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The European Green Deal and the New Challenges in the Fields of Energy and Climate Change

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Opinion Article

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The European Green Deal and the New Challenges in the Fields of Energy and Climate Change

The European Green Deal¹ is currently placed at the top of the European Commission's policy agenda with its main strategic goal to making Europe the first climate-neutral continent by becoming a modern, resource-efficient economy by 2050. But great ambition is accompanied by a correspondingly high degree of uncertainty borne out of the complexity of interconnected policy areas, ranging from environmental to energy, agriculture, industry, and transport, where necessary adaptations must be made. This is especially the case in times of turbulence that impose additional pressures making the achievement of set targets even more difficult, as exemplified both by the Covid-19 pandemic and the Russian invasion and unfolding crisis in Ukraine.



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The European Union is now in the second phase of the long-term plan for carbon neutrality. The collective climate objectives for 2030 have moved from policy goals to legally binding targets with the adoption of the European Climate Law² in 2021. In fact, the new legal framework has also moved the goalposts in terms of an increased policy ambition; the 40% reduction in greenhouse gas emissions that had been initially established in the 2030 Climate and Energy Framework of 2014 has now become a target of 55% with the updated 2030 Climate Target Plan.³

¹ European Commission. (2019). The European Green Deal (COM(2019) 640 final).

² Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') [2021] OJ L 243/1.

³ European Commission. (2020). Stepping up Europe's 2030 climate ambition Investing in a climate-neutral future for the benefit of our people (COM/2020/562 final).

The recently introduced 'Fit-for-55' package includes a variety of legislative proposals as well as policy measures and initiatives to make the 2030 targets achievable and realistic policy goals. Once again, the wide range of measures illustrates the intricate policy waters which policymakers must navigate. These include multiple new initiatives in sectors previously left outside the domain of climate policy such as transport with a renewed emphasis on shipping and aviation. Central to this approach is the consideration of external dimensions such as the implementation of the EU's existing commitments under the 2015 Paris Agreement which aims to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels, and – perhaps most importantly – the introduction of a carbon border adjustment mechanism aimed at rationalizing carbon pricing in order to maintain the economic competitiveness of EU states and their products, while avoiding the relocation of carbon emissions outside EU borders.

Therein lies the greatest challenge for EU member states. As collective objectives become more ambitious, the governance structure that oversees the entire enterprise becomes more embedded and intricate. While some degree of flexibility is inherent to the system, an increase both in the scope and the ambition of policy initiatives illustrates the trend in diminishing autonomy in the member states' ability to set policy at the national level in all the aforementioned associated fields. In 2019, EU member states submitted their 10-year integrated national energy and climate plans (NECP) for the period from 2021 to 2030. But subsequent developments, as well as legal requirements of new measures, will force states to revisit their strategies. As indicated in the 2030 Climate Target Plan, the next formal revision of the plans will take place in 2023.

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It should not be lost on policymakers that these sweeping reforms are taking place at a time when traditional energy sources are undergoing re-evaluation on multiple levels. The global discussion on a just transition to carbon neutral societies is constantly rising in both volume and prominence. Beyond its conceptual dimension with new elements such as climate justice and energy poverty, it has had a profound extension into recent emerging trends in climate change litigation both against states and companies in most of the world and primarily in the USA. These developments can only serve to delegitimize the continued use of fossil fuel energy resources and further push for the adoption of new technologies

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and patterns of efficient energy use. Most crucially, the eventual outcome in Ukraine and the subsequent impact on Euro-Russian relations will be a significant determinant of the geopolitics and economics of energy, not only for the short-term, but perhaps indefinitely and irreversibly. The volatility typically associated with fossil fuel resources that has been an undercurrent of EU energy security strategy is now possibly at a point of no return.