

# Climate and energy transition in France- an assessment

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# Climate governance in France – an overview

#### The 2015 energy transition law

- Strategic objectives (climate, efficiency, RES)
- Strategic plans:
  - National low-carbon strategy: strategic orientations <u>for all sectors</u>, defines carbon budget for 3 5-year periods
  - Multiannual energy plan: specific quantified targets for the energy sector (2 x 5 years)
  - → strategic revision every 5 years
- Institutional framework :
  - Stakeholder consultation (National council for the ecological transition)
  - Expert Committee (CETE)
- Finance (Art. 173): Institutional investors to consider ESG criteria & report climate risk management



STUDY

"03/18 MAY 2018

Best practices and challenges for effective climate governance frameworks: A case study on the French experience

Andreas Rüdinger (IDDR

#### STEPPING BACK ON THE FRENCH ENERGY TRANSITION PROCESS

The development of robust climate governance frameworks on the mational level is a core challenge for the implementation for the Paris climate Agreement. With many countries currently developing or revising their own legal frameworks, this report takes a look at the leasons learned from the French experience. In order to provide an in-depth understanding, this study pursues a twofold-approach, considering both the political process leading up to the adoption of the French Energy Transition Law and the assessment of the substance in terms of targets, policy locations are also provided to the substance in terms of targets, policy locations are also provided to the substance in terms of targets, policy locations are also provided to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets, policy locations are substanced to the substance in terms of targets.

#### INGREDIENTS FOR AN EFFECTIVE CLIMATE FRAMEWORK

Qualified as a "world leader" by the IEA, the French climate governance framework also came first in a recent WWF survey on low-earbon strategies in Europe, Indeed, it interprises all the core ingredients for effective climate policy such as legally binding targets, an economy-wide carbon price signal and strong governance mechanisms to ensure effective planning in line with the long-term ambition.

#### TARGETING THE PARIS OBJECTIVES

Regarding the compatibility with the Paris Agreement, the French experience offers key insights for other countries. First of all, the 2017 revision of the French long-term target (bending for climate neutrality by 2050) illustrates how the ratchet-effect can be implemented in practice on the national bevel. Similarly, the French case highlights the importance of going beyond a policy approach focused on the energy sector alone, in order to develop a deep-decarbonization strategy that addresses all economic sectors, including agriculture, water and foresery.

#### PENDING ISSUES FOR IMPLEMENTATION

Nevertheless, several lessons can be learned from the challenges France is facing in the actual implementation of its low-carbon strategy over the last years, showing that the deal like in the details. This is particularly the case with regard to the importance of streamlining monitoring, evaluation and revision processes for the National Low-Carbon Strategy in order to address potential implementation gaps. And the importance of grunting a clear policy mandate and resources for independent institutions such as the Expert Committee for the Energy Tanasition.

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**Download**: IDDRI study (2018)

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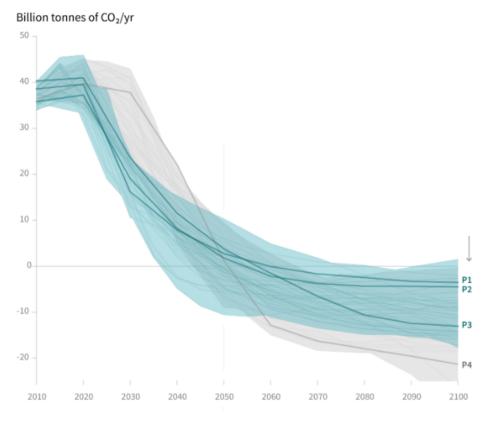
# Energy transition law (2015)- headline targets

2020	
GHG mitigation (base year 1990)	- 20 %
RES share in final energy demand	23 %
2025	
Reducing share of nuclear in electricity production to	50 %
2030	
GHG mitigation (base year 1990)	- 40 %
RES share in final energy demand	32 %
RES share in electricity production	40 %
Final energy consumption (base year 2012)	- 20 %
Final fossil energy consumption (base year 2012)	- 30 %
2050	
GHG mitigation (base year 1990)	- 75 %
Final energy consumption (base year 2012)	- 50 %

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# A new (higher) bar: France's Climate Plan (2017)

- Carbon neutrality (balance between emissions and sinks)
- No more fossil fuel extraction in 2040

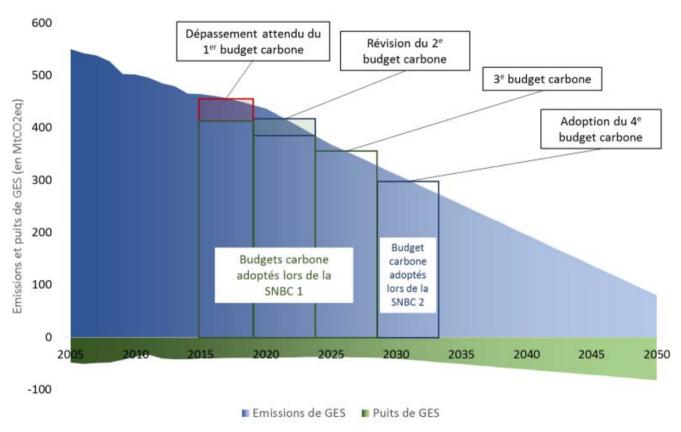








# Revision of the national strategy



- First long-term strategy (SNBC) revised in 2018 to reflect 1st Carbon budget missed (2015-18) and higher 2050 objective (neutrality)
- 2<sup>nd</sup> budget (2019-23) is increased by 6 %... Steeper efforts will be needed later





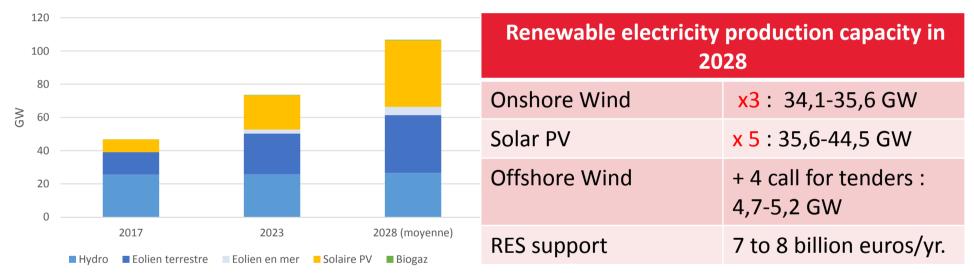
# Energy bill (2019): more ambitious objectives

<del>2030 -&gt; 2028</del>	
Reduction of primary energy consumption	<del>- 30 %</del> 35%
<del>2025 -&gt; 2035</del>	
Nuclear share in electricity production	50 %
2050	
GHG mitigation (base year 1990)	<del>- 75 % carbon</del>
	neutrality



## Increase deployment of renewables to diversify the elec mix

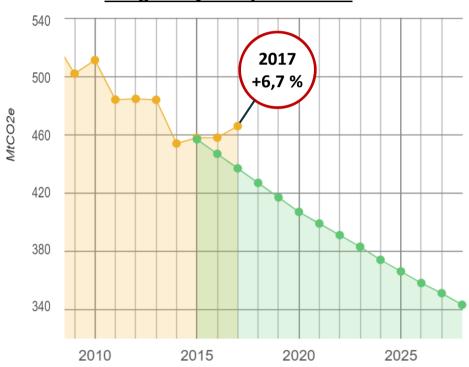
#### Renewable capacity in 2018 Energy strategy





## Emissions off track...





Source: Observatoire-climat-energie.fr

 2017: annual carbon budget exceeded by 7 % (30 M. t.CO2eq)

• Sectoral analysis for 2017 :

**Buildings: + 22%** 

Transports: + 11 %

Agriculture: +3%

Industry: -1%

Energy: -1 %

Waste : -12,5 %

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# Government response to « yellow jackets »



A decentralised debate on conciling social and environmental transition will be organised in the coming weeks for three months.

Focus on the accesibility of concrete solutions for ordinary citizens and the adaptation of territories.

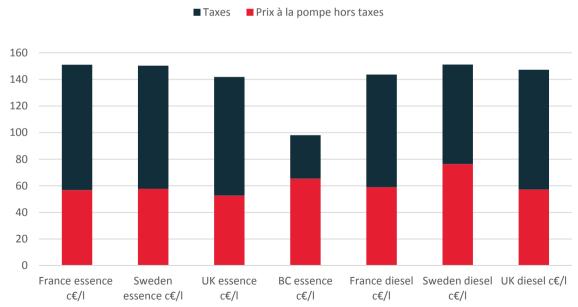
#### Three recommendations:

- Adapt the energy tax level to the variations of oil price.
- Work with banks to <u>lower the cost of loans for building thermal renovation</u>.
- Generalization of « transition contracts » with territories affected by the transition including fiscal transfers and reconversion strategies.



## What should be done now on carbon taxation?

- French carbon tax increase is now frozen
- But Gasoline and diesel price in France are already high compared to international standards
- Use this « break » to work on enabling conditions for the ecological transition :
   increase investments in solutions for households,
   improve redistribution with a progressive ecological payment,
   eliminate existing carbon tax exemptions (air transport, freight...)





## Revision of national strategy and long-term vision :

Define multiple visions for carbon neutrality to address uncertainties Bridging the gap: implications of strengthened ambition for short and mid-term policy implementation?

#### • Accelerating the transition in the key sectors :

Energy efficiency remains crucial (buildings & transports)

Develop roadmaps for decarbonization of main energy vectors

Uptake of RES in a changing environment (grid parity): need for visibility on transformation pathway

## Governance : streamlining processes & regular monitoring / evaluation :

rationalize planning instruments for effective implementation clarify the respective roles of institutions