alarming signals pointing to the difficulty to prevent major climate change.

In this context, CEEP welcomes the EU's Intended Nationally Determined Contribution (INDC), including the commitment to a 40% reduction of greenhouse gas emissions as a crucial and important pillar of the EU's climate action.

All social groups in the EU Member States must face up to these challenges and be mobilised to fight against climate change, having in mind its consequences that are still seldom assessed, but that will certainly have a huge impact on European citizens. Public services' providers, brought together within CEEP, are particularly committed to climate action:

- Through their business culture that puts services in the interest of the public at the centre of their values.
- Through the sectors in which they are active and that are called to play a central role in climate policies.

Therefore, through their daily action, CEEP members are already involved in these policies. As they are close to those who suffer from the consequences of climate change, CEEP members are not only committed to mitigation policies, but are active on adaptation policies already today.

In general, climate policies have to follow the logics of sustainability: If, obviously, the climate and the environment are major concerns, governments and politics also have to concentrate their focus on the economical dimension (competitiveness of the different sectors of the European economy, job creation in Europe, services of general interest as the basis for a stable European community and a functioning economy) as well as on the social dimension (social progress and consumer protection, in particular of the most vulnerable ones). Such a balanced approach is a condition sine qua non of the acceptance of climate policies by European citizens.

Our commitment to mitigation policies

Even though mitigation of climate change remains a major objective, it has to be acknowledged that many expect that it will get more and more difficult to limit the global temperature increase to 2 °C. Many analyses see a confirmation of this tendency in the development of catastrophes linked to the climate. However, the limitation of global warming remains a crucial objective as it is indispensable to limit its consequences. Therefore, mitigation policies should remain at the centre of climate policies.

These policies should be structured around two main ideas: resource efficiency and decarbonisation. Public services' providers, represented by CEEP, are particularly involved in such mitigation measures:

- Besides the continuous attempt of CEEP members to achieve a higher efficiency of transport modes (such as rail or aviation), the reflection on how transport, in particular in urban areas, is organised, is an important source of efficiency and a substantial contribution to the decarbonisation of transport systems. For example, this is true for the development of collective transport modes in urban and suburban areas that set incentives to switch to transport modes that are considered more climate friendly, like rail or e-mobility. Besides, public transport and urban planning need to be more consistent thanks to different tools such as multiannual sustainable urban mobility plans as well as company mobility plans. In addition, rural zones should not be forgotten.
- In the telecommunications sector, new technologies, linked to a change of behaviour among users, allow to realise important efficiency gains by increasing, for example, remote work, video conferences and new ways of working. For this, the appropriate infrastructure has to be created and qualification programmes have to be aligned. However, it is crucial to ensure that these new technologies remain energy efficient.
- The energy sector plays a crucial role when it comes to mitigation policies as its players are involved in energy efficiency policies that contribute not only to the limitation of climate change, but also to an increase in competitiveness and security of supply. Moreover, through the choice of their investments, CEEP members in the energy sector contribute to the decarbonisation of the energy system (low carbon technologies).
- With regard to waste management, the overall objective should be to achieve a circular economy with prevention as first goal, completed by the introduction of measures fostering eco-design. Moreover, recycling and recovery of waste instead of landfilling allow to reduce emissions of methane and can replace fossil energy sources. Therefore, CEEP members are also active in the field of recycling and waste to energy solutions, in those cases where recycling is not possible in a sustainable manner.
- In the water sector, CEEP members foster the realisation of energy potentials with regard to waste water treatment plants.
- With regard to all sectors, further efforts on Research and Innovation are indispensable in order to develop and implement the most efficient technologies. For example, this is the case for smart grids. In a similar way, the knowledge and exchange of the best practices can play a crucial role in this process.

In order to implement these orientations, appropriate tools are available, whether standards on equipment or the definition of a carbon price, determined by a system of tradable emission permits or by a tax. The current orientation in Europe is to put into place a European Emissions Trading Scheme (ETS) that must imperatively provide a true and fair carbon price that creates a level-playing field in order to incentivise investments that foster the decarbonisation of the European economy. In this

context, it is absolutely crucial to ensure that European policies don't create unjustified distortions among different representatives of one sector. This is particularly true for the energy and transport sector. In this sense, the different transport modes (rail, road etc.) need to be treated equally.

Our contribution to adaptation policies

Adaptation policies do not contradict in any way mitigation policies whose importance has been underlined above. However, as soon as climate change can be observed, even if in a limited way, adaptation policies should be seen as complementary to mitigation policies. Even though the first effects of climate change are more visible outside Europe, our continent is not protected by its consequences. Adaptation policies are key elements of the answers to the negative consequences due to climate change, such as extreme temperatures, floods, extreme climate phenomena, variability of precipitation and hydrological regimes.

Several of these risks lead to a change in consumption: This is, for example, the case of a higher need of electricity consumption due to a higher need of cooling technologies. These behaviours, however, don't refer to adaptation measures that relate rather to the improvement of the resistance or resilience of infrastructure.

All sectors are affected by the appearance of more and more powerful climate phenomena as well as by more and more frequent rising waters and floods. The first adaptation measures consist in the protection of infrastructure in order to make it more resistant and resilient. This can happen through additional investments (such as the construction of protective sea walls), through the adaptation of operating procedures (such as the management of water used by a power plant) or as well through the establishment of teams that are able to restore services for consumers (such as the restoration of power of a railway line or of telecommunications infrastructure systems):

- In this context, the water sector is particularly affected by the need for management of rising waters and floods that can cause a deterioration of the quality of drinking water and the reversal of waste water flows. This requires the construction of dykes and retention basins.
- The energy sector is as well particularly affected by the modification of hydrological regimes linked to climate change that has a direct impact on the management of hydroelectric dams. The latter do not only contribute to electricity production, but also to the control of rising water and irrigation policy, without forgetting the obligation to keep a minimum flow. The grids will be affected by climate phenomena and has to be made more resistant or resilient. Moreover, maintenance and reconstruction lead to additional investments.
- The transport sector needs support (scientific advice, meteorological data, research funding) to define and adopt new standards in order to adapt its equipment to extreme weather events such as waves of extreme heat. As regards measures undertaken by infrastructure managers for both road and rail, already today plans for new infrastructure are moved to higher terrain, further away from rivers and streams, and dimensions for drainage systems is greatly increased.
- As the first consequences of climate change are already present, it is necessary to also adjust urban planning and development accordingly.

Generally speaking the knowledge and awareness of adaptation context and policies is very low. Therefore, the European Union could usefully help to better train decision-makers and executives on this important topic.

It has to be underlined that adaptation policies lead to additional investments, new methods of exploitation of resources as well as job creation. The economic model that justifies these expenses is of another nature than the one that justifies mitigation policies: It reflects the insurance against a risk that one hopes does not become reality.

Our expectations on financing and international cooperation

Investing in climate action is investing in growth and jobs. An ambitious EU climate action therefore fits very well in the current jobs and growth narrative developed by the European institutions as a response to the overall challenges faced by European economies and societies as a whole. Therefore, investment decisions should be oriented towards measures supporting climate action. Moreover, private investment needs to be underpinned by public investment in order to unleash the full potential for growth and job creation.

Without wanting to undermine the high importance of mitigation measures in Europe, it is crucial to recall that European carbon emissions only represent 11 % of global emissions. Therefore, climate policies within Europe have to be completed by global efforts (e.g. the increase of emissions in China between 2011 and 2012 is superior to the total amount of emissions of the United Kingdom).

This context shows the need to put an international cooperation into place in order to contribute to climate policies also outside Europe. CEEP members are contributing to this cooperation:

- The provision of climate-friendly technologies which are mostly developed in industrialised countries: A business model needs to be found that allows developing countries to access these technologies at a sustainable price without disincentivising the efforts undertaken by enterprises in industrialised countries.
- Training programmes and exchange of best practices can be seen as an efficient way to advance with regard to the different steps towards the implementation of a measure, from the choice of technologies to the financial planning.
- The development and implementation of multiannual planning tools for cities as the rapid growth of megacities in emerging countries is a major challenge in the climate action context.

In order to reach climate goals huge investments will be needed. Investing in climate action can foster sustainable economic growth and new jobs. But the fight against climate change has its price. Independently of redistribution mechanisms in place, this price will ultimately have an impact on the competitiveness of the enterprises and the purchasing power of households. The public acceptance of these climate policies is conditional on their efficiency, their legibility and their reliability. However, it does not exempt from corrective measures that allow to maintain the purchasing power of the most vulnerable consumers (social transfer mechanisms) and to maintain the competitiveness of the European industry (carbon leakage measures).

Cooperation between high income countries and low and middle income countries must be strengthened. Financing mechanisms or development aid needs to be reoriented towards the most efficient technologies. And red tape needs to be cut.

CEEP highlights the contribution which social partners can make to maximize the growth and job creation potential of measures to reach the climate goals, in its governance and concrete implementation. It can represent a success factor in the transition to a more sustainable economy, in particular through reinforced training, up-skilling and re-skilling of workers as well as the improvement of the current European framework on recognition of competences.

Finally, these politics should be coherent with other national or European policies, such as the implementation of the Energy Union and the Digital Single Market, as well as with initiatives at the local level, such as urban planning. They have to be implemented with a pragmatic approach that is closely linked to the respect of the principle of subsidiarity in order to take into consideration the enforcement competence of governments and of providers of services of general interest and thus the diversity of the European economy.