

EUI Climate Week

2 – 6 May 2023 | Florence, Italy

Programme

Tuesday 2 May: EUI Carbon Markets Day

13:00 – 14:30 *Lunch*

14:30 – 15:30 **Opening of the EUI Carbon Markets Day by Jos Delbeke, EIB Climate Chair, EUI School of Transnational Governance**
Court Room, Palazzo Buontalenti | Invitation Only

Setting the scene:

Accelerating the climate and energy transition in the midst of a war on the European continent

Exchange of views with:

- Erik Jones, *Director, Robert Schuman Centre for Advanced Studies, EUI*
- Dirk Forrister, *President and CEO, IETA*
- Kay Harrison, *Climate Change Ambassador, New Zealand Ministry of Foreign Affairs*
- Leonardo Meeus, *Director, Florence School of Regulation, EUI*

Organisation:

The meeting is held in person upon invitation only.

Introductions by panelists will be brief so as to allow discussion and exchange of views between all participants. Panelists are invited to keep slides to an absolute minimum.

Chatham House Rule applies.

15:30 – 18:00 **Working Group I: Voluntary Carbon Markets and the Quality of Offsets: are we approaching a make or break moment?**
Elinor Ostrom Room, Palazzo Buontalenti | Invitation Only

Chair: Andrea Abrahams, Advisor, IETA

Speakers:

- David Antonioli, *CEO, Verra*
- Eve Tammé, *Founder and Managing Director, Climate Principles*
- Jeff Swartz, *Vice President, Strategy, Regulatory Affairs & Partnerships, Trading and Shipping, BP*
- Chandra Shekhar Sinha, *Global Lead for Carbon Markets and Finance, Climate Change Group, World Bank*

Many voluntary initiatives have recently been undertaken to increase the integrity of the VCM, with the aim of addressing issues related to market opacity, increasing complexity, and quality discrepancies. Simultaneously, the EU has been adopting legislation to improve transparency on the sustainability efforts of corporates and financial operators, while first steps have been

adopted to regulate the certification of high-quality carbon removals. Will the VCM market actors seize the chance to boost more clarity, (defined) quality, and harmonisation? What are the roles and responsibilities of the voluntary stakeholders, purchasers, and regulatory bodies? Will these efforts lead to a scaling up the VCM's integrity and release its (untapped) potential?

Conclusion by Jan Cornillie, EUI School of Transnational Governance

Session is invitation only and under Chatham House Rule.

15:30 – 18:00 **Working Group II: The Extension of EU ETS to Heating and Transport Fuels, Including Process Heating Fuels: how will it work?**

Hannah Arendt Room, Palazzo Buontalenti | Invitation Only

Chair: Anna Gumbau, Freelance Journalist

Speakers:

- Stefanie Hiesinger, *Member of Cabinet of the Executive Vice-President for the European Green Deal, Frans Timmermans*
- Joanna Pandera, *President, Forum Energii*
- Michael Pahle, *Head of Working Group, Climate and Energy Policy, PIK*
- Daniele Agostini, *Head of Energy and Climate Policies, Enel*

The Emissions Trading System in Europe has been structurally extended by the creation of a separate, upstream emissions trading system for buildings, road transport and process heating, though this would be kept separate from the main ETS. Is there not a risk that Member States will rely on this for meeting their effort-sharing targets rather than introduce more stringent measures at the national level? ETS2 allowances are not fungible with ETS1, reporting and compliance are 'upstream', for a limited period there is a pre-determined price trigger for the injection of additional allowances. Should ETS2 rather be seen as a completely new and separate emissions trading system, with no foreseeable prospect of linking with the main EU ETS? The costs of ETS2 can be expected to be passed through to consumers of fuel, while due to the Russian invasion of Ukraine, many Member States at present subsidise the costs of energy to households and businesses. How long can this subsidisation last?

Conclusion by Peter Vis, Senior Research Associate, EUI School of Transnational Governance

Session is invitation only and under Chatham House Rule.

16:00 – 18:00 **Side Event | STG Talk: Financing Clean Energy in Africa: Breaking Barriers and Looking into the Future**

Court Room, Palazzo Buontalenti

The STG Talks are a series of talks that provide an opportunity for the Policy Leader Fellows of the EUI School of Transnational Governance to present and discuss their work in progress with peers, as well as stakeholders who join the panel upon invitation.

Chair: Christian Egenhofer, Senior Research Associate, EUI School of Transnational Governance

Speakers:

- Charles Owusu, *Policy Leader Fellow, EUI School of Transnational Governance*
- Nduta Njenga, *Postgraduate Research Fellow at the University of Exeter, Energy Department*

The renewable energy transition is pivotal to African economies, potentially triggering immense socio-economic transformation. The major bottleneck to realising benefits is largely attributed to lack of flow of investments in the clean energy sector. This session will address the barriers and challenges to clean energy project development in Africa and innovative financing instruments that can help close the financing gap.

18:00 *Drinks in Buontalenti Courtyard*

Wednesday 3 May: EUI Carbon Markets Day

9:00 – 11:15 **Working Group III: Racing to the top: government support policies for low-carbon innovation and deployment**

Elinor Ostrom Room, Palazzo Buontalenti | Invitation Only

Chair: Jan Cornillie, Research Associate, EUI School of Transnational Governance

Speakers:

- Jacek Truszczyński, *Deputy Head of Unit, DG GROW, EU Commission*
- Wadia Fruergaard, *Head of Offshore and Supply Chain Policy, Vestas*
- Ray Kopp, *Senior Fellow and Director, Comprehensive Climate Strategies Program and International Climate Policy Initiative, RFF*
- Marco Mensink, *Director General, CEFIC*

New technologies that have the potential to decarbonize the production of carbon-intensive industry and commodities exist, but they have not been implemented on a global scale. They will require new investments unlikely to be forthcoming without aggressive financial government support as well as the creation of significant new markets for lower-emitting products. Recent geopolitical developments increasingly highlight new priorities such as secure supply chains or strategic autonomy. The session will take stock inter alia but not only of recent developments in the EU (e.g. Net-zero Industry and Critical Raw Materials Act), in US (e.g. US IRA), G7 (e.g. Japanese G7 priorities). Focus will be to discuss strategies to avoid a subsidy race and instead create synergies and market visibility at transatlantic, possibly G7 (or beyond) scale.

Conclusion by Christian Egenhofer, Senior Research Associate, EUI School of Transnational Governance

Session is invitation only and under Chatham House Rule.

9:00 – 11:15 **Carbon Leakage, Border Measures and Carbon Clubs**

Court Room, Palazzo Buontalenti | Session Organised by the Policy Outreach Committee (POC) of the European Association of Energy and Resource Economists (EAERE) in conjunction with State of the Union (SOU)

Chair: Simone Borghesi, Director, Florence School of Regulation – Climate, EUI

Speakers:

- Carolyn Fischer, *Research Manager for Sustainability and Infrastructure, Development Economics Research Group at the World Bank*
- Kurt van Dender, *Acting Head of the Tax Policy and Statistics Division at the Centre for Tax Policy and Administration, OECD*
- Judy Meltzer, *Director General, Carbon Pricing Bureau, Environment and Climate Change Canada*
- Susanne Dröge, *Head of Department Climate Protection and Energy, German Environment Agency*

The EU adopted CBAM not least to prevent carbon leakage caused by the relatively high EU ETS carbon price. How to compare the climate policy efforts of countries? If the risk of leakage is linked more to the costs of energy, is CBAM fit for purpose? The G7 adopted a work plan on climate clubs. Is this reinvigorating global attention towards carbon leakage and its measurement? How far are we in measuring embedded carbon?

Conclusion by Massimo Tavoni, Director, European Institute on Economics and the Environment

11:15 – 11:45 *Coffee Break*

11:45 – 13:00 **Concluding Session / Reporting Back of WGs**

Court Room, Palazzo Buontalenti

Reporting back by the chairs of the Working Groups

- Andrea Abrahams, *Adviser, IETA*
- Anna Gumbau, *Freelance Journalist*
- Jan Cornillie, *Research Associate, EUI School of Transnational Governance*
- Simone Borghesi, *Director, Florence School of Regulation – Climate, EUI*

Discussion

Session under Chatham House Rule

13:00 – 14:30 *Lunch*

Wednesday 3 May: Florence Process (Open Session)

14:30 – 15:00 **Opening of the Florence Process with Kurt Vandenberghe, Director General, DG CLIMA, European Commission and Alexander Stubb, Director, EUI School of Transnational Governance**

Court Room, Palazzo Buontalenti

The 7th edition of the Florence Process brings together representatives of the key jurisdictions with emissions trading programmes from the EU, China, California, Quebec and New Zealand, to address issues of common concern and interest. The event takes place in Florence at the European University Institute, through a series of workshops organised jointly by DG Climate Action, the STG Climate team and the Florence School of Regulation Climate.

15:00 – 16:30 **Session 1 – Carbon Pricing: New Perspectives at a Global Level**

Court Room, Palazzo Buontalenti

Chair: Kurt Vandenberghe, Director General, DG CLIMA, European Commission

Panel Discussion:

- Stefano de Clara, *Head of Secretariat, ICAP*
- Kelley Kizzier, *Director of Corporate Action and Markets, Bezos Earth Fund*
- Catherine Stewart, *Canada's Climate Change Ambassador, Government of Canada*
- Kay Harrison, *Climate Change Ambassador, New Zealand Ministry of Foreign Affairs*
- Guy Turner, *Founder and CEO, Trove Research*

The EU ETS and the CBAM have now been decided, John Kerry announced The Energy Transition Accelerator at COP27, Japans develops a GX policy, Africans are undertaking new initiatives on voluntary markets. Carbon pricing is widening and deepening, but not necessarily along the path Europe has been working. Is there scope for convergence? Will the EU CBAM waiver on carbon pricing encourage a wider use of of this instrument among Europe's trading partners? Will the G7 work on carbon clubs/alliances deliver? What can we expect for COP28 in Dubai?

16:30 – 17:00 *Coffee Break*

17:00 – 18:30 **Session 2 – What Next for EU Climate Policy?**

Court Room, Palazzo Buontalenti

Chair: Jos Delbeke, EIB Climate Chair, EUI School of Transnational Governance

Panel Discussion:

- Kurt Vandenberghe, *Director General, DG CLIMA, European Commission*
- Ottmar Edenhofer, *Director and Chief Economist, PIK*
- Nathalie Tocci, *Director, Istituto Affari Internazionali*
- Robert Jeszke, *Head of Centre for Climate and Energy Analyses, KOBiZE*

The legislation resulting from the European Green Deal is being finalised. This is a major achievement, but the new context of the war in Ukraine has changed the boundary conditions dramatically, particularly for the EU. In the meantime, the US has adopted its IRA. What can we expect for the remainder of the decade? How to maintain a solid industrial base on the European continent? Does the EU need a new geopolitical strategy on energy and industry? How should the agenda towards 2040 be shaped in preparing the EU to reach 'net-zero' greenhouse gas emissions in 2050? Might some Member State be expected to over-achieve on 'net-zero' so that others can continue to emit?

18:30 *Drinks in Buontalenti Courtyard*

Thursday 4 May: Florence Process (Closed Session, Invitation Only)

9:00 – 16:15 **Florence Process**
Elinor Ostrom Room, Palazzo Buontalenti | Invitation Only

Thursday 4 May: State of the Union

14:10 – 15:10 **State of the Union: The geopolitics of the energy transition: is strategic autonomy the solution or the problem?**

Badia Fiesolana

Moderator: **Leigh Hancker**, *Professor, European University Institute*

Speakers:

Christopher Knittel, *George P. Shultz Professor, MIT Sloan School of Management*

Helen Thompson, *Professor, Cambridge University*

Matthias Berninger, *Executive Vice President, Public Affairs, Science, Sustainability & HSE, Bayer*

Georg Zachmann, *Senior Fellow, Bruegel*

This panel will address the growing concerns over global scarcity of critical raw materials, advanced technologies and skilled labour as countries transition into renewable energy. Access to all three is key to realize this transition. But as countries and continents scramble for autonomy and self-reliance, there will inevitably be winners and losers – or is it possible to strive for a ‘just transition’. What is the impact of major national initiatives to boost self-sufficiency of critical resources on the wider global community? Are energy markets likely to remain open – regionally and globally? Can we learn from the past over-dependency on oil and gas and avoid repeating past mistakes? How will this impact the relations with trade partners? These are urgent issues that necessitate a wide-ranging debate. Our panel draws on a rich range of academic and professional expertise and experience from several continents.

Friday 5 May: State of the Union

10:00 – 11:00 **A silver lining from the energy crisis? Strengthening the delivery of the EU’s net-zero goal, citizen welfare and energy security in responding to the energy crisis**

Palazzo Vecchio

Europe is facing the most serious energy crisis in its history. Deliveries from Russia, previously the EU’s largest gas supplier, have been reduced to a fraction of 2020 volumes. Europe’s energy security of supply is under threat and energy prices have skyrocketed. In response, the EU has adopted new legal acts at unprecedented speed and EU Member States are providing support to households and industry. But these necessary short-term reactions have also led to challenges – and opportunities – to decarbonisation goals. Accelerating delivery on the core measures – energy efficiency and massive investments in renewable energy – must be the foundation of the EU’s response, as well as rapidly diversifying gas supplies away from Russia. How can Europe’s industrial competitiveness be maintained in the transitional phase, and how can we ensure that energy poverty across the whole EU is avoided?

Speakers:

Ditte Juul Jørgensen, *Director-General, European Commission*

Frank Elderson, *Member of the Executive Board, European Central Bank*

Cristian Busoi, *Chair ITRE Committee, European Parliament*

Marco Buti, *Head of Cabinet of Commissioner for Economy, European Commission*

Moderator: **Andris Piebalgs**, *Part-time Professor, European University Institute*

Full programme of the State of the Union available at <https://stateoftheunion.eui.eu/>