

LIFE Programme's contribution to climate action:
the experience of Italian projects

Side event at COP28 UAE
Italian Pavillon
Dubai, 9 December 2023



LIFE COASE

Collaborative Observatory for ASsessment
of the EU ETS



Simone Borghesi

EUI and University of Siena

www.eui.eu

Project Overview



Funding: LIFE COASE co-funded by the EU Life Programme of the European Commission



Duration: 01 January 2023 – 31 December 2025
→ 36 months



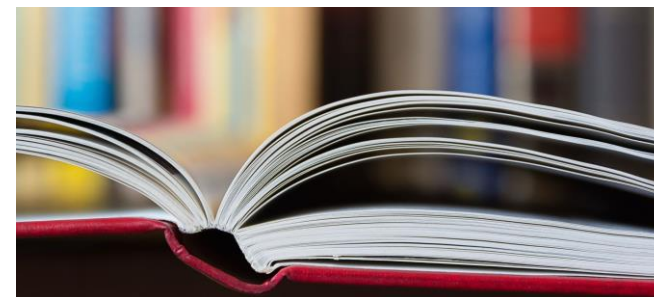
Budget: €1.358.490 (EU-funding 60%)



Location: Florence School of Regulation,
Robert Schuman Centre for Advanced Studies,
Florence, Italy



Project Type: Research, Governance



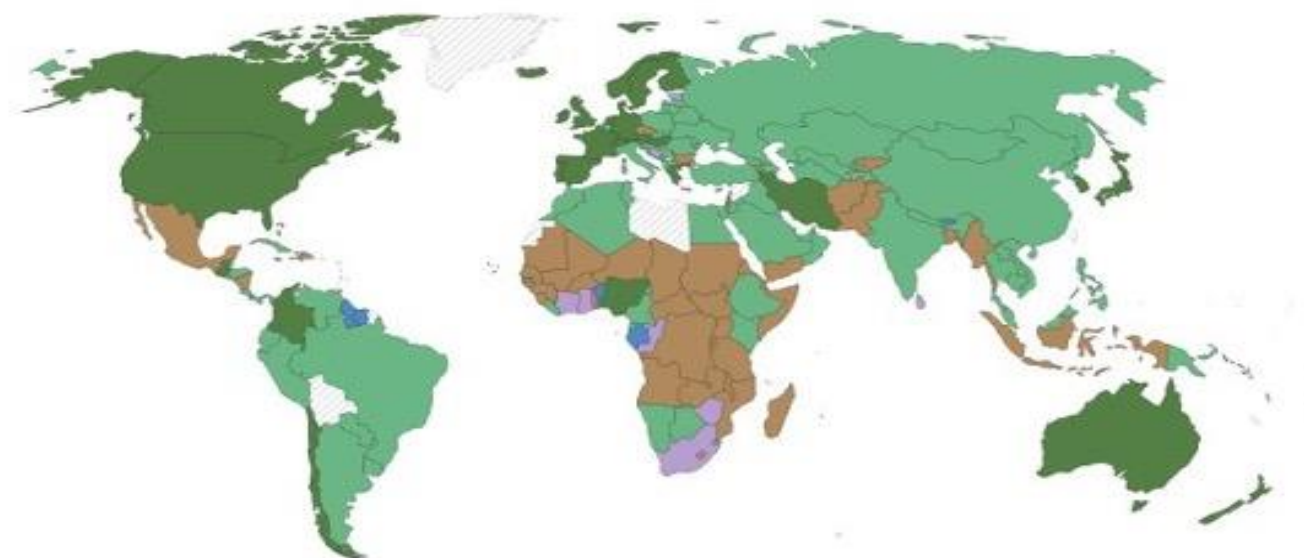
Context

- Increasing number of countries (151 worldwide) aim to reach **net-zero emissions by 2050/2060/2070**

Status of net-zero carbon emissions targets

The inclusion criteria for net-zero commitments may vary from country to country. For example, the inclusion of international aviation emissions; or the acceptance of carbon offsets.
To see the year for which countries have pledged to achieve net-zero, hover over the country in the interactive version of this chart.

Our World in Data



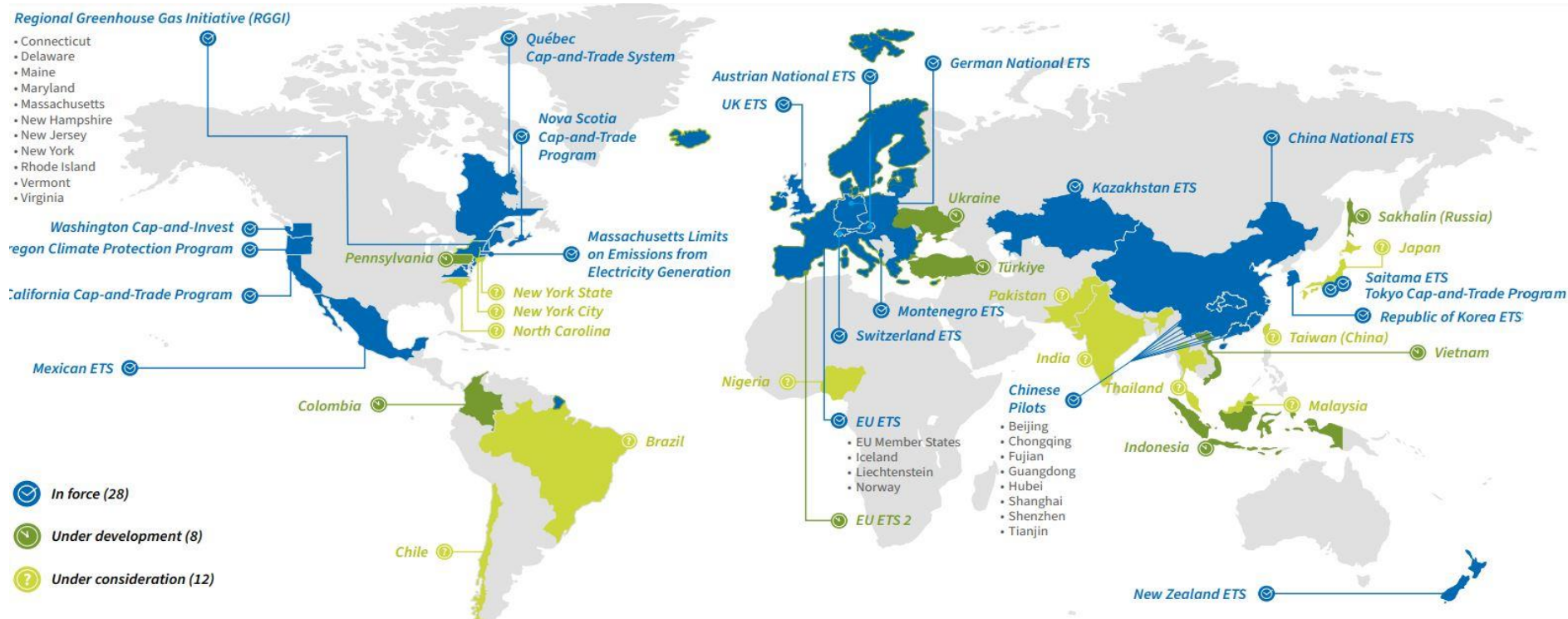
■ Achieved (self-declared)
 ■ Pledged
 ■ In Law
 ■ In Policy Document
 ■ Proposed
 No data

Data source: Net Zero Tracker. Energy and Climate Intelligence Unit, Data-Driven EnviroLab, NewClimate Institute, Oxford Net Zero.
OurWorldInData.org/co2-and-greenhouse-gas-emissions | CC BY



Context

- **Carbon pricing** is key: Emissions Trading Systems (ETSs) or “cap-and-trade”
- 55% of global GDP, 1/3 of the global population, 18% of global GHG emissions



Source: Emission Trading Worldwide, ICAP Status Report 2023

Context

- Strengthen **international carbon markets**, also in the context of Article 6 of the Paris Agreement

→ Need for **better assessment of EU ETSs** and for **international integration of carbon markets**

The LIFE COASE project (2023-2025)

- COASE = Collaborative Observatory for ASsessment of the EU ETS
- ETSs: EU, China, New Zealand, California, Québec and Switzerland
- LIFE SIDE (2016-18) and LIFE DICET (2019-222)

Simone Borghesi, [There is LIFE after LIFE: origin and objectives of the new LIFE COASE project](#), Blog post, 5 June 2023

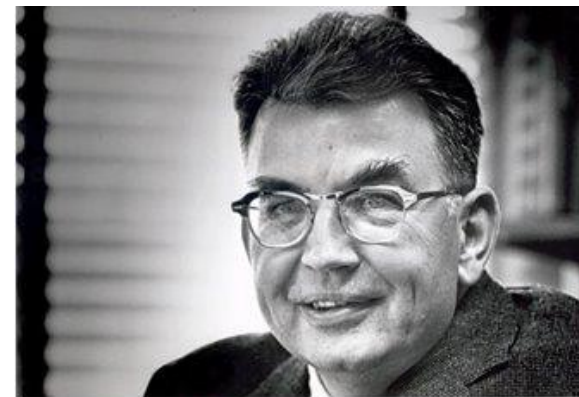


Image Credit: Wikimedia CC BY

ROBERT SCHUMAN CENTRE

LIFE COASE Objectives

Ultimate Goal



Support policymakers in implementing & developing the EU ETS, including its integration with other carbon markets.

Specific Objectives



1. Make the data from the **registry of the EU ETS** a more useful and usable resource
2. Produce new data and analyses on EU firms' **climate-related investments** and behaviour
3. Monitor EU ETS's **environmental and economic impacts** as well as structural changes
4. Compare **ex-post and ex-ante model-based assessments** of the EU ETS and other ETSS
5. Facilitate **international carbon market cooperation** between the EU & partner jurisdictions
6. Build a strong **international network of experts** on the EU ETS and other carbon markets
7. Increase **understanding and political support** for EU ETS and carbon markets more generally

Main Actions



1. Data and Matchings
2. EIB Investment Survey
3. Production of EU ETS Indicators
4. Organisation of Conferences and Workshops
5. Net Zero Carbon Market Policy Dialogue
6. Stakeholder engagement
7. Dissemination and Exploitation

LIFE COASE Objectives

Main Actions



Data and Matchings

- *EUTL-ORBIS installation-to-firm matchings,*
- *EUTL installation entries and exits,*
- *EUTL allowance transactions and accounting system,*
- *Matching of power plants under the EUTL and the ENTSOE database,*
- *Matching of industrial installations under the EUTL and the EPRTR database.*

EIB Investment Survey

Production of EU ETS Indicators

Organisation of Conferences and Workshops

Net Zero Carbon Market Policy Dialogue

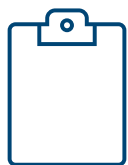
List of international experts on emissions trading

Dissemination and Exploitation



LIFE COASE Objectives

Main Actions



Data and Matchings

EIB Investment Survey

Each project year foresees extension of European Investment Bank's Investment Survey (EIBIS) and analysis of the results. Plan to extend the questionnaire to generate information specifically relevant to the EU ETS.

Production of EU ETS Indicators

Organisation of Conferences and Workshops

Net Zero Carbon Market Policy Dialogue

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Dissemination and Exploitation



LIFE COASE Objectives

Main Actions

Data and Matchings
EIB Investment Survey

Production of EU ETS Indicators

- **EU ETS impact indicators:** Environmental and economic outcomes of regulated firms, including on investment leakage.
- **EU ETS carbon market indicators:** Structural changes within the EU ETS, such as entry and exit dynamics, composition of market participants, and flows of emission allowances.

Organisation of Conferences and Workshops
Net Zero Carbon Market Policy Dialogue
List of international experts on emissions trading
Dissemination and Exploitation



LIFE COASE Objectives

Main Actions



Data and Matchings
EIB Investment Survey
Production of EU ETS Indicators

Organisation of Conferences and Workshops

- *Annual conferences for presentation of new econometric studies on **ex-post assessments***
- *Annual workshops on comparison of macro-economic models for **ex-ante assessment***

Net Zero Carbon Market Policy Dialogue
List of international experts on emissions trading
Dissemination and Exploitation



LIFE COASE Objectives

Main Actions

Data and Matchings
EIB Investment Survey
Production of EU ETS Indicators
Organisation of Conferences and Workshops



Net Zero Carbon Market Policy Dialogue

- *Organisation of annual Net Zero Carbon Market Policy Dialogue between European Commission and regulators of other major emission trading systems (e.g., California, China, New Zealand, Quebec, Switzerland, UK, Mexico, and Korea).*

List of international experts on emissions trading
Dissemination and Exploitation



LIFE COASE Objectives

Main Actions

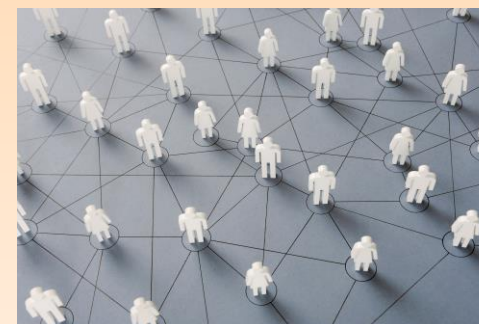


Data and Matchings
EIB Investment Survey
Production of EU ETS Indicators
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Net Zero Carbon Market Policy Dialogue

List of international experts on emissions trading

The project will develop a lasting network of international experts for exchange and cooperation.

Dissemination and Exploitation



LIFE COASE Objectives

Main Actions



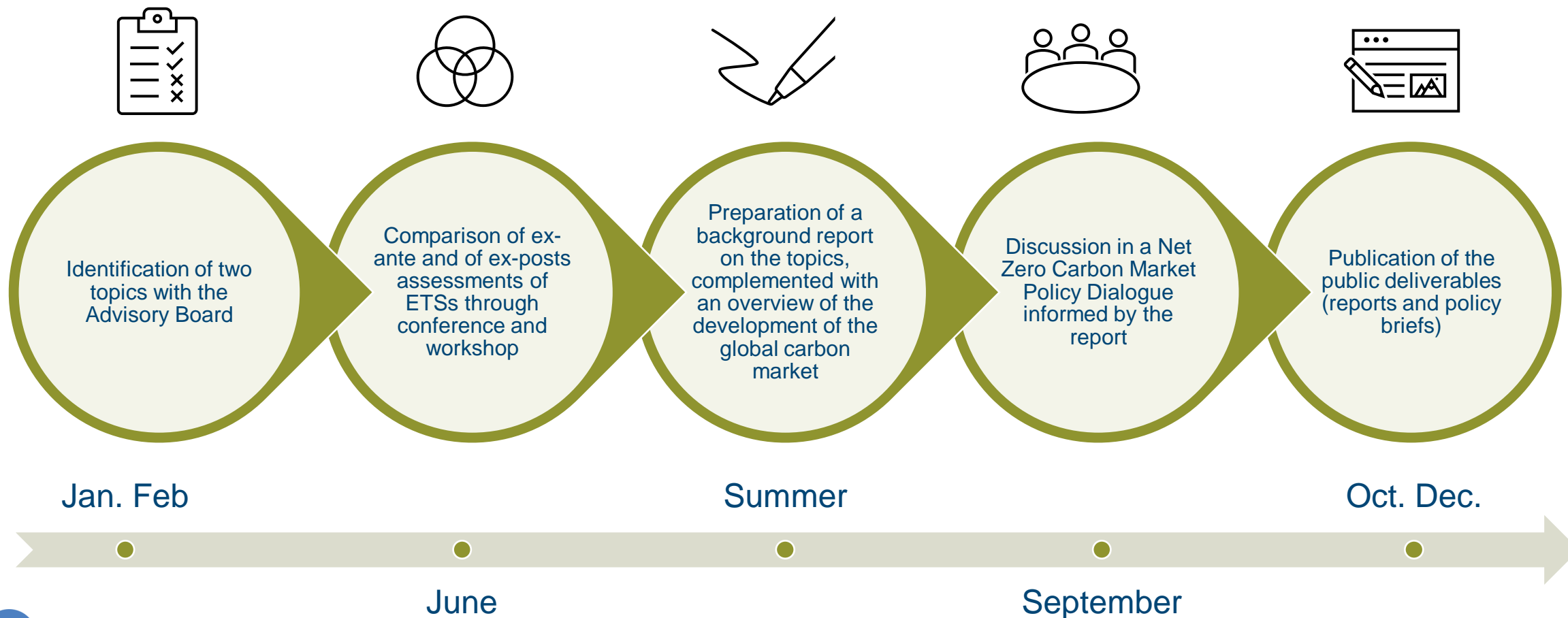
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Dissemination and Exploitation

The project will give public access to a variety of outputs, such as publications, datasets, blog posts, podcasts, policy briefs, and events.



A yearly process for a fruitful policy dialogue





LIFE COASE

Topics for discussion



Future allowance prices: evolution of allowance prices, price scenarios, speculative phenomena, Market Stability Reserve



Negative emissions (or carbon removals): negative emissions credits and the net-zero target, voluntary carbon markets that supply negative emissions credits, implications of Article 6.2, ETSs beyond net-zero



ETS expansion: pros and cons of extension, practicalities of extension, case studies



Competitiveness effects and carbon leakage: measures to preserve international competitiveness and minimize carbon leakage, innovation policies and carbon border adjustments, the case of the EU CBAM



Distributional effects and social acceptability: compensation for inequitable distributional effects, improving the social acceptability of ETSs, the Social Climate Fund



Implementation of international carbon markets (Article 6 of the Paris Agreement): integration of ETSs, internationally transferred mitigation outcomes (ITMOs), trading units of emission reduction (ER), role of VCM



Linkage of an ETS with other carbon markets: facilitating the linkage of an ETS with other carbon markets





LIFE COASE

Advisory Board

Simone Borghesi (Chair), European University Institute

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Stay Tuned!



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