LULUCF Emissions and Removals: The Proposed EU Regime

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Climate mitigation rationale for the LULUCF proposal

- The exchange of emissions and removals of GHGs is critical to climate mitigation
- EU forests absorb equivalent of c.10% of EU GHGs annually
- Eur. Commission proposal in July 2016 for
  - a *“Regulation on the inclusion of GHG emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework…”*

Background/Context

- 1992: UN FCCC (LULUCF *reporting* from outset)
- 2009: EU 'Climate & Energy Package' (to 2020)
  - LULUCF not included
  - Only when 'environmental integrity' assured
- 2013: (to 2020) Kyoto Protocol 2nd period (covered LULUCF – 'no debit')
- 2013: *Decision 529/2013/EU on accounting rules for GHG emissions/removals from LULUCF*

Background cont'd

- 2014: EU Climate & Energy Framework
  - GHG reduction targets to 2030
  - A legislative package to support…
    - the reduction targets (40% < 1990 by 2030)
    - Holistic consideration of land/emission sources
    - Includes the Commissions 2016 proposal on LULUCF

- 2015: Paris Climate Agreement

Main elements of the LULUCF proposal

- Member States commit to balance LULUCF emissions and removals
- “Accounting”
- “Flexibilities”
- Interaction with “Non-ETS” sector GHG controls
- Reporting and Compliance

Scope/Coverage of "LULUCF "

- LULUCF is most of what's <u>not</u> covered by
  - The EU Emissions Trading Scheme ("Emissions Trading Sector") and
  - The "Non-ETS" Sector (includes "agriculture")
- LULUCF & "Agriculture" distinguished:
  - "Agriculture": mainly non-CO_2 e.g. enteric fermentation, agri. soils, slurry management.
  - LULUCF: CO_2 related to *land,* changed uses/conversions and forestry

Scope of the LULUCF Reg.

- Six “land accounting categories”:
  - ‘managed forest land’, afforested land’, ‘deforested land’ ‘managed cropland’, ‘managed grassland’ and (from 2026) ‘managed wetland.’
- Ireland:
  - 4.5m ha/65% = Agricultural land
  - .74 m ha/11% = Forestry
  - Of agricultural land : 81% = grass !

Core commitment for M. States

- Article 4 LULUCF Reg – to *balance* emissions and removals within LULUCF (‘no debit’)
- Applies to two five-year periods (2021 to 2025 and 2026 to 2030)
- LULUCF Reg. not to be viewed separately from the non-ETS sector and its “Effort Sharing Reg.” (ESR)

Core Commitment cont’d

- ESR 2030 target is
  - EU-wide 30% < 2005, plus
  - Indiv. m. state targets (Ireland = 30% < 2005)
- Under the proposed ESR, a MS may use LULUCF *removals* towards its ESR target
- This facility capped at 280m t EU-wide (2021 to 2030)
- It recognises difficulties abating in agriculture

Art.11 & 11a “flexibilities”.

- Flexibilities: a common compliance mechanism in Int. & EU climate law & policy
- If MS LULUCF emissions exceed removals, it may use/apply its ESR annual emission allocations
- Transfers: a MS may transfer excess removals to another MS
- “Banking”: a MS may carry fwd excess removals (from 2021/2025 to 2026/2030)

Art. 11 & 11a flexibilities cont’d

- No ‘double-counting’
- “managed forest land flexibility”: Available where:
  - A MS non-compliant (emissions exceed removals); but…
  - Is Positive/compliant in ‘managed forest land’
  - MS may compensate using the excess removals in managed forest land, but
    - EU’s total emissions must not exceed removals
    - Compensation limits for each MS

Ireland and the LULUCF Reg.

- Rolling controversy in Ireland
  - Agriculture is free-riding ?
  - Problems with abatement opportunities in agriculture?

- A Major issue for the Commission was: how to relate LULUCF & the non-ETS fairly and reflect diverse MS agricultural practices and levels of dependence
  - Germany/Netherlands: non-CO_2 agri-emissions are c. 15% of non-ETS emissions
  - Ireland: c. 45%

Ireland & LULUCF cont'd

- Agriculture in the Irish Economy
  - C. 67% of agri. output = beef and milk; Agri-food = 10% of exports; 140,000 family farms.
- Hence, under the ESR, Ireland gets most access to the 280m t LULUCF removals available towards MS's ESR targets

  Ireland 's maximum allocation is 5.6%; Denmark 5%; most other MSs get c. 1% [%ages are %ages of 2005 emission levels]

Ireland & LULUCF cont'd

- Other impacts of the LULUCF Reg. in Ireland
- Irish Forestry:
  - forest is 11% of land area here but way below EU average (c.37%)
  - LULUCF incentivises forestry but sustainability controls are not strong
- Bogs & Peatlands: LULUCF accounting for wetlands is voluntary 'til at least 2026!
- Measurement & Accounting for LULUCF: is already underway

Accounting for LULUCF emissions & removals

- Accounting rules (standards) specify how LULUCF emissions/removals are recorded & 'booked'
- The accounts must "reflect" emissions & removals
- This entails *measurement & calculations* of carbon stock changes in 'carbon pools'
- Uncertainty modelling & analysis is important
- General accounting rules

Accounting cont'd

- Accounting rules for *specific* categories & pools cover e.g.
  - Parameters for determining 'forest' in each MS
  - Emissions from 'harvested wood products'
  - Emissions related to 'natural disturbances'
  - Benchmarking: the use of
    - base periods (for managed cropland, managed grassland and managed wetland)
    - "Forest reference levels" (for managed forest land)

Conclusion

- The best model of inclusion of LULUCF in EU climate policy?