



# **GUIDING PRINCIPLES TO DEVELOP LONG TERM CLIMATE STRATEGIES**



## **Strategies to achieve carbon neutral economies by 2050**

- One of the main elements required to meet climate goals will be the development of long-term climate strategies consistent with the Paris Agreement's goals and the UN Sustainable Development Goals.
- Climate strategies should aim to achieve carbon-neutral economies by 2050, including instruments based on the following guiding principles:
  - Maximise certainty for investors and society as a whole, including legally binding CO<sub>2</sub> emission reduction targets to 2030 and 2050
  - Develop efficiently oriented sectoral decarbonisation roadmaps that tackle successfully the above-mentioned goals
  - Create a transparent and inclusive process for developing, implementing, reporting on and reviewing the strategy;
  - Develop regular assessments of the strategy, with upward revisions to reflect the latest climate science and technological advancements;
  - Take a wide approach that covers all sectors of the economy, addressing economic, social and environmental issues related to the transition to a decarbonized economy with the corresponding appropriate amendments in legislation;
  - Recognize the role of public-private partnerships in developing and implementing successful climate strategies;
  - Recognize climate change as a risk for the economy as a whole and for the industrial and financial sectors and vulnerable groups in particular.
  - Include within the contents of the strategy: carbon budgets (with targets and milestones), carbon pricing schemes that covers all sectors of economy – by including those sectors not covered by the EU-ETS-, specific measures for SMEs, short and long term sectoral plans and a broad description of crosscutting and sectoral instruments to meet climate goals, adaptation guiding principles to develop National Adaptation Plans, principles to advance towards climate financing goals ...
  - Set clear responsibilities on the bodies responsible for delivering the strategy.



## **Policies to achieve long-term climate strategy goals efficiently and effectively**

### **The role of energy sector**

- The main cause of climate change is the current energy system (which includes electricity, gas and oil) based on fossil fuels (80% of the total), which also results in air pollution, another of the major environmental challenges.
- A solution to climate change therefore requires a change in the energy model which should be based on 1) energy savings and efficiency and 2) the progressive substitution of fossil fuels with emissions-free energy following the path of minimum costs, basically through the use of renewable energy sources, adopting a wide perspective on technologies<sup>1</sup>, policies and sectors.

### **Crosscutting policies**

- Introducing robust Environmental Tax Reforms, where price signals on CO<sub>2</sub> and other externalities (e.g. air pollution...) will play a key role to eliminate current distortions and provide efficient signals for investment and consumption as well as providing funding to finance the energy transition. Subsidies that make this transition difficult must be avoided and a thorough revision of the current energy and environmental taxation system for those sectors that as today do not internalize its environmental costs must be tackled to align it with the “polluter pays” principle.
- Promoting adequate energy price signals to final consumers, removing from them those cost not related to supply. Failing to do so distorts the creation of a level playing field among energy sources.
- Furthermore, there is a vital need for policies on standards, particularly for transport and buildings, and demands for information disclosure for financial entities and businesses on risks and climate opportunities
- Another key issues are:
  - The implementation of policies on communication and social awareness (explaining the benefits of the solution) so they are understood and accepted by all sectors of society.
  - The impulse of digitalization in all sectors focused on a decarbonised economy.

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<sup>1</sup> There is no single bullet to meet long term climate goals and a wide range of technologies will have to be considered, such as: energy efficiency solutions, renewable energy, carbon capture and storage technologies, Land-use change and forestry (LULUCF)...



### **Sectoral instruments**

- Barriers to decarbonisation in different sectors should be assessed as an initial stage, taking into account distinctive elements of each sector under a technical, economic and social point of view.
- Once barriers have been clearly identified, efficiently oriented sectoral decarbonisation roadmaps are required to tackle them successfully.