EU reveals energy plan of action

Mr Barroso says climate change is the ultimate political challenge

European Commission President Jose Manuel Barroso has announced "historic" plans to make Europe "the first economy for the low-carbon age".

He said Europeans wanted "a vision and a plan of action" against climate change and the measures would cost 3 euros (£2.10) a week for every citizen.

The aim would be a 20% cut in the EU's greenhouse gas emissions by 2020, which could rise to 30% with a global deal.
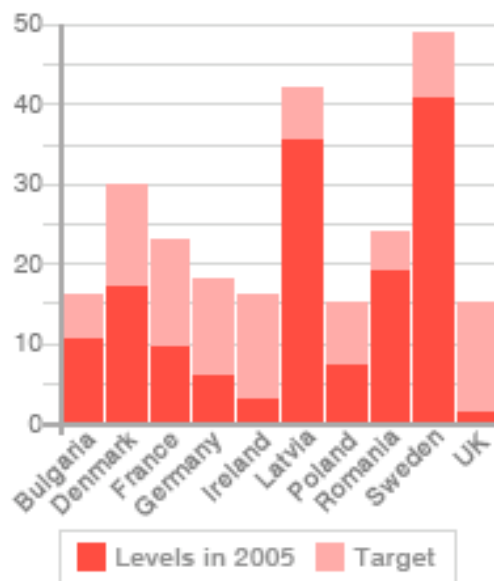
He told the European Parliament there was a cost, "but it was manageable".

'Not a bad deal'

Mr Barroso put the figure at 60bn euros a year until 2020: "a real commitment, but not a bad deal." It would mean a rise in electricity prices of 10-15% but there would be less reliance on energy imports.

RENEWABLE ENERGY
Targets (%)

Legend: Levels in 2005 | Target

He said work had to start to cut global emissions in half by 2050 and he said Europe could lead the way.

Addressing business critics who have complained that the proposals might drive industry away from the European Union, the commission president said energy-intensive industries would be given emission allowances free of charge.

He told MEPs the package was "not in favour of the environment and against the economy".

"We don't want to export our jobs to other parts of the world," he said.

Carbon allowances

Environmental groups believe the commission should be planning for the higher target of 30%.

"Scientists warn that a cut of at least 30% is required to prevent a climatic catastrophe," said Tony Juniper, director of Friends of the Earth.

"The solutions already exist. What we lack is political ambition and courage."

EU'S 20/20/20 VISION: KEY AIMS AND POTENTIAL CHALLENGES
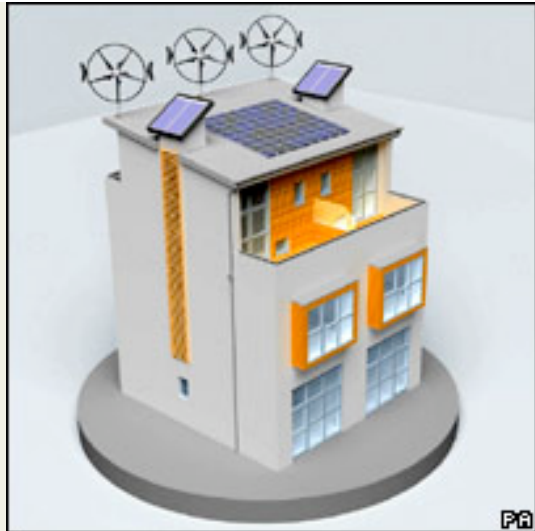
AIM: reduction in greenhouse gas emissions by 2020
AIM: reduction in energy imports, saving money and increasing energy security
AIM: world leadership in renewable energy technology
CHALLENGE: government and companies may try to weaken their emissions targets
CHALLENGE: some countries likely to find renewables targets very ambitious
CHALLENGE: wrangles likely over technicalities of ETS

Nations' reaction
Test your energy levels with our climate change quiz

The commission's proposals would see the Emissions Trading Scheme (ETS) extended to include more industrial sectors in the years between 2013 and 2020.

Apart from a few exempt industries, the power sector would lose the right to free emission allocations and have to buy all its permits at auction from 2013. Aviation and other industries would move gradually to a full auction.

Companies' carbon allowances would be decided at European level, replacing the current system where nations submit bids to the commission.

The aim would be to reduce allowances so that by 2020, emissions from the sectors included would be about 21% below the level they were when the ETS started in 2005.

For emissions not covered by the ETS, such as transport, buildings and agriculture, the commission has proposed national targets.

Richer nations would have to cut their emissions: the target for

Denmark and the Irish Republic is a 20% reduction and the UK's is 16%. The poorest would be allowed to increase emissions, Bulgaria by 20% and Romania by 19%.

Carbon savings

Each country has been given a national target for renewable energy.

The UK's is 15%. Sweden which already has a thriving renewables industry has been given a tougher figure of 49%.

GREENHOUSE GAS REDUCTION
Targets (%)

Growing nations allowed to increase emissions
SOURCE: European Commission
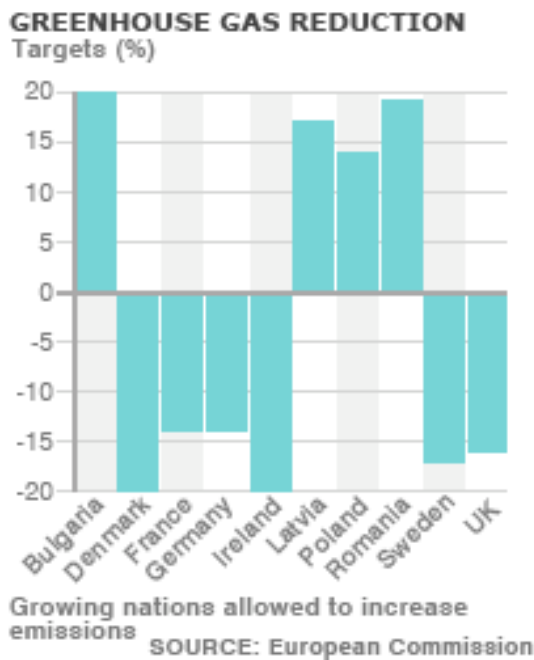
Countries would be allowed to trade investment in renewables facilities.

The target of powering 10% of Europe's road transport with biofuels has been retained.

But the Commission has drawn up a set of criteria designed to ensure the fuels used bring carbon savings of at least 35% compared to petrol or diesel, without causing other environmental problems

Before the commission's proposals are adopted, they will have to be endorsed by MEPs and member states. The final package might not come into force before the end of 2009.