

European Climate Law

General assessment of the proposal

1 The participation logic must go beyond good intentions

Energy Cities welcomes the reinforced climate ambitions within the European Green Deal and the strong rhetorical emphasis on the notions of fairness and participation in the proposed climate law. However, beyond positive wording, the regulation fails to grant proper consideration to the contribution of local and regional authorities in delivering the climate neutrality objective, despite the central role they play in transforming the EU economy into a resilient and climate-proofed system with the equal contribution of all economic operators.

2 Local authorities should be able to report threats to climate neutrality targets

Local governments appreciate the recognition that all EU legislations and policies should align with the objective of climate neutrality and that the Commission shall revise any existing rule that would stand in the way of reaching this target. As representatives of cities, we however regret that the regulation includes no legal mechanism to enable local authorities to report on obstacles – often posed by national legislation or measures – they regularly face in the implementation of their climate neutral strategies.

3 The EU economic governance should be climate-proofed

In addition, Energy Cities strongly deplores that the proposed law does not include any framework or process aimed to align the EU economic governance to the climate emergency. The twin challenge of climate mainstreaming and climate proofing should indeed be enshrined in this regulation and be applied to all EU funds and programmes as well as to Member States' fiscal and budgetary policies. Indeed, although one recital mentions the need to "integrate climate change related risks into investment and planning decisions», no article refers to how this would be implemented in practice. The climate emergency is pushing local and regional authorities to design robust economic relocation and diversification strategies. In order to be supported in their efforts, they need to be given the right signal from above.

Proposed amendments

Text proposed by Commission

Amendment proposal by Energy Cities

Amendment 1 Recital 1

The Commission has, in its Communication of 11 December 2019 entitled 'The European Green Deal'19, set out a new

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European Climate Law

growth strategy that aims to transform the Union into a fair and prosperous society, with a modern, resource-efficient and competitive economy, where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive, leaving no one behind.

prosperity strategy that aims to transform the Union into a fair society, with a modern, resource-efficient and competitive economy, where there are no net emissions of greenhouse gases in 2050 and where economic **metrics are no-longer based on growth, but on social and environmental sustainability**. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive, leaving no one behind.

Justification

There exists now a broad scientific consensus around the fact that economic growth *cannot* be decoupled from sustainable resource use, given that these resources are by nature finite. A change of paradigm is more than ever needed. This is what the young climate activists are calling for, the same activists who, according to Vice President Timmermans, have actually prompted the European Commission to propose the Green Deal.

Amendment 2 Recital 6

(6) Achieving climate neutrality should require a contribution from all economic sectors.
In light of the importance of energy production and consumption on greenhouse gas emissions, the transition to a sustainable, affordable and secure energy system relying on a well-functioning internal energy market is essential. The digital transformation, technological innovation, and research and development are also important drivers for achieving the climate-neutrality objective.

(6) Achieving climate neutrality should require a contribution from all economic sectors.
In light of the importance of energy production and consumption on greenhouse gas emissions, the transition to a sustainable, affordable and secure energy system relying on a well-functioning internal energy market is essential. **Beyond transnational considerations, this transition will also require a greater push towards "energy sufficiency", whereby all opportunities to reduce or optimize energy needs are being harnessed.**
The digital transformation, technological innovation, and research and development are also important drivers for achieving the climate-neutrality objective.

European Climate Law

Justification

Climate neutrality will not be achieved solely through cross-border market integration or technological innovation. It will require innovative local processes allowing each territory to become more resilient and less dependent on energy imports or technology upgrades. These innovative processes, such as harnessing waste heat or planning urban developments more efficiently, already exist and should be widely scaled up.

Amendment 3 Recital 19

The Commission should ensure a robust and objective assessment based on the most up to date scientific, technical and socio-economic findings, and representative of a broad range of independent expertise, and base its assessment on relevant information including information submitted and reported by Member States, reports of the European Environment Agency, best available scientific evidence, including the reports of the IPCC. Given that the Commission has committed to exploring how the EU taxonomy can be used in the context of the European Green Deal by the public sector, this should include information on environmentally sustainable investment, by the Union and Member States, consistent with Regulation (EU) 2020/... [Taxonomy Regulation] when such information becomes available. The Commission should use European statistics and data where available and seek expert scrutiny. The European Environment Agency should assist the Commission, as appropriate and in accordance with its annual work programme.

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Justification

Local and regional governments, some 10,000 of which are committed to the Covenant of Mayors, are on the frontline of implementing the EU energy and climate objectives, whether through their own voluntary targets or to support national or European ambitions. As such, reports on the progress of their policies should be considered in relevant national and Union policies, such as the National Energy and Climate Plans. In addition, cities

European Climate Law

should be able to count on the EU and national support in addressing any obstacle met along the way.

Amendment 4 Recital 24 (New)

Local and regional authorities are key allies of the EU in reaching the climate neutrality target, with some 10,000 of them committed to the European Covenant of Mayors initiative. Cities and regions' contributions will thus be instrumental in progressing along the trajectory and the Commission shall seize all opportunities to establish a strong dialogue between them and the EU institutions.

Justification

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Amendment 5 Article 3, paragraph 3 **Trajectory for achieving climate neutrality**

3. When setting a trajectory in accordance with paragraph 1, the Commission shall consider the following:

- (a) cost-effectiveness and economic efficiency;
- (b) competitiveness of the Union's economy;
- (c) best available technology;
- (d) energy efficiency, energy affordability and security of supply;
- (e) fairness and solidarity between and within Member States;
- (f) the need to ensure environmental effectiveness and progression over time;
- (g) the need to ensure a just and socially fair transition;

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- (d) energy **sufficiency** and efficiency, energy affordability and security of supply;
- (e) fairness and solidarity between and within Member States;
- (f) the need to ensure environmental effectiveness and progression over time;
- (g) the need to ensure a just and socially fair transition;

European Climate Law

(h) international developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change;
(i) the best available and most recent scientific evidence, including the latest reports of the IPCC.

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(j) **The unaltered ability of local and regional governments to effectively implement their climate adaptation and mitigation targets, in line with their territorial transition and sustainable energy and climate plans.**

Justification

When setting its trajectory, the European Commission should consider the key contribution of local and regional authorities – who are best placed to deliver the most cost-effective and just climate and energy solutions.

Amendment 6 Article 4, **New** **Alert mechanism**

In accordance with Article 3 (j), the European Commission shall set up a new notification mechanism, enabling local and regional authorities to alert it of any obstacle posed by national measures or legislation to the achievement of their climate and energy policies, as outlined in territorial transition plans or any other relevant strategies. When, based on the notifications received, the Commission identifies a genuine threat to the implementation of the said targets, it shall take the necessary measures to caution Member States against the risks reported.

Justification

When confronted to obstacles that impede the progress of their climate and energy policies, local and regional authorities should be able to turn to the European Commission as an ally, in accordance with the principles of the EU Covenant of Mayors initiative. They

European Climate Law

should be able to rely on a formal and unambiguous mechanism that allows them to report any issue encountered and expect support in finding solutions to their problems.

Amendement 7

Article 7 paragraph 1

Common provisions on Commission assessment

In addition to the national measures referred to in Article 6(1)(a), the Commission shall base its assessment referred to in Articles 5 and 6 on at least the following:

- (a) information submitted and reported under Regulation (EU) 2018/1999;
- (b) reports of the European Environment Agency (EEA);
- (c) European statistics and data, including data on losses from adverse climate impacts, where available; and
- (d) best available scientific evidence, including the latest reports of the IPCC; and
- (e) any supplementary information including, when available, on environmentally sustainable investment, by the Union and Member States, consistent with the Taxonomy Regulation.

In addition to the national measures referred to in Article 6(1)(a), the Commission shall base its assessment referred to in Articles 5 and 6 on at least the following:

- (a) information submitted and reported under Regulation (EU) 2018/1999;
- (b) notifications provided by local and regional authorities, in accordance with article 4**
- (c) reports of the European Environment Agency (EEA);
- d)** European statistics and data, including data on losses from adverse climate impacts, where available; and
- (e)** best available scientific evidence, including the latest reports of the IPCC; and
- (f)** any supplementary information including, when available, on environmentally sustainable investment, by the Union and Member States, consistent with the Taxonomy Regulation.

Justification

An informed assessment of the trajectory's progress cannot be done without the contribution of local authorities, in accordance with article 4.

Amendement 8

Article 8 paragraph 2

Public participation

The Commission shall engage with all parts of society to enable and empower them to take action towards a climate-neutral and climate-resilient society. The Commission shall facilitate an inclusive and accessible process at all levels, including at national, regional and local level and with social partners, citizens and civil society, for the exchange of best practice

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European Climate Law

and to identify actions to contribute to the achievement of the objectives of this Regulation. In addition, the Commission may also draw on the multilevel climate and energy dialogues as set up by Member States in accordance with Article 11 of Regulation (EU) 2018/1999.

actions to contribute to the achievement of the objectives of this Regulation. In addition, the Commission **shall** also draw on the multilevel climate and energy dialogues as set up by Member States in accordance with Article 11 of Regulation (EU) 2018/1999.

Justification

The multilevel climate and energy dialogues should be a fundamental pillar of the Commission's strategy for public participation, given their strong links with the National Energy and Climate Plans.

Amendement 9

Article 11

Multilevel climate and energy dialogue

Each Member State shall establish a multilevel climate and energy dialogue pursuant to national rules, in which local authorities, civil society organisation, business community, investors and other relevant stakeholders and the general public are able actively to engage and discuss the achievement of the Union's climate-neutrality objective set out in Article 2 of Regulation .../... [Climate Law] and the different scenarios envisaged for energy and climate policies, including for the long term, and review progress, unless it already has a structure which serves the same purpose. Integrated national energy and climate plans may be discussed within the framework of such a dialogue.;

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Justification

The national energy and climate plans will have the pivotal task of setting a country's trajectory to 2030 and 2050. They cannot remain top-down exercises and should unquestionably be co-designed with the contribution of local authorities and all other relevant stakeholders.

Amendement 10

Article 12 (New)

Climate Proofing the Union's Economic Governance

European Climate Law

1. The relevant Union institutions and the Member States shall ensure that all public economic activities, including investments, taxation and borrowing, are aligned with the objective of reaching climate neutrality by 2050.

2. The European Commission shall develop a robust methodology for climate mainstreaming and climate proofing to guide the Union and Member States' budgets and fiscal plans. This methodology shall be embedded within the framework of the European Semester and shall consider not only carbon costs and climate impacts but also resource efficiency and the need to prioritize energy sufficiency.

3. Member States' National Energy and Climate Plans shall take due account of these climate proofing considerations to measure the carbon and resource intensity of the investments referred to in their plans.

4. Member States shall provide capacity building support to local and regional authorities in order to help them embed climate proofing and climate mainstreaming considerations within their own economic processes.

Justification

Measuring the carbon and resource intensity of all economic activities will improve the Union's overall resilience and adaptive capacities to respond to the climate emergency and other social or ecological crises. The EU fiscal and economic governance should thus be adapted to reflect these considerations.