Strategy for long-term EU GHG emissions reductions
MDF document for the EU Survey

Introduction

First of all thank you for the opportunity to provide our input for the EU 2050 energy roadmap.
Clearly there are many topics that are potentially relevant, and we describe only the points that we strongly believe should be taken into consideration:

1. Energy sufficiency

While there is considerable emphasis on energy efficiency, we believe that energy sufficiency should be included in the roadmap, with the same level of importance.

Many studies and models have demonstrated that the implementation of both energy sufficiency and energy efficiency actions in all sectors (buildings, transport, industry etc.) leads to a potential halving of the final energy consumption by 2050, still with a high level of energy services.

Energy efficiency alone will not meet this objective. We have to reduce at the same time the average rate of total primary energy use per capita. A good example to examine is the Swiss vision of a "2000 Watt Society", included in the 2017 Switzerland Energy Roadmap. Pilots studies in some cities such as Basel and Zurich have shown the feasibility of this approach.

2. Subsidies

Currently G20 governments are providing more than $400 billion a year in subsidies for production and consumption of fossil fuels, each country at different levels. This is almost four times the amount that the entire world provides in subsidies to renewables.

We propose that the EU should adopt strict timelines for the phase-out of fossil fuel subsidies with country specific and measurable outcomes. The subsidies should be transferred to renewable and energy efficiency/sufficiency projects.

Transparency through a consistent public reporting scheme for all national subsidies should be made available on yearly basis.

3. New Fossil Fuel Investments

According to the last IEA World Energy Investment Report in 2017, investments for fossil fuels increased for the first time since 2014 to 790 billion dollars, versus 318 billion dollars for renewables (7% less than 2016).

We believe that investments in fossil fuels should cover only O&M projects, without projects for new facilities. Strategic supply investments should be diverted to renewables.
This is not the case for example in Italy, where there is a project to install gas infrastructure from scratch in the Sardinia while solar expansion is the best strategic solution, and where the Trans Adriatic Pipeline (TAP) is in the construction phase while additional gas supply is not a future target.

4. Governance of Fiscal Policy

One of the primary instruments for achieving long term reduction in EU greenhouse gas emissions will continue to be fiscal policy in terms of tax increases, on carbon, and tax reductions for investments in

renewables and energy efficiency. It is difficult to coordinate and optimize fiscal policies that are regulated at the national level and that need continual revision due to the changing economic situation with increasing costs of energy efficiency, declining costs of renewables and new social concerns.

We need to know the effectiveness of the different fiscal policies utilized in each Member State in order to learn from one another, to adjust our policies toward a more optimum fiscal system as a whole and to broaden our understanding of the multiple social impacts of fiscal policy. The impact of fiscal policies on such diverse areas as labor markets, energy poverty, local economic development, industrial competitiveness, international trade, and income/wealth inequality cannot be ignored. They are all part of a complex, fragmented and not completely optimized EU system.

It is proposed to reinforce all efforts, including the Euromod model and others, to gather data and perform detailed analysis of the effectiveness of our numerous fiscal policies for reduction of greenhouse gases and of their impact on the key social and economic conditions in the EU. This should proceed in a regular and timely basis to better govern one of our most important environmental policy instruments. In the long term, this type of analysis also will be helpful to better define our key social and economic goals.

Conclusions

We are available to discuss in more detail the fore-mentioned points.
Please note that a dynamic model has been developed in 2017 by the Pisa University to evaluate macroeconomic impacts with the goal to reduce 80% of CO2 emissions in Italy by 2050. MDF was part of the team defining economic criteria and policies to be used to achieve the target.
Currently we are working on a new version of the model to reach 95-105% reduction.
The study highlights the importance of the social impacts of energy roadmap on different indicators, such as inequality, automation, job polarization, unemployment and poverty.

Movimento per la Decrescita Felice (MDF)
Via Cristoforo Colombo 61, Torino 10129, ITALY
(+39) 3286174260
movimentodecrescitafelice@gmail.com

http://www.decrescitafelice.it