

SOLIDARITÄT – GEBET – DIALOGANGEBOTE

Krieg in der Ukraine – Hinweise zur Orientierung



NEWSLETTER
f

**KLIMA
STREIK
23/9/22**
ZUSAMMEN MIT

**FÜRS KLIMA UND DIE
GERECHTIGKEIT!**
MEHR >

**STUDIE PRÜFT ENTLAS-
TUNGSMASSNAHMEN
BREITES BÜNDNIS FORDERT
GERECHTE UND KLIMA-
FREUNDLICHE
ENTLASTUNGEN**
MEHR >

**„STARKE SCHULTERN MÜS-
SEN MEHR TRAGEN“**
MEHR >



Social Justice in Carbon Pricing in Times of Multiple Crises

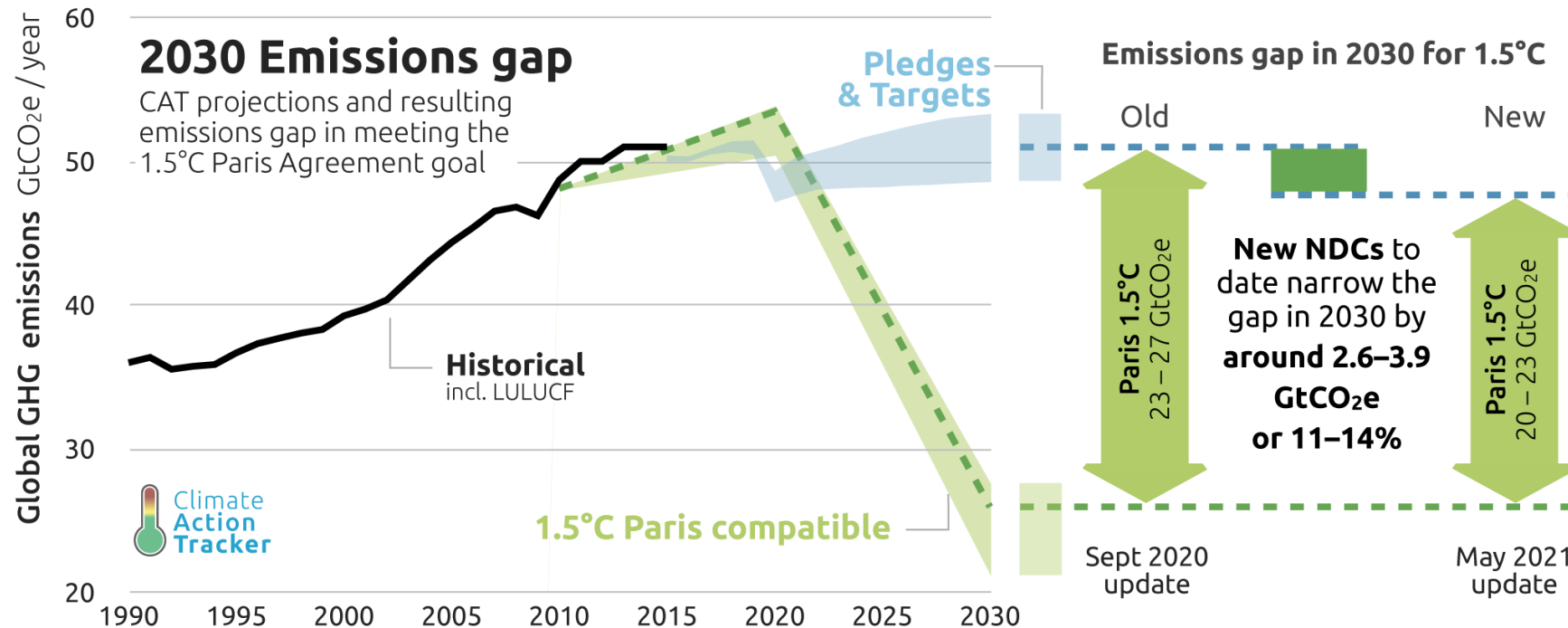
Sven Rudolph, Elena Aydos and Takeshi Kawakatsu

25th REFORM Group Meeting, Salzburg
October 3-7, 2022



Source: <https://www.zdf.de/nachrichten/panorama/japan-schlamm-lawine-tote-100.html>, <https://www.sfchronicle.com/california-wildfires/article/California-s-largest-wildfire-continues-to-grow-16306324.php>, <https://www.stern.de/panorama/klimaaktivistin-kommentiert-unwetter-in-deutschland--macht-mich-wuetend--30618450.html>, www.stern.de, www.deutschlandfunk.de

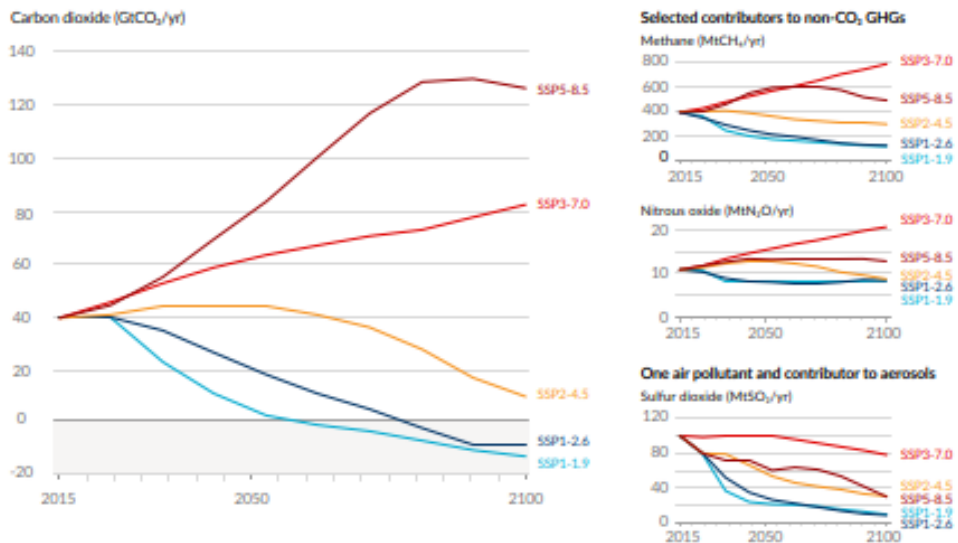
The climate emergency



“We are sleepwalking to climate catastrophe.”
(UN Secretary-General António Guterres, Mar 2022)

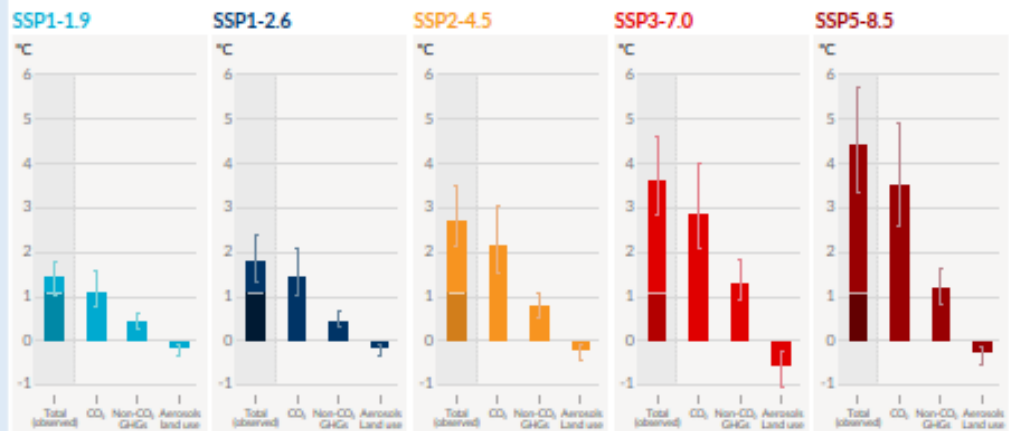
Future emissions cause future additional warming, with total warming dominated by past and future CO₂ emissions

a) Future annual emissions of CO₂ (left) and of a subset of key non-CO₂ drivers (right), across five illustrative scenarios



b) Contribution to global surface temperature increase from different emissions, with a dominant role of CO₂ emissions

Change in global surface temperature in 2081-2100 relative to 1850-1900 (°C)



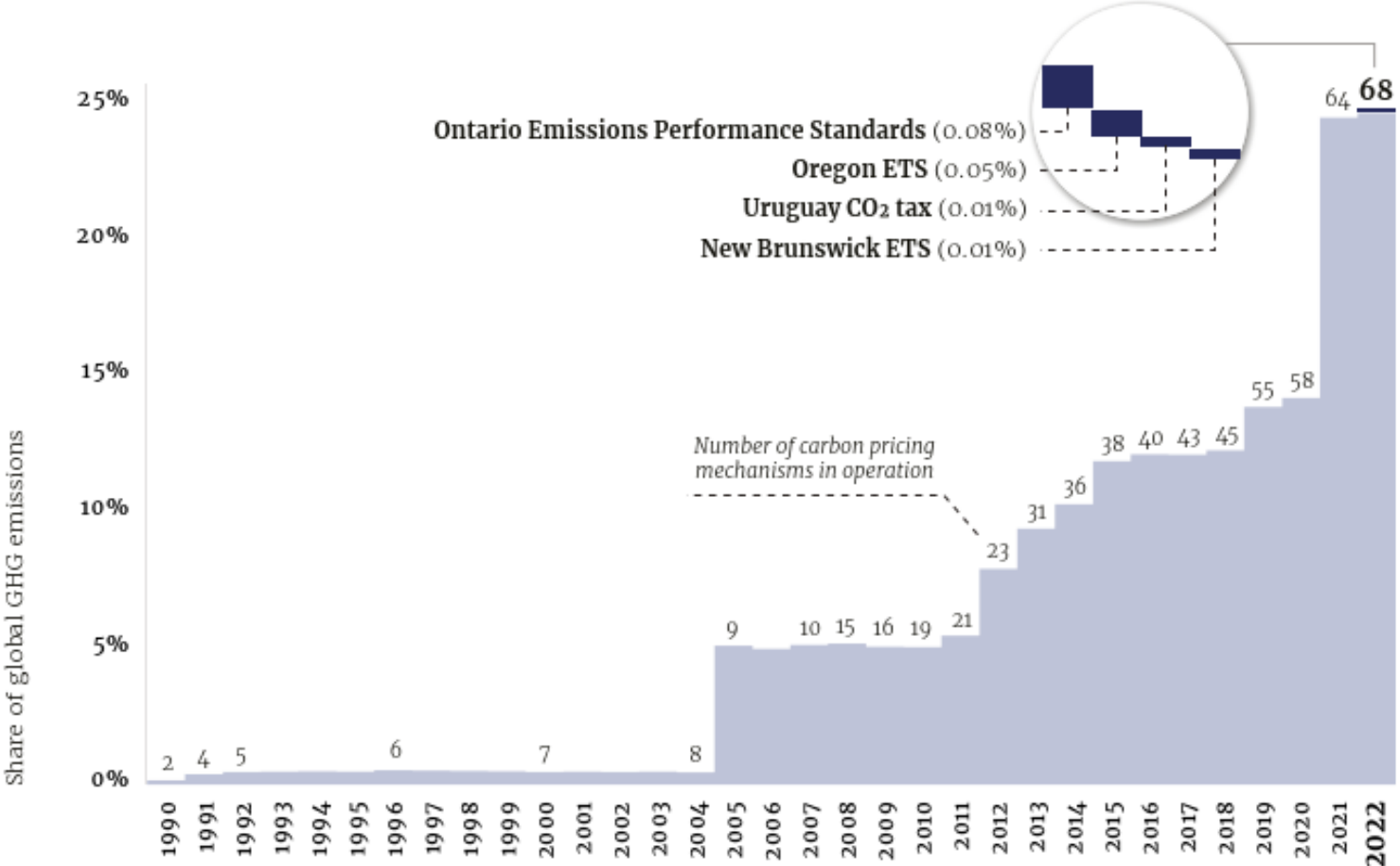
Total warming (observed warming to date in darker shade), warming from CO₂, warming from non-CO₂ GHGs and cooling from changes in aerosols and land use



www.zdf.de, www.sfchronicle.com, www.stern.de, www.deutschlandfunk.de



The rise of carbon pricing

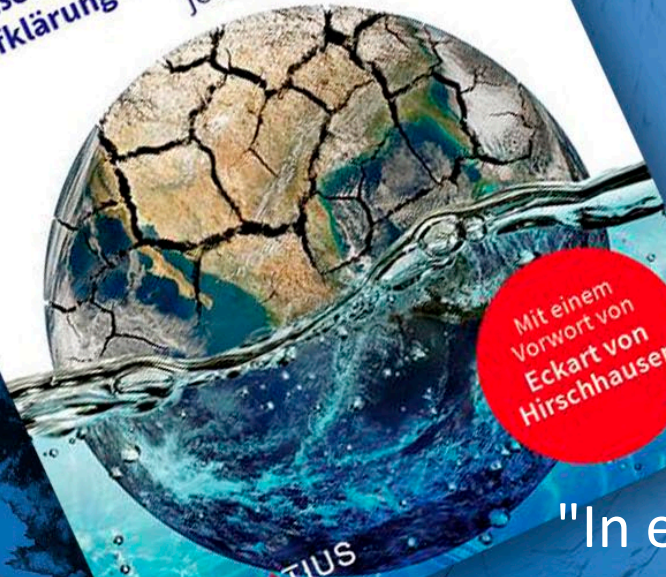




Ernst Ulrich von Weizsäcker

SO REICHT DAS NICHT!

Außenpolitik, neue Ökonomie, neue
Aufklärung – Was wir in der Klimakrise
jetzt wirklich brauchen



Mit einem
Vorwort von
Eckart von
Hirschhausen

BONIFATIUS

"In einer Wirtschaft,
die auf die Steuerungskräfte des Geldes setzt,
muss man in erster Linie dafür sorgen,
dass die Preise die ökologische Wahrheit sagen."

Cap-and-trade as no. 1

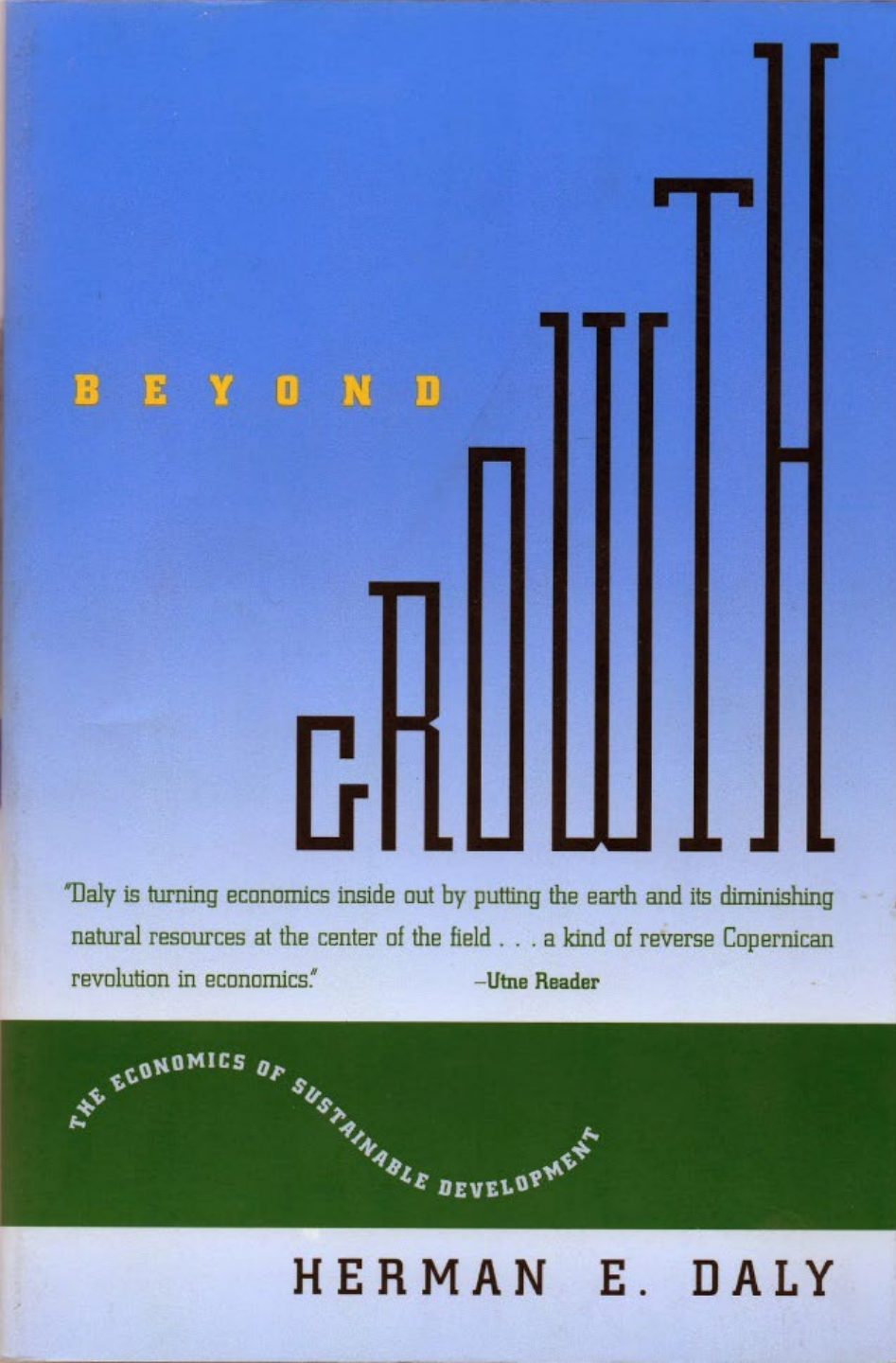
Top 10 Policies for a Steady-State Economy (Herman Daly 2021):

No 1. Cap-and-auction systems for basic resources.

“Caps limit biophysical scale by quotas on ... pollution ...

Auctioning quotas captures scarcity rents for equitable redistribution.

Trade allows efficient allocation to highest use.”



BEYOND

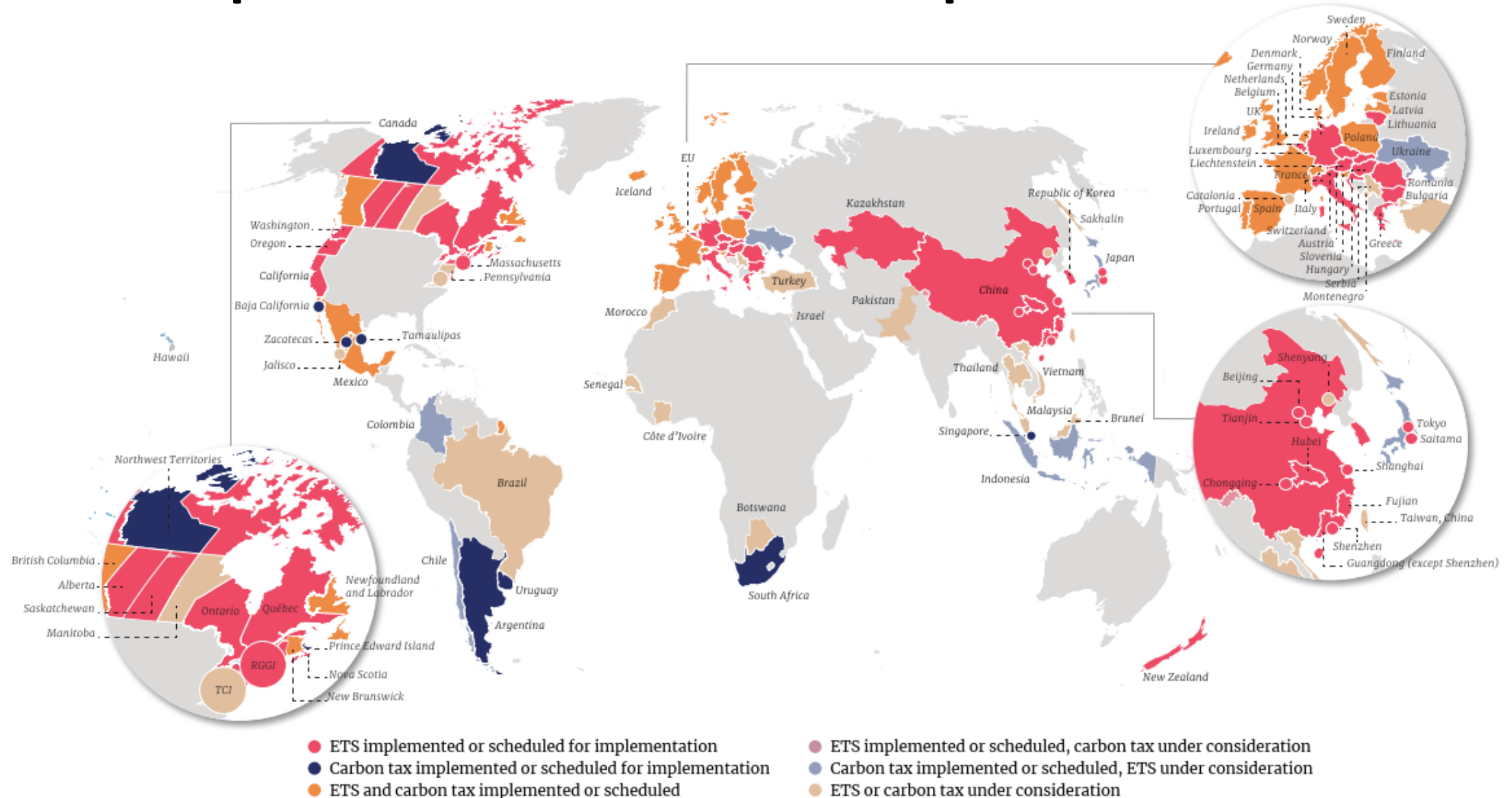
GROWTH

“Daly is turning economics inside out by putting the earth and its diminishing natural resources at the center of the field . . . a kind of reverse Copernican revolution in economics.”
—Utne Reader

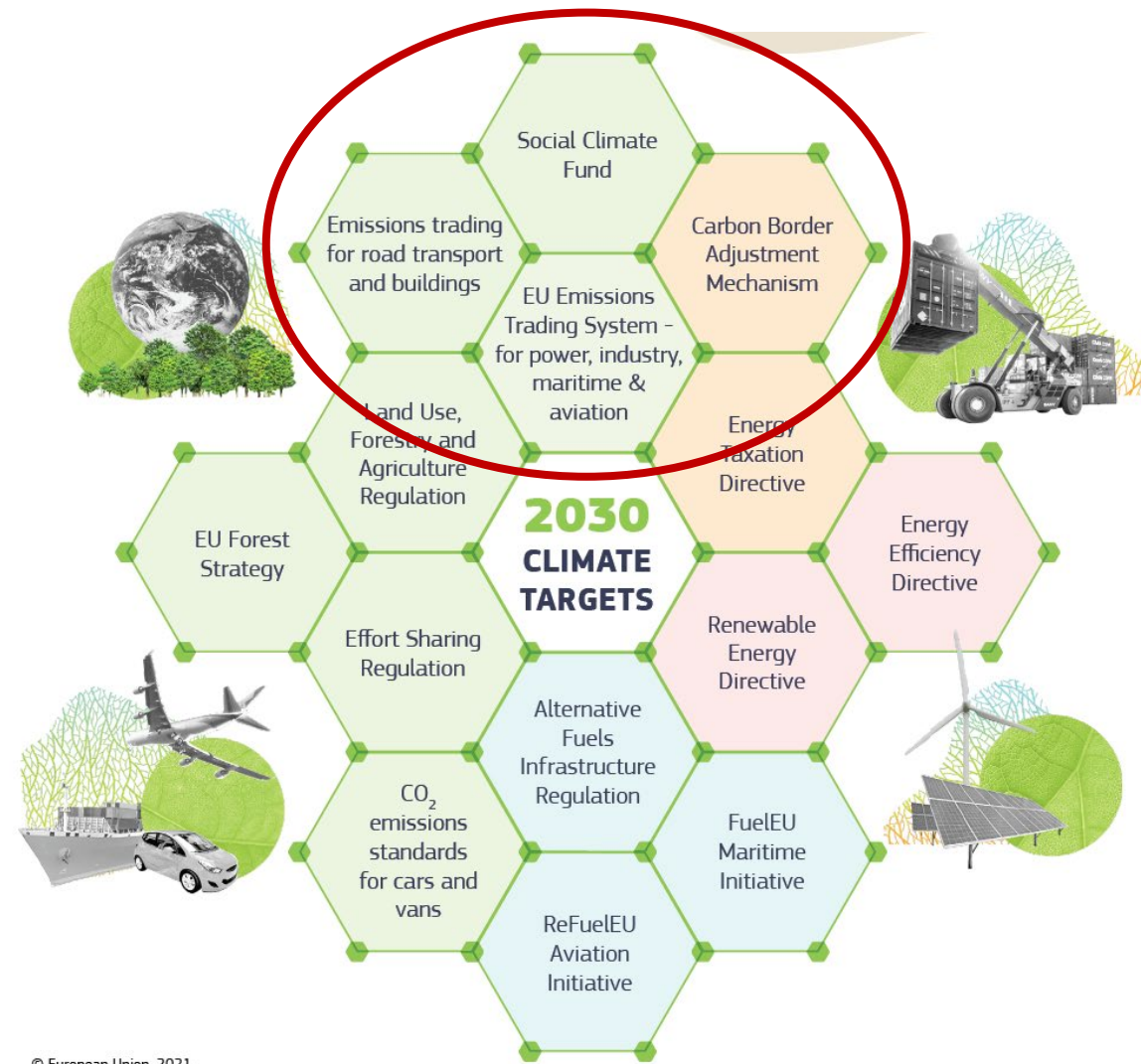
THE ECONOMICS OF SUSTAINABLE DEVELOPMENT

HERMAN E. DALY

The proliferation of cap-and-trade

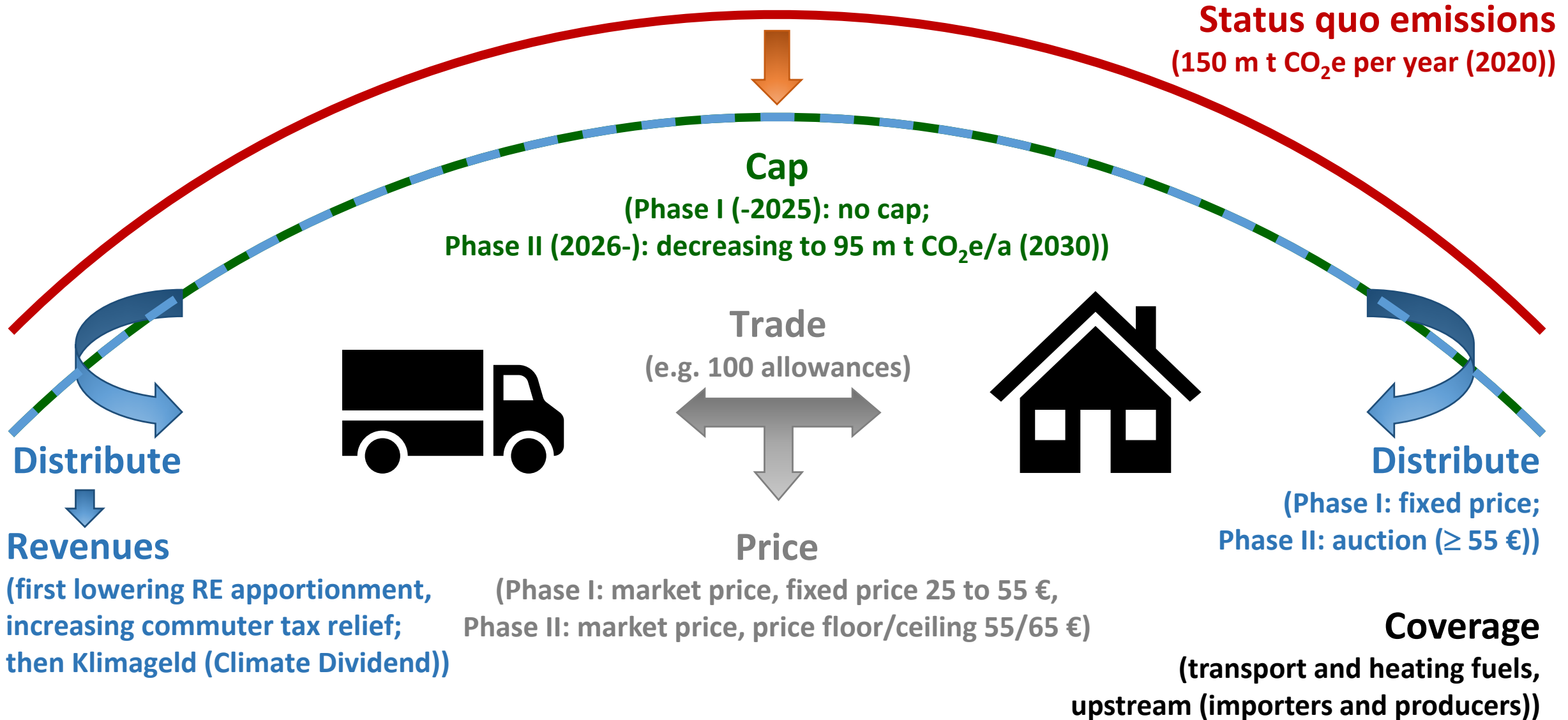


Cap-and-trade in the EU's "Fit for 55"

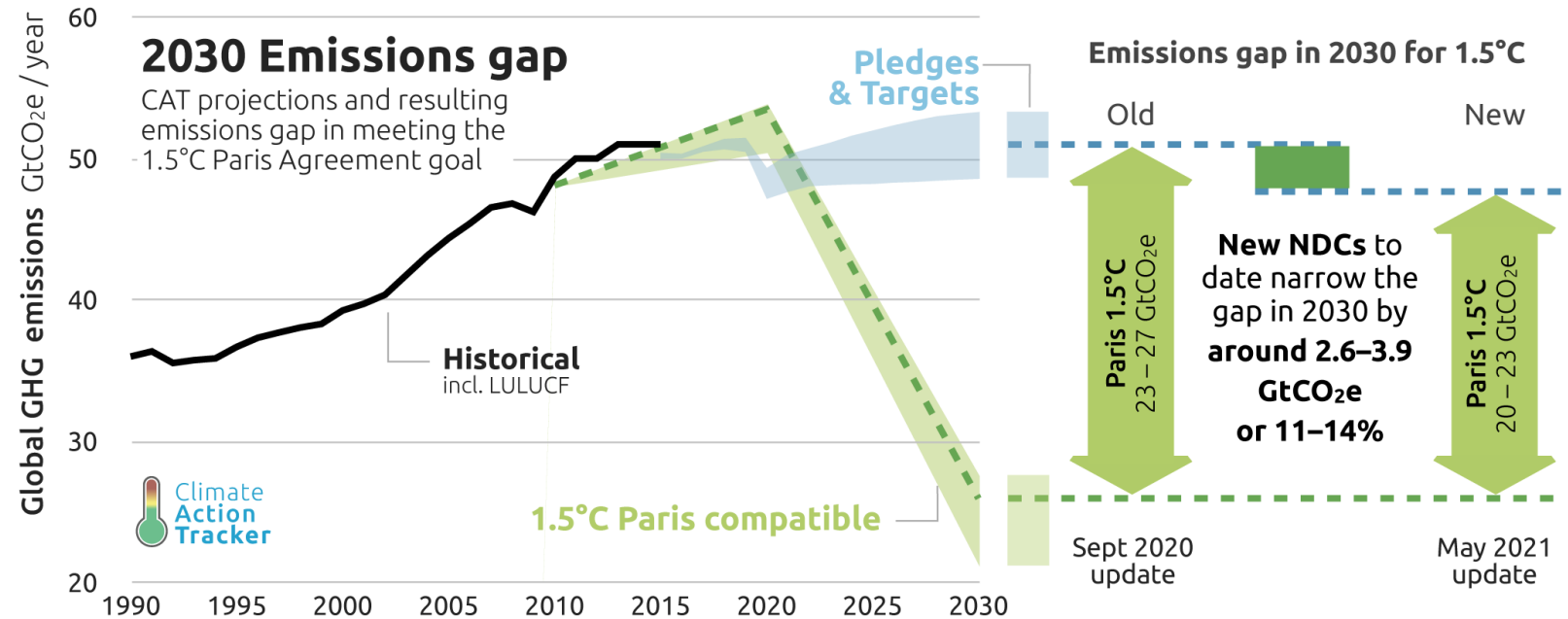


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The German Fuels-ETS

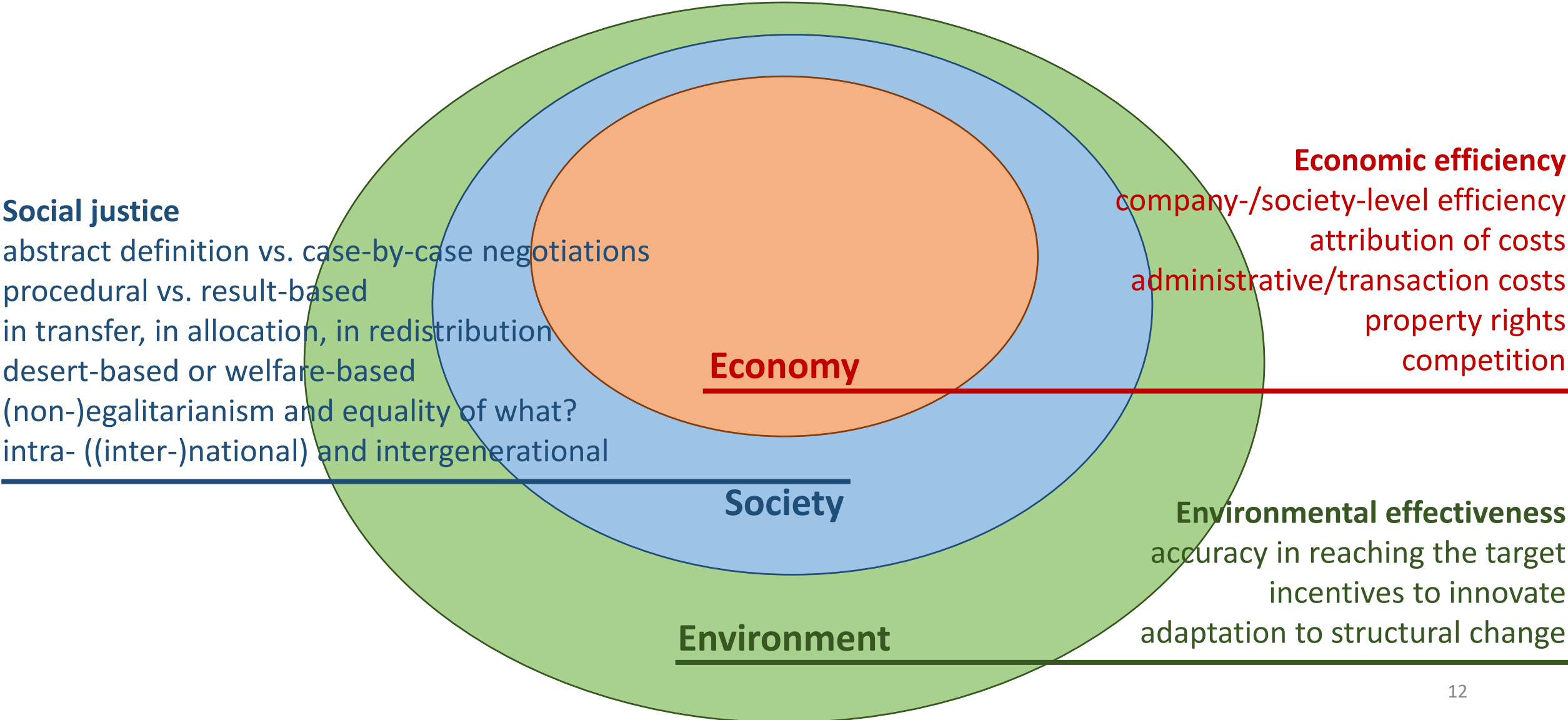


Social justice and its political dimension

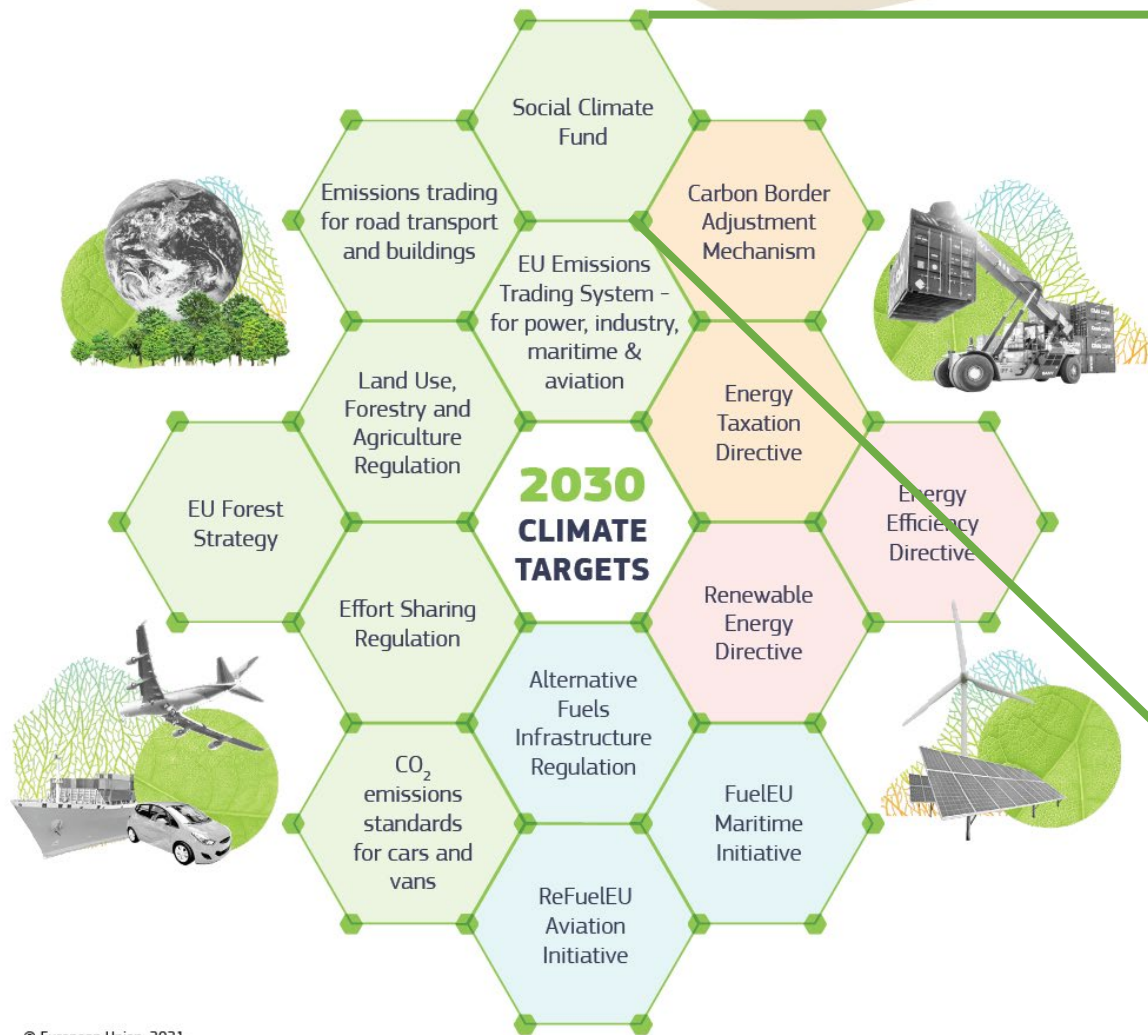


“strategic importance as a key enabler of ambition”
 (Klinsky 2013)

Sustainability criteria for cap-and-trade



The Social Climate Fund



SCF goal

- to mitigate the burden of high CO₂-price for those in need

SCF approach

- fueled by 25% of ETS 2 proceeds
- distribution based on MS needs
- Climate Social Plans for spending to be developed by MS

Compensation of households by ETS 2 revenues

Figure 7: High-intensity energy consumers in the EU by income decile.
Source: own elaboration

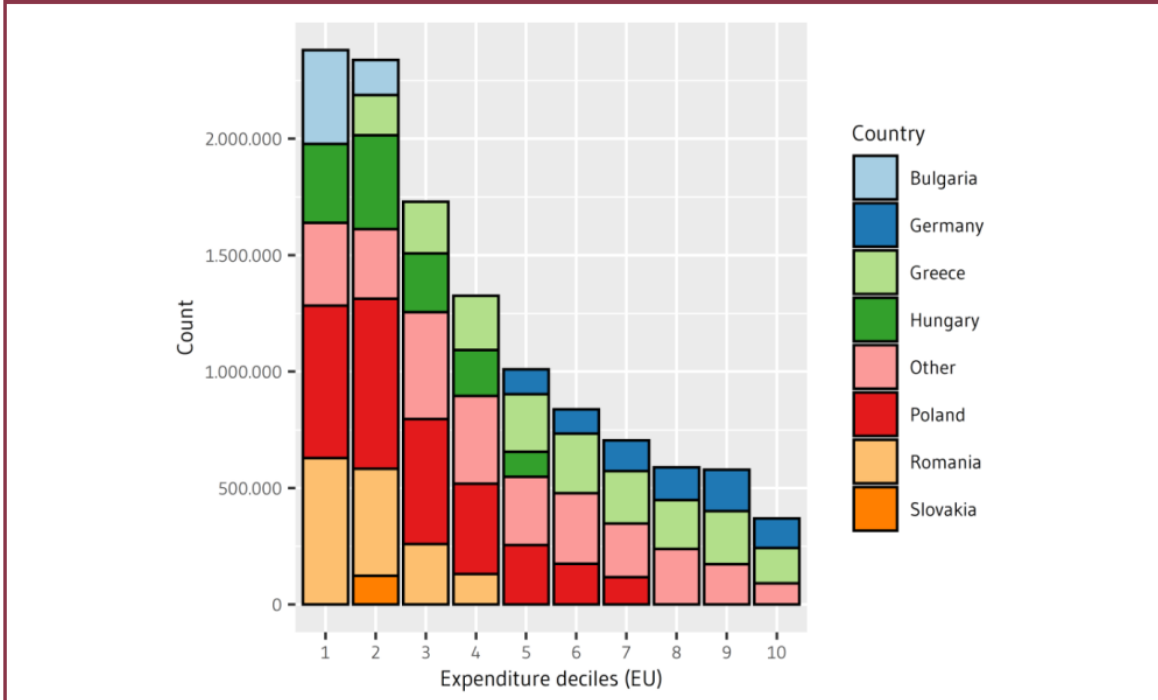
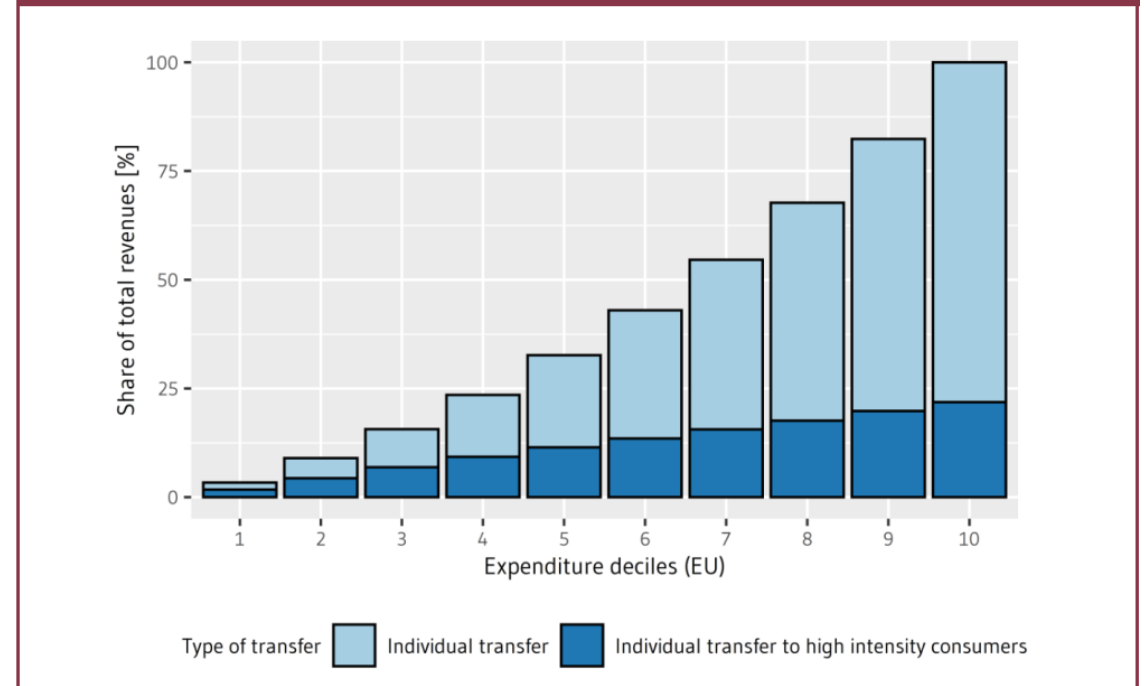
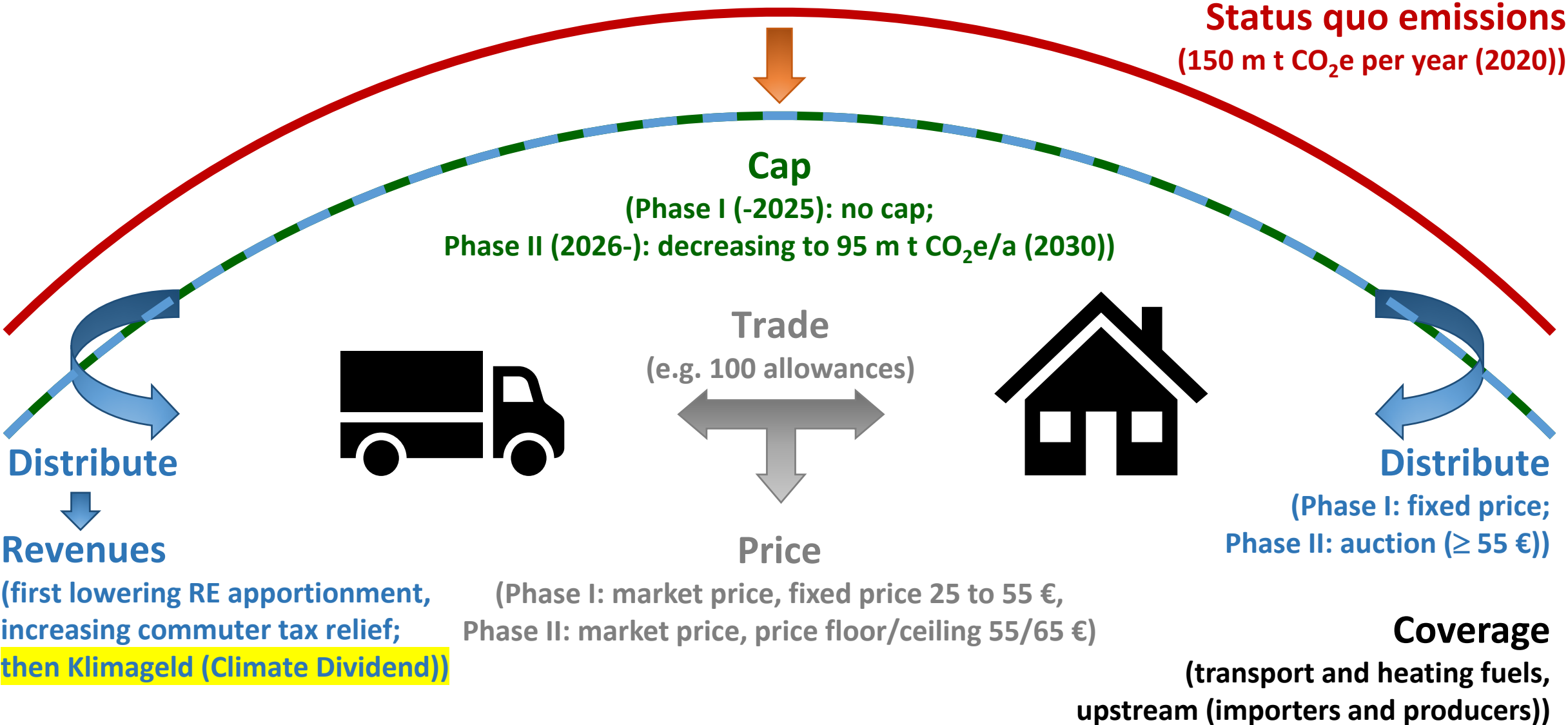


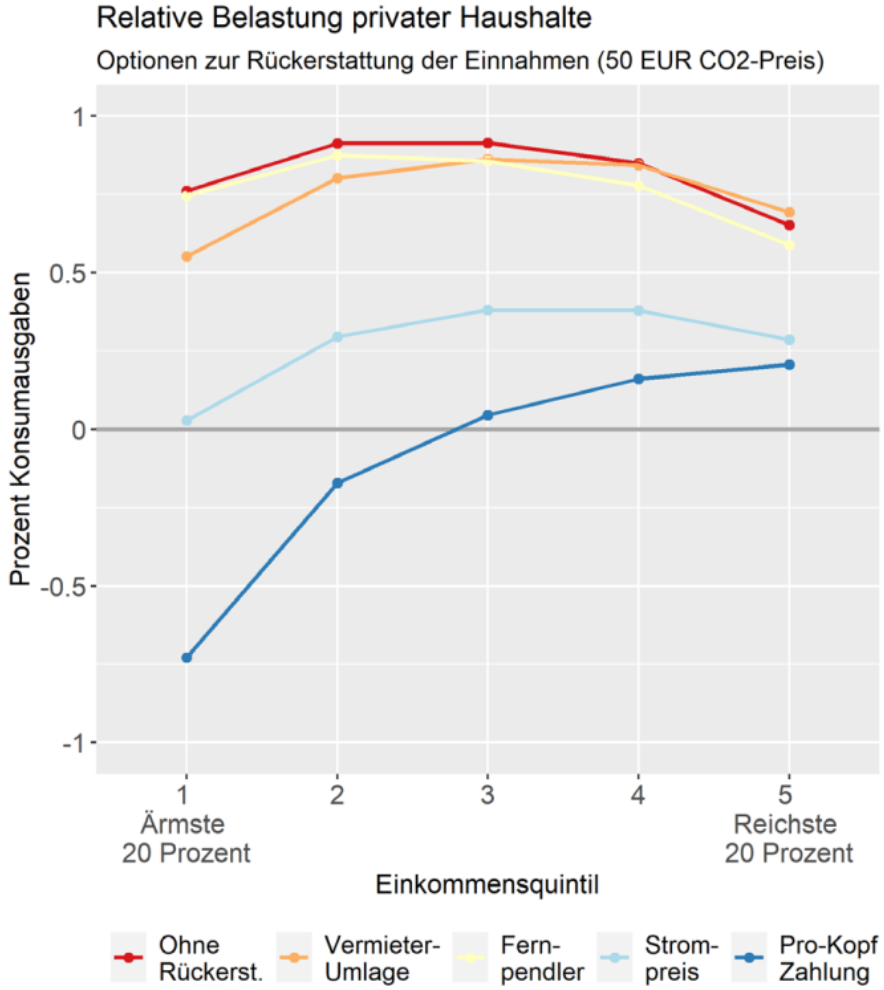
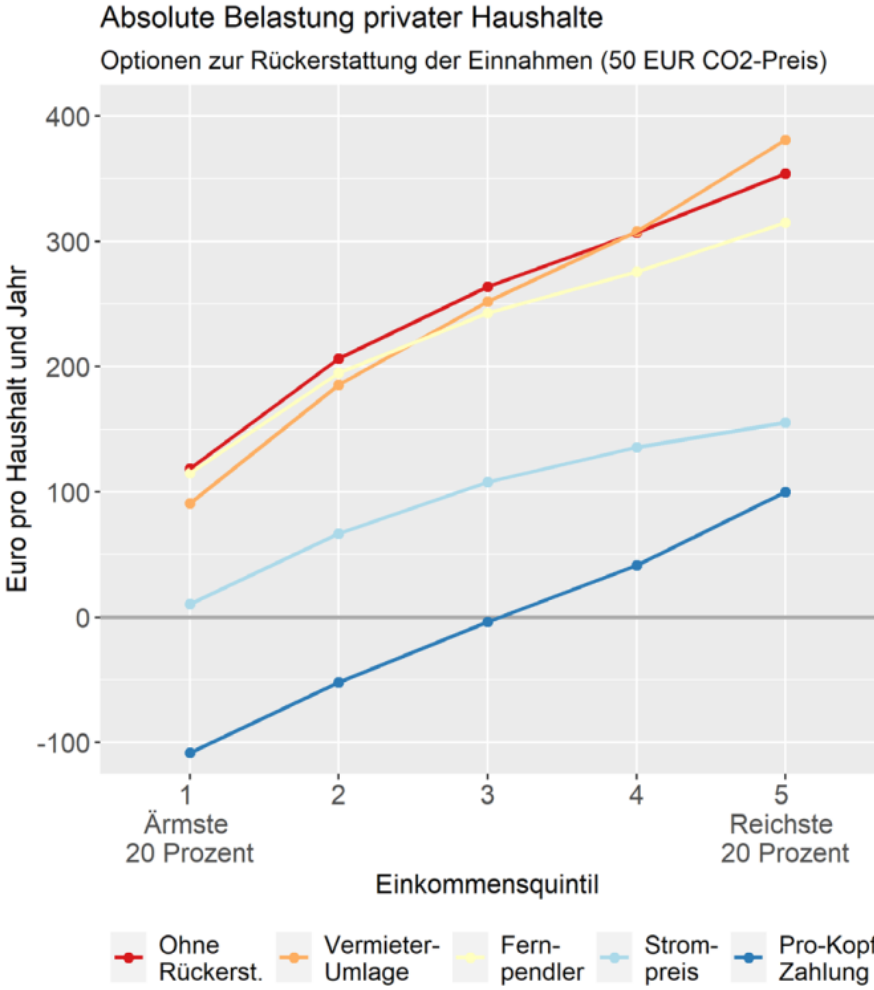
Figure ES5: Share of auction revenues required to compensate (a) all high-intensity consumers, and (b) all consumers, for their additional energy costs due to a carbon price. Source: own elaboration.



The German Fuels ETS



Compensation options German Fuels ETS



Socially just “Fit for 55” and German Fuels ETS?

	Sustainable Model Rule (SMR)	EU pre „Fit“	EU post „Fit“	DE ~2025	DE 2026~
Coverage	mandatory participation	●	●	●	●
	all GHG (based on CO ₂ e)	●	●	●	●
	all polluters	●	●	●	●
Cap	≥ -25-40% by 2020, -50-65% by 2030 (base 1990)	●	●	●	●
	absolute volume cap (Budget Approach)	●	●	●	●
	gradual cap reduction (Contraction & Convergence)	●	●	●	●
Allocation	initial allocation by 100% auctioning	●	●	●	●
	markets equally accessible to all parties	●	●	●	●
	frequent auctions, established secondary market	●	●	●	●
Revenue Use	100% revenue recycling	●	●	●	●
	Equal per capita climate dividend (Sky Trust)	●	●	●	●
Flexibility Mechanisms	banking permitted (unlimited)	●	●	●	●
	borrowing prohibited	●	●	●	●
	sustainable offset projects only (Gold Standard)	●	●	●	●
Price Management	auction price floor (≥SC-CO ₂ ; 50/60 US\$/t 2020/30)	●	●	●	●
	price ceiling (≥PA-CP, 80/100 US\$/t 2020/2030)	●	●	●	●
Compliance	control periods not longer than three years	●	●	●	●
	continuous MRT or verified reporting	●	●	●	●
	discouraging fines for non-compliance (>p)	●	●	●	●
	full compensation of excess emissions	●	●	●	●
Linking	multilateral direct linking (MoU)	●	●	●	●



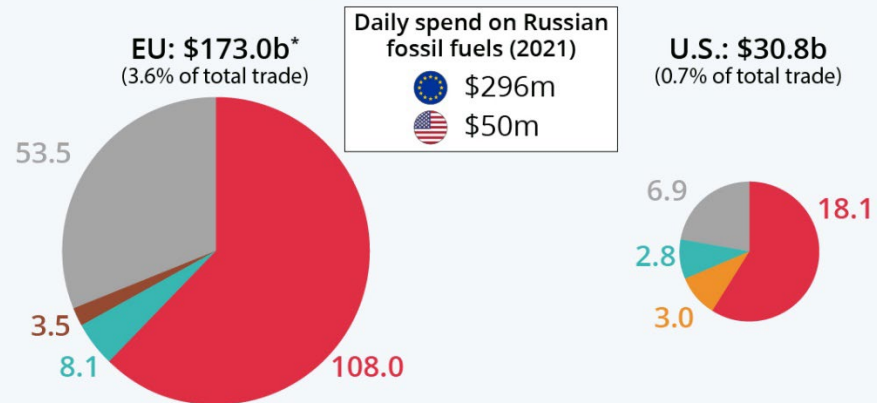
“[W]ar is an absurdity in the 21st century, ... war is evil”
(UN Secretary-General António Guterres, Apr 2022)

Energy dependency: EU and DE

The EU's Energy Dependence on Russia Charted

EU and U.S. imports of goods from Russia in 2021, by category (in billion U.S. dollars)

- Mineral fuels
- Iron/steel
- Wood
- Others
- Precious stones & metals



* converted from Euros on April 7, 2022

Sources: European Commission, UN Comtrade via Trading Economics, U.S. Census Bureau



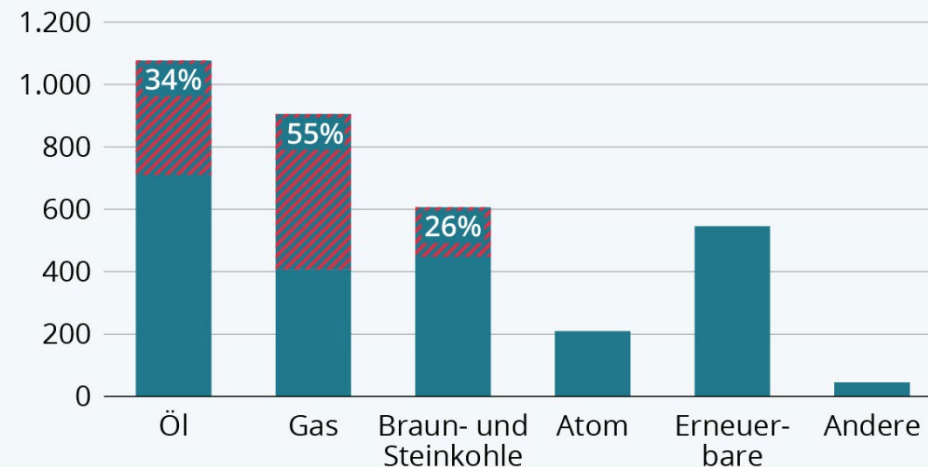
statista

So viel Energie importiert Deutschland aus Russland

Energieverbrauch Deutschlands nach Energieträger und Anteil der Importe aus Russland 2021



- Verbrauch in TWh
- Anteil der Importe aus Russland



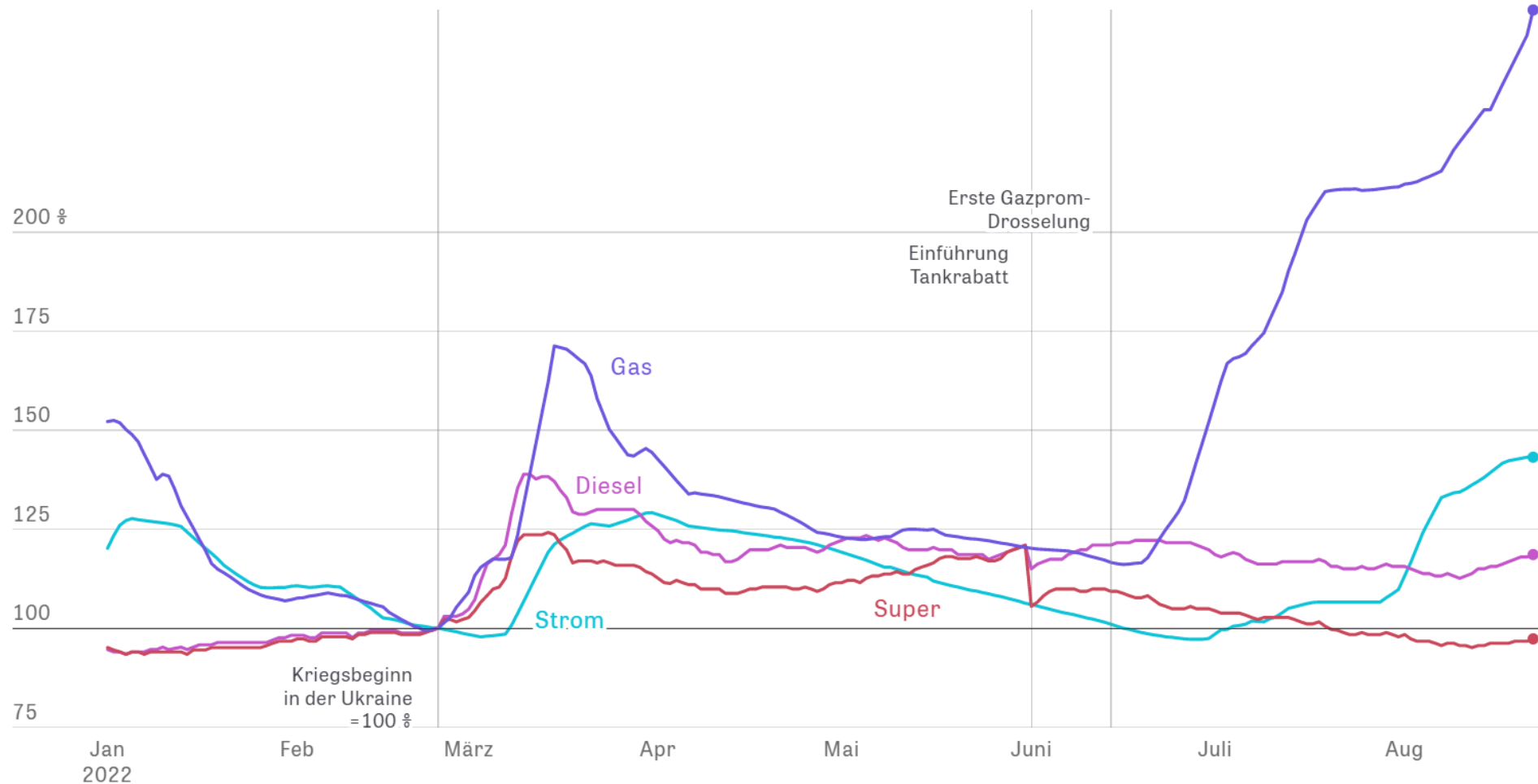
Quelle: ifo Institut



statista

Rising energy prices

Wie sich die Preise für Energie seit Kriegsbeginn verändert haben:



Zuletzt aktualisiert: 23. August 2022

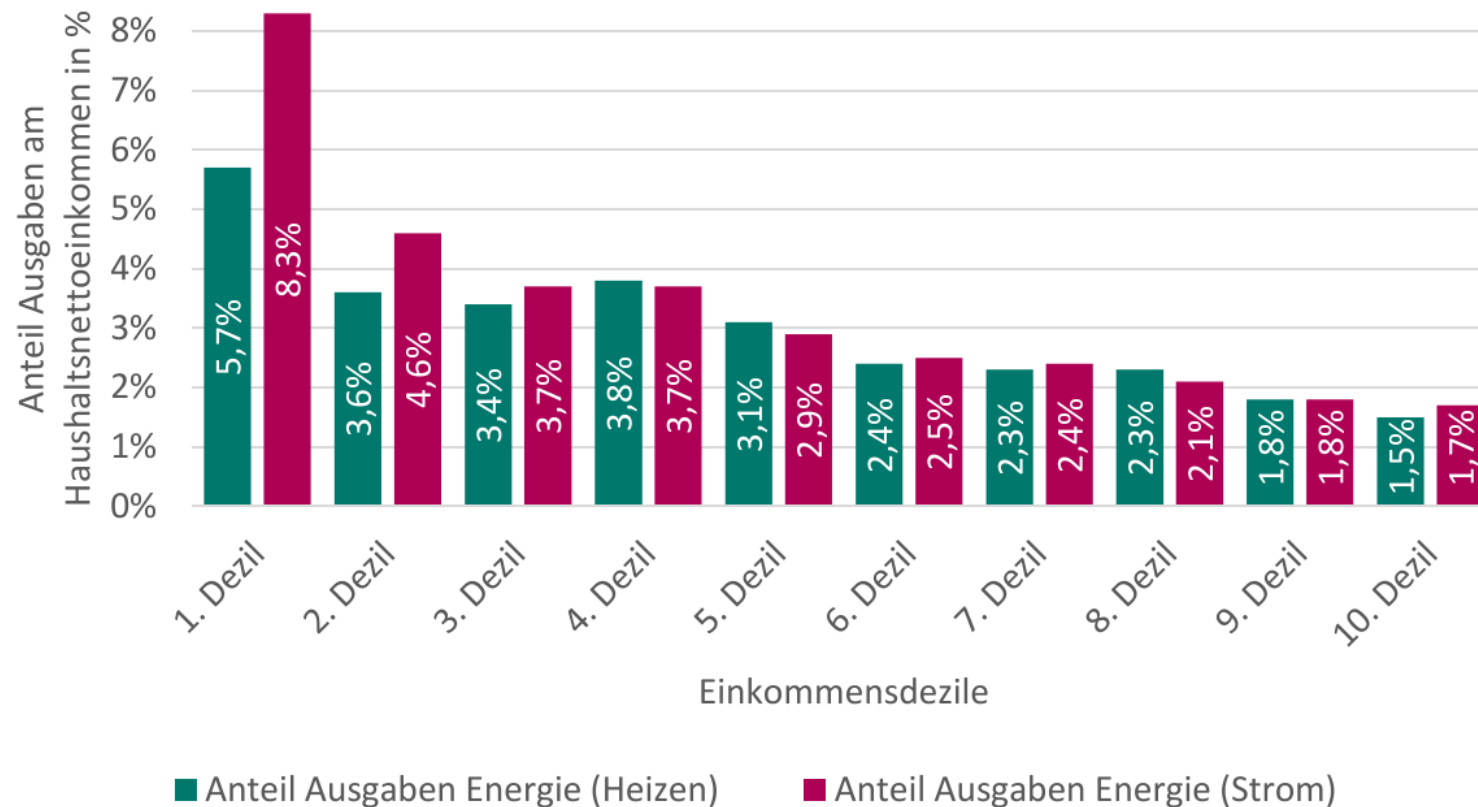
Quelle: Verivox, tankerkoenig.de, ZEIT ONLINE

Rising CO₂ price



Regressive energy and CO₂ prices

Anteil der Energieausgaben am Haushaltsnettoeinkommen nach Einkommensdezil

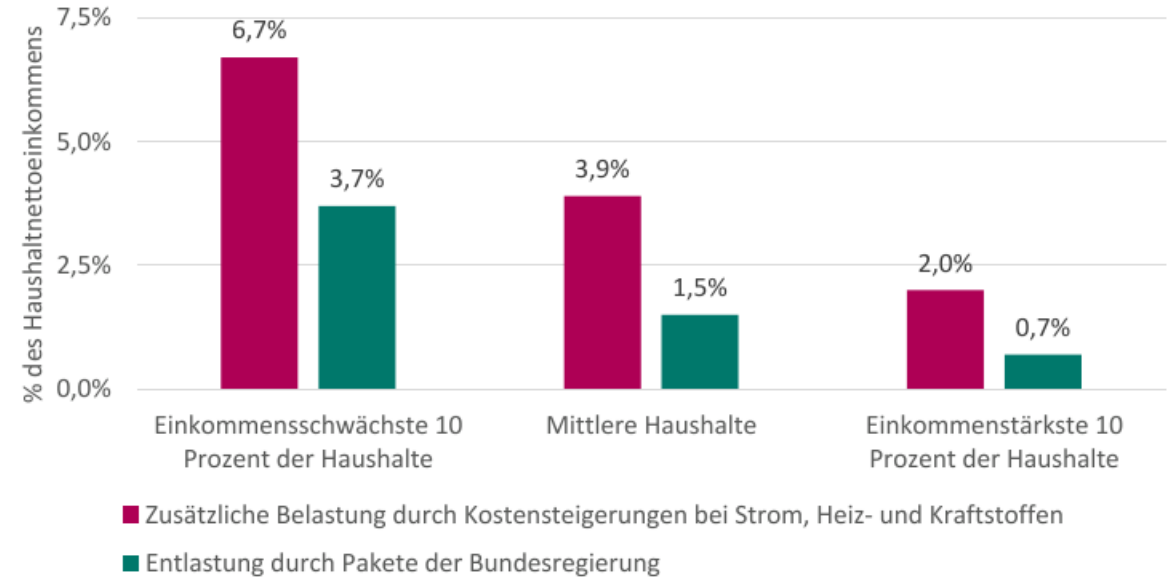


German relief packages 1-3

Übersicht über die Entlastungspakete

Maßnahme	Budget
Koalitionsausschuss am 23.2.2022 – erstes Entlastungspaket	
Abschaffung der EEG-Umlage zum 1.7.2022	6,6 Mrd. €
Erhöhung des Arbeitnehmer-Pauschalbetrags von 1.000 auf 1.200 Euro	1,1 Mrd. €
Erhöhung des Grundfreibetrags von 9.984 auf 10.347 Euro	3 Mrd. €
Erhöhung der Pendlerpauschale ab dem 21. Kilometer	0,3 Mrd. €
Corona-Zuschuss für Menschen in der Grundsicherung	0,4 Mrd. €
Sofortzuschlag für von Armut betroffene Kinder	0,7 Mrd. €
Erhöhung des Mindestlohns (bereits im Koalitionsvertrag angekündigt)	-
Steuerliche Corona-Hilfen (u.a. erweiterte Verlustverrechnung, Verlängerung der degressiven Abschreibung)	2,6 Mrd.
Verlängerung der Sonderregelungen beim Kurzarbeitergeld bis zum 30.6.2022	0,5 Mrd. €
Heizkostenzuschuss für Wohngeldbeziehende, Studierende, Schüler:innen sowie Auszubildende	0,1 Mrd. €
Koalitionsausschuss am 23.3.2022 – zweites Entlastungspaket	
Energiepreispauschale	Ca. 9 Mrd. €
Familienzuschuss	1,5 Mrd. €
Einmalzahlungen für Empfänger:innen von Transferleistungen	0,4 Mrd. €
Absenkung der Energiesteuer auf Kraftstoffe für 3 Monate	3,2 Mrd. €
9 Euro/Monat für 3 Monate im öffentlichen Personennahverkehr (ÖPNV)	3 Mrd. €
Ausweitung der Maßnahmen für energieeffiziente Gebäude (insb. Heizungsaustausch)	Bis zu 13 Mrd. %€ ^a -

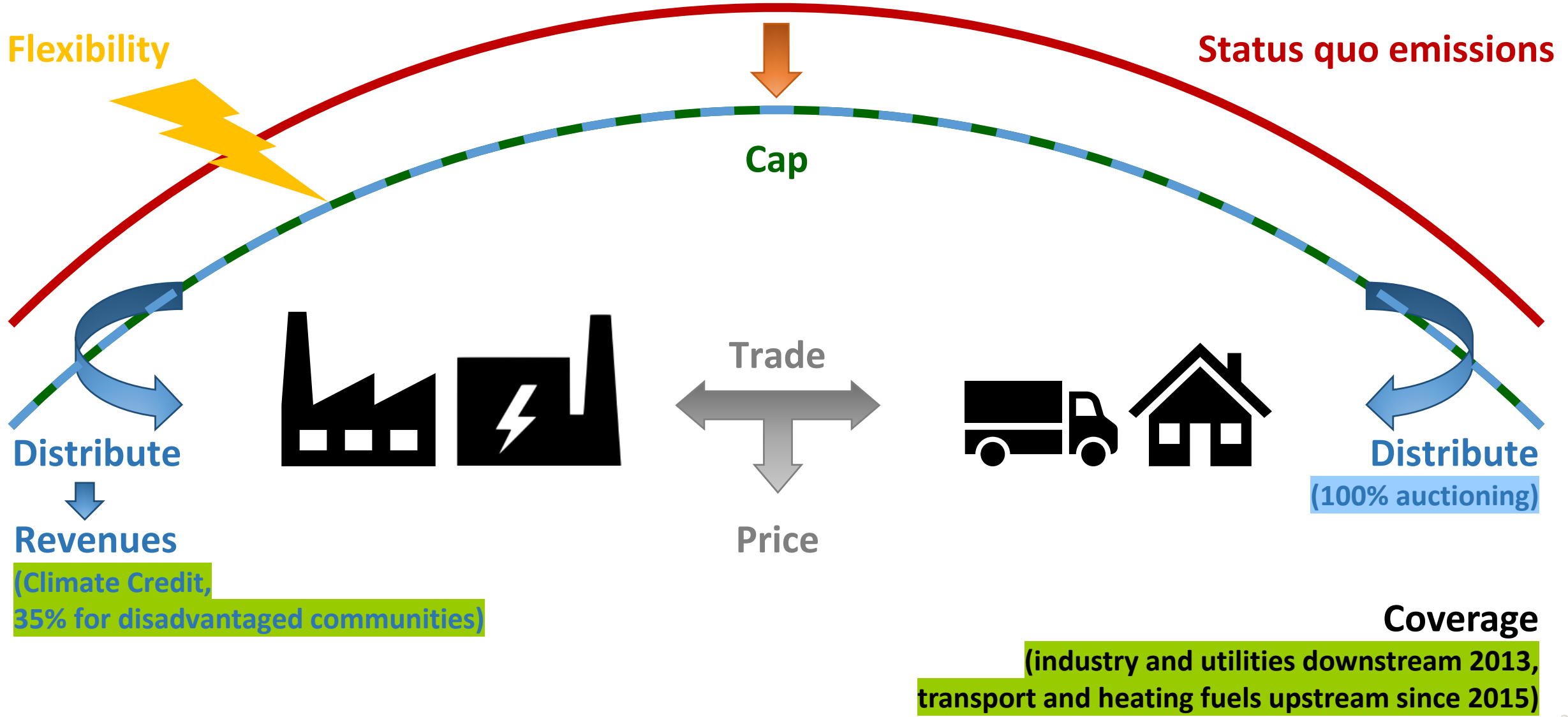
Be- und Entlastung durch Energiepreissteigerungen und die Pakete der Bundesregierung in Prozent des Haushaltsnettoeinkommens



- ⇒ insufficient volume and
- ⇒ imprecise targeting
- ⇒ detrimental incentives
- ⇒ financed by public debt



An alternative solution: CalCaT and RGGI



CARBON MARKETS AROUND THE GLOBE

Sustainability and Political Feasibility



To take home

- 1) Reaching the Paris target requires solving the social justice challenges of climate policy and high energy and CO₂ prices!
- 2) The current multiple crises provide a historical chance to effectively answer this challenge in the EU!
- 3) An auction-and-dividend reform of the EU ETS has a large potential to contribute to the solution and thus make carbon pricing more socially just (and politically feasible)!

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