



German NGO Forum on
Environment and Development

Call by Environmental and Developmental Non-Governmental Organizations addressing the German Government's Climate Protection Politics

Climate change is happening, we can experience it in everyday life, but international and national politics are making no progress in reducing their greenhouse gas emissions. Germany's goal to reduce its CO₂-emissions by 25% by 2005 (to 1990 levels) is unlikely to be achieved. The longer-term goal to reduce emissions by 40% by the year 2020 (to 1990 levels), as agreed upon in the coalition treaty, is contingent upon EU reductions. In this regard, Germany's climate politics can serve as an important example – in the EU and internationally.

Therefore, nine environmental and developmental political organizations (NGOs) have compiled/presented a joint catalogue of measures which, if implemented, would allow German climate politics to achieve its goal of a 40% reduction while simultaneously generating positive side-effects, like investment incentives for the construction- and traffic-sector, contributions to a healthy competition in energy markets, saving of subsidies detrimental to the climate, improving the efficiency of public transport and helping cut non-wage labor costs.

1. Implementing the European Emissions Trading System in Germany (Cap & Trade System)

With the joint statement of the Council of Environment Ministers for a EU-wide Cap & Trade System on December 9, 2002, an im-

portant step towards a Europe with ambitious absolute emission reductions targets has been taken. To assure that the yet to be established system actually does lead to the desired cuts in emissions, the NGOs call for the following regulations:

Framework for the national allocation plan:

In order to establish the Cap & Trade-System as a cost-efficient instrument for protecting the climate, which does truly enhance the internalization of external costs, the following aspects have to be implemented when setting the framework:

- **Ambitious "caps"** have to be set, also beyond 2012, i.e., up to the year 2020 to start with. For Germany the 40%-goal is appropriate in this context.
- A sensible procedure for **allocating permits** on the basis of single plants, is the so-called benchmarking, which works with sector-goals. For the electricity sector, benchmarking must not be differentiated in relation to fuel types, as that would destroy any incentive for a (fossil) fuel-switch and thereby destroy the greatest saving-potentials. This would make the system clearly less efficient and certificates notably more expensive.
- **Early action:** Verifiable investments in climate protection since 1990 need to be accredited. Still that must not increase the total number of certifi-

cates allocated. The NGOs object to "socializing" early action with the cap & trade system. **Newcomers:** New competitors must not be disadvantaged compared to companies already competing in the market. Cutting CO₂ through **efficient CHP-generation** is to be considered when allocating permits.

- **Newcomers:** New competitors must not be disadvantaged compared to companies already competing in the market.
- Cutting CO₂ through **efficient CHP-generation** is to be considered when allocating permits.
- **CDM/JI:** Generally the NGOs have a critical view on including the project-based mechanisms into a possible second EU-directive. While some environmental organizations object to including certificates from these projects into a European emissions trading system by 2012, others would accept such certificates when acquired only and strictly according to the "Gold Standard" (exclusion of sinks, large hydro and coal plants; requirement of additionality). As this would make it cheaper to reach the emission goals, the German government should make the 40%-reduction goal binding within the next months.

Connections to other climate political instruments:

Implementing the emissions trading system should change neither the **voluntary commitment** of the industry to reduce its CO₂-emissions by 45 million tones until 201 the **Renewable Energy Act**, nor the **CHP-law**, as there are no interferences. Concerning the **ecotax** only companies, participating in the emissions trading system, should receive the high ecotax reductions for industries.

2. Ecological Reform of the Finance System

We call on the German government to raise the **ecotaxes** beyond the year 2004. The basic principle of the ecological finance reform, to reduce taxes on the human work force and increase taxes on the harmful use of the environment, will have to be carried on as a continuous process over the next ten years. Specifically we call on the German government to *carry the present concept of the ecotax further* and extend it in some areas:

- Yearly rise of the petroleum taxes by at least 5 cents/liter (or up to 10c/L). Aligning the tax rate for diesel with the one for normal petrol. Enhance the motor vehicle tax while favoring low-emission vehicles.
- Yearly rise of the electricity tax by at least 0.26 cents/kWh (as at present). Resumption of yearly increases of taxes on fuel oil and natural gas. Establishing a primary energy tax on nuclear fuels and coal, in order to end the discrimination of natural gas in electricity production.
- Ecological reform of the property tax with incentives to build on small surface areas and to re-open areas already built upon.
- Introducing the tax on kerosene for air traffic: According to the EU-energytax-agreement it is possible to introduce the tax on kerosene for national air traffic. Simultaneously, efforts have to be intensified to find an EU-wide solution (landing taxes depending on emissions, pollutant-taxes, bilateral treaties on the kerosene tax).

Measures are to be implemented to cut environmental harmful subsidies, among these:

- Coal subsidies are to be phased out by 2010 (see also paragraph 4).
- Subsidies for new buildings are to be reduced to the level of those of old buildings.
- The *Entfernungspauschale* (a flat rate allowance depending on the distance

between home and job) has to be clearly reduced and, in the long term, abolished.

- Economic privileges for nuclear energy are to be abolished.
- The EU subsidies for agriculture are to be restructured and aligned with ecological goals.

As a third pillar of the ecological finance reform, the **direct public expenditures** (e.g. for infrastructure, education, research) should also be analyzed for **further sustainability options**.

3. Fossil Fuels in Electricity Generation

An effective climate policy cannot be achieved if coal burning is continued. In order to generate electricity and without impacts on the climate, a switch to different sources of energy is necessary. Such changes include a continuous increase of energy efficiency by both producers and consumers, increased use of alternative energies (especially wind and biomass) and also the substitution of coal by natural gas for a longer transition period. The goal is to achieve CO₂-free electricity generation by mid-century.

- There must be no investment in new coal and lignite power stations.
- No more market regulations in favor of coal: coal is to be taxed like oil; any coal subsidies have to be phased out in a socially acceptable way.
- Authorizations for new lignite open cast mining have to be stopped immediately and a concept has to be made for phasing out lignite use.
- Investment in efficient natural gas combustion plants has to be supported with the help of tax exemptions.

4. Combined heat and power (CHP)

On the average only 38% of the primary energy is converted into electricity in German power plants, 62% end up warming the environment being waste heat. One of the best possibilities to reduce these losses from conversion (and thereby the need for primary energy) and to improve energy efficiency offers the use of combined heat and power technologies (CHP). The present CHP-law by far does not meet the environmental political necessities, slows down the expansion of CHP and instead secures the supremacy of the big electricity suppliers.

Facing the probable failure of reaching the present goal, the NGOs call for the preparation of an improved regulation that aims at doubling the electricity generation from CHP by 2010 compared to 1998 levels (thereby complying with the true CHP potentials).

5. Renewable Energy Sources

The renewable energy act (EEG) serves as a worldwide example for countries wishing to efficiently advance energies that are less harmful to the climate. By now, more than 130,000 people work in the future-oriented sector of renewable energies in Germany, mainly in small and medium-sized companies. While the conventional energy sector still consists of monopoly-like structures, the growing decentralized electricity generation from renewable energies offers a diverse supply structure, which is important for an enduring assurance of energy supply.

It is an ambitious, but realistic intermediate step to cover at least half of the German primary energy need from renewable energies by 2050, as planned by the German government. The environmental organizations assume that this goal could be clearly outperformed.

Specific measures to advance renewable energies are to be taken in the following areas:

- The EEG is to be continued and further developed on the basis of the experiences made. It must guarantee

minimum returns that provide incentives for investment in all renewable energy sources.

- The voluntary demand for clean electricity is to be increased, by the raising of consumer awareness, e.g., through obligatory labels on all electricity products with regard to the primary energy source and their environmental effects (electricity disclosure).
- The strategy for the broader market establishment of all renewable energy sources is to be further developed.
- In the area of research and development, the further development of renewable energy technology in addition to storage- and network-technologies are to be supported, in order to be able to make better use of fluctuating energy sources in the long term.

6. Energy efficiency

Efficient use of energy

Despite the improvement of renewable energies, fossil fuels will remain an important source of energy for the next few decades. But the usage should be as efficient as possible and thus continuously decrease the overall energy consumption. Energy efficiency is of highest relevance for a sustainable development in the energy sector. Activities to conserve energy by consumers should be supported, e.g., through an efficiency forum, and the spread of efficiency technologies should be accelerated.

Use of Electricity

Enormous energy saving potentials remain unused in the area of electricity use. There are neither stringent standardization regulations, nor a complete classification for all electricity consuming appliances, that complies with the latest position of technology; thus such norms have to be established. All standards are to be updated regularly, as technical development is continuous. The goal is to reduce power consumption by 1-2% yearly.

- Electrical hot water systems are to be included into the energy consumption label law (EnVHV) and maximum consumption values for all household appliances are to be set.
- The manufacturers of household appliances must be obliged to create standby functions in the appliance, that will completely shut the appliance off, after a given time of non-use.
- Efforts to formulate the consumption values of energy use for heating and electricity in the building technology sector are to be accelerated. An impulse program for the qualification of planners, engineers and also electricians is to be set up.

Building renovation

The largest energy saving potentials are to be found in existing buildings.

- Improvements of the energy conservation law (EnEV) are needed. First and foremost, amendments should be made to include higher standards for building renovations.
- Requiring reports from old buildings on their specific energy needs from 2006 onwards, serves the same goal; parallel to that rental laws should be changed to include ecological rental guidelines, which also would take into consideration the quantity of the particular buildings' energy consumption.
- Furthermore, the conditions for new buildings, as fixed in the EnEV, have to be raised to the real minimum energy house standard without exception. Especially exceptions for electric heating and warm water supply have to be abolished.

Public expenditure should be setting an example. This applies, in particular, to the procurement sector. Public expenditure law is to be modernized so as to exclude the possibility of hindering energy related renovations of public buildings and real estate.

7. Transport

In most industrialized countries, greenhouse gas emissions from the transportation sector, which already is among the main polluters, are increasing more than in any other sector. Only with effective measures can Germany's emissions' goals be achieved.

Economic growth and the traffic expansion are to be de-coupled from the **goods/freight transport** sector. Furthermore, a larger share of all transport should be made by **train**. We call upon the government to formulate a goal for goods transport and to implement it through the appropriate measures. The truck toll (LSVA) is a first measure to this end and needs to fit with the development desired for the modal-split.

Limits for greenhouse gas emissions, especially CO₂, have to be established for all means of transportation. For cars a maximum of 120 grams per km should apply from the year 2006 onwards.

Measures concerning the non-moving traffic have to be taken to decrease the preference of cars (free parking possibilities in inner cities need to be cut down). The free (expensive) parking provided by many employers should be taxed as benefits. A tax on parking businesses and parking spaces for retail businesses should be introduced, as they encourage extra traffic.

Measures to encourage **bike transport**, as considered in the national bike traffic plan, should be continued and extended; cities are to be arranged in a bike- and pedestrian-friendly way.

The performance of the **public transport sector** is to be improved by introducing competition. Due to the positive experiences with the city toll in London, similar measures should be introduced in Germany.

Transport investment politics have to be aligned consequently with the goals of climate protection and sustainability in general. To contribute to a sustainable transport investment policy, the following amendments have to be made:

- Investment monies dedicated for road construction and extension are to be redirected to promote more ecological ways of transport (extension of train transport, implementation of the national cycle ways plan, better networking of all means of transport).
- Road construction should only take place in special cases (to relieve high local environmental pressures or reduce severe deficiencies in roadway infrastructure).
- Model a realistic track network strategy and develop a joint initiative by federal- and state-governments, that aims at modernizing and re-activating regional tracks.

In order to implement an ecological river- and inland shipping policy, further investments may only be made in the framework of an integrated, environmentally friendly river concept.

When it comes to international transport, there are no greenhouse gas emission regulations for **air traffic**, even though it has the biggest climate impact of all means of transport. The first steps towards making the conditions of competition fairer for the various means of transport are to place a goods and services tax on international flights as well as on kerosene, to remove the numerous subsidies for air traffic, which include train- or road-connections to and from airports paid for by the state. When airports reach the limits of their capacity, the first step should not be to extend the airports, but rather, considerations should be made as to how the existing capacity could best be used, like through the implementation of pricing or auctioning the take-off and landing-slots. The emissions of international air traffic (considering also the warming effect of the vapor trail) as well as of those of ocean shipping have to be included into the obligations under the second commitment period of the Kyoto Protocol. An EU-wide emissions tax on air traffic should be introduced as soon as possible, as the ICAO is as good as paralyzed with regard to taking actions.

8. Sequestration

The sequestration of CO₂ is a classical "end-of-the-pipe" technology. It makes it more expensive to use conventional fossil energy sources and also increases the energy consumption from fossil fuels, as it makes power plants less efficient. It stands in competition to the large-scale use of renewable energies, especially when it comes to directing present research investment monies.

Already, at the present state of knowledge, a sequestration of CO₂ in the ocean should be rejected, as it means taking risks which cannot be simulated in an experiment with sufficient reliability. For sequestration in geological formations, pilot projects have yet to give detailed information about further aspects of the security and permanency of the storage. On the basis of the current state of knowledge, we reject sequestration as the solution to the challenges of human induced climate change.

9. Cornerstones of European Energy- and Climate-Policies

Above all, EU-wide coordinated policies are required for the EU to achieve its full greenhouse gas reduction goal for 2012. Additionally, long-term goals and perspectives have to be developed and negotiated with non-EU-members as well as with developing countries. The design of present energy and climate policies should not simply satisfy the rather short-term requirements for 2012. Potentially, they will still have to apply in the years 2020 and 2050, which is to say for an EU-25.

Thus, the potential for innovation and new markets, that lies in policies aimed at reducing CO₂, has to become clear. Secondly, synergy effects found in the goals of security of energy supply on the one hand and CO₂ reduction on the other, have to be emphasized – not only in the renewable energies sector, but also as far as energy efficiency (energy consumption per product /service unit) is concerned.

1. Full support of the German proposal to reduce EU emissions by 30% by the year 2020, to 1990 emission levels, is a first step. Additionally, the EU should work on a proposal aimed at international climate politics, to reduce the emissions in all industrialized countries by 70-80% by mid-century. This emissions reduction is required to stay below the 2°C increase of the mean global temperature above pre-industrial level. If the temperature increase is higher dangerous impacts will be very likely.

2. The potential of comprehensive international policies that influence basic structures is completely underdeveloped in the EU. In order to avoid distortions in competition and establish the latest, most efficient and cleanest applications on the market, uniform regulations, e.g., for public expenditure (which controls about 20% of the total flow of materials in the EU) have to be set up, and the most efficient and cleanest products should be exempted from goods and services taxing.

3. The NGOs clearly reject accepting nuclear energy as a contribution to climate protection. The German government should make efforts on the EU level with the goal that nuclear energy loses its privileges also in the other EU member states.

10. International Climate Politics

According to the IPCC, worldwide greenhouse gas emissions have to be cut by more than half. Therefore we call for a 50%-reduction by mid-century compared to 1990 levels, corresponding with calls by several commissions of the German Parliament. This would imply emission reductions of about 80% for industrialized countries in this period, in order to grant the developing countries their right to sustainable development to satisfy their basic needs. As a result, a stabilization of the atmospheric CO₂ concentration at less than 450ppm could be achieved. The NGOs regards this as a necessary condition, if human-induced climate warming is to be lower than 2 degrees Celsius. Intermediate goals have to be in line with this long-

term guide line.. This shows that the emission reductions set in the Kyoto Protocol can only be considered as a very first step.

The negotiations for the second commitment period of the Kyoto Protocol should include emission caps and/or binding agreements on policies and measures for certain developing countries, the emissions of the international air and ocean transport should

be capped as lined out in paragraph 7 and the following concepts should be considered as principles: right to sustainable development, long-term emission goals be based on per capita emissions, historical responsibility and the ability to implement measures (also concerning funding), the national supply of fossil resources and the prevailing climate.

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