

"An ambitious climate protection act as an opportunity for innovation and planning security"

Introduction and summary by Sabine Nallinger

Position paper of **Foundation 2°** within the framework of the "*Climate Protection Act Business Initiative*"



The “Climate Protection Act Business Initiative”:

A progressive voice of business for climate protection

Introduction and summary by Sabine Nallinger, Managing Director of Foundation 2°



Climate protection has probably never been as high on the political agenda as now. The German Government has declared 2019 a “climate year”. By the end of this year it intends to pass a climate protection act and a programme of measures to achieve the climate protection target of 2030 (at least -55% CO₂ equivalent, compared with 1990). Chancellor Dr. Angela Merkel has also committed herself to the goal of greenhouse gas neutrality by 2050, thus underscoring the aspirations of the Paris Climate Agreement.

Companies can make a crucial contribution to achieving climate targets through innovation and investment, and by supporting consumers in changing their behaviour. Provided, however, they have an appropriate political framework. In other words: clear overarching climate policy guard rails and steering instruments, supplemented by effective and coordinated packages of measures for the individual economic sectors.

As part of its “Climate Protection Act Business Initiative”, Foundation 2° has intensively discussed the right measures with more than 30 companies in sectoral expert groups from a business perspective in the key sectors of buildings, transport and industry as well as cross-sectorally, to achieve the 2030 climate targets. We have succeeded in bringing important companies from the automotive industry, heavy manufacturing, mechanical engineering, chemical industry and financial sector on board and engaging them in dialogue. In total, the companies involved employ almost 1 million people in Germany and provide around 2.5 million jobs worldwide. The companies involved in the dialogue process are listed at the end of this text.

Based on these discussions, we as Foundation 2° have derived a number of climate policy demands to be addressed by the Federal Government. In the present position paper, we publish them as our constructive and progressive contribution to the current climate policy debate.

Here is some of what the paper centres on:

A cross-sectoral framework:

- **Taking the Paris goals seriously:** A cleverly designed climate protection act must be at the core of the climate policy framework. Greenhouse gas neutrality by 2050 and related emission reductions of 95% by 2050, compared to 1990, must be what underpins German climate policy.
- **Introducing CO₂ prices in non-ETS sectors, further developing ETS:** CO₂ pricing must be leveraged as the leading climate policy instrument across the board. This requires CO₂ prices to be introduced in non-ETS sectors before this legislative period ends. With regard to the existing EU ETS, the Federal Government should regularly check whether instruments other than quantity control are necessary at European or national level – if possible in cooperation with other EU Member States – to achieve the climate targets. This could also include introducing a corridor comprising minimum and maximum CO₂ prices in the ETS. However, competitive energy and production costs for the industries concerned would have to be guaranteed.

Buildings:

- **Sparking renovation dynamics in the building stock:** The energetic refurbishment rate of existing buildings should be increased to 2-3% by 2030. However, the redevelopment costs must be distributed in a socially acceptable manner (e.g. through new concepts such as gross warm rents). The energy certificate for buildings should include a CO₂ label, to make the CO₂ reduction potential a central indicator – alongside efforts to reduce primary and end energy usage – when it comes to facilitating redevelopment or new construction measures.
- **The public sector as a role model:** The Federal Government and local authorities should collectively strive to boost the energetic refurbishment rate of their building stock to 3% by 2030. To this end, the Federal Government must comply with the requirements of the EU Energy Performance of Buildings Directive by March 2020 and present a concrete action plan to renovate public buildings.
- **Renewable heat supply initiative:** The Federal Government should bring forward a roadmap to expedite an end to subsidising fossil-heating technologies. In addition, an immediate programme to replace old fossil heating systems with heat technologies based on renewable energies or electricity should be established promptly.

Traffic:

- **Driving the market ramp-up of electromobility:** We need a package of measures that systematically helps spearhead market efforts to ramp up e-mobility and renders e-vehicles more appealing than combustion engines. As well as expanding existing incentive and subsidy programmes for vehicles and charging infrastructure, this also includes a stronger CO₂ orientation of the fiscal framework for motor vehicles and fuels.
- **Strengthening the railways initiative:** The railway infrastructure must be massively upgraded and expanded, especially at junctions. Railway travel must become cheaper, e.g. by reducing VAT rates on passenger transport and fiscal relief for rail electricity.
- **Promoting smart mobility in cities:** The financial resources and legal authority to enable municipalities to strengthen public transport must be increased significantly and permanently. The appeal of climate-friendly delivery vehicles should be enhanced by regulatory measures such as creating privileged loading zones or supporting low-noise delivery concepts.

Industry:

- **Combining stable European industrial electricity prices with commitment to 65% renewables:** Competitive energy costs are crucial to keep Germany viable in future as an industrial location. Here, a stable European industrial electricity price can underpin high energy consumption businesses. Such a reduction should be linked to energy- and climate-related compensatory measures taken by companies. This is particularly with the target of a 65% share of renewables in electricity consumption by 2030 in mind.
- **Pushing the market launch of low CO₂ processes and products:** To develop so-called low carbon breakthrough technologies (LCBT) then launch them to market, reliable market launch instruments such as project-related contracts for difference are needed alongside long-term R&D programmes. The Federal Government should actively create lead markets for industrial products with low- CO₂ footprints, e.g. within the context of public procurement.

I hope these “highlights” have sparked your interest in our position paper. Evidence that the German economy is prepared to commit its know-how to achieving the climate targets!

Yours,



Sabine Nallinger

The entire position paper (only in German) is available for download on our website at <https://www.stiftung2grad.de/unternehmerinitiativklimaschutzgesetz>

The following companies, among others, were involved in the dialogue process of the "Climate Protection Act Business Initiative":

Company:

Alfred Ritter GmbH Co. & KG
 Alba Group / Interseroh
 Allianz SE
 Bausparkasse Schwäbisch Hall AG
 Costa Group
 Covestro AG
 Daikin Airconditioning Germany GmbH
 DEUTSCHE ROCKWOOL GmbH & Co. KG
 Deutsche Telekom AG
 Deutsche Wohnen SE
 DFH Fertighaus Holding AG
 EnBW Energie Baden-Württemberg AG
 Gegenbauer Holding SE & Co.KG
 Goldbeck GmbH
 HeidelbergCement AG
 Hermes Germany GmbH
 Hoffmann + Voss
 MVV Energie AG
 Otto Fuchs KG
 Otto Group
 Papier- und Kartonfabrik Varel
 Schüco International KG
 Siemens AG
 Stiebel Eltron GmbH & Co. KG
 SWM – Stadtwerke München
 Triodos Bank N.V. Deutschland
 thyssenkrupp AG
 Volkswagen AG
 Vonovia SE
 Wacker Chemie AG

Expert group(s):

Industry
 Industry
 Industry
 Buildings
 Traffic
 Buildings / Industry
 Buildings
 Buildings
 Traffic
 Buildings
 Buildings
 Traffic
 Buildings / Traffic
 Buildings
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The participating companies have contributed their perspectives and know-how to the preceding discussions of the "Climate Protection Act Business Initiative". Foundation 2° has derived policy demands from this and acts as the sole author of the position paper.