

Press Release

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Reducing CO₂ and saving Costs - the Swiss Greenhouse Gas Abatement Cost Curve

Over the past few years, climate change has climbed its way to the top of the public agenda. Media attention on the issue is high, political discussion is intense and business leaders are shifting their focus onto reducing their corporate carbon footprint. But what specific measures can Swiss companies take in order to help in this effort? And what are the actual potential savings? A new study by McKinsey & Company answers these questions and shows that measures don't necessarily have to be expensive to be effective.

The Swiss Greenhouse Gas Abatement Cost Curve, analogous to McKinsey's global cost curve published in 2007, shows that Switzerland's savings potential is huge. Switzerland can reduce its own inland greenhouse gas emissions by up to 45 percent or 25 million tons of CO₂ by the year 2030 with technical improvements in buildings, transportation, power generation, industry and agriculture. The study, published by McKinsey's Swiss office, comes to the conclusion that depending on the price of oil, between 40 and 80 percent of these measures would even save money over the long term. The total annual investment costs to realize these potential measures would amount to just 0.7 percent of GDP.

Switzerland already has relatively low greenhouse gas intensity and small per capita emissions of greenhouse gasses compared to other European countries. New legislation will be required to

set emission targets beyond 2012. The Swiss Federal government has already initiated the consultation process, and the first proposal was to reduce own emissions by 20 percent by 2020 and further help reduce emissions abroad.

In the new report, focusing exclusively on Switzerland, McKinsey & Company has calculated two scenarios – the first with a long-term oil price of \$52 per barrel, and the second with a long-term oil price of \$100 per barrel. Both scenarios identify a wide range of measures that would cost less than €100 per ton of CO₂e saved using today's available technology and not including a reduction in comfort or behavioral change.

Buildings and transportation represent the largest potential with 11.3 Mt CO₂e and 5.6 Mt CO₂e reduction potential respectively. The lowest-cost measures are typically in the transportation area (i.e. improving fuel consumption by mounting spoilers or using better tires) while measures to improve energy consumption in buildings (i.e. retrofitting to Minergie-Standard) are more expensive.

In the report's calculations, new technologies such as solar panels, carbon capture storage and wind energy will remain too expensive in the time period up to 2030. However, it is likely that these technologies could play an important role in achieving long-term reduction objectives beyond 2030. The development of new, and the improvement of existing greenhouse gas-efficient technologies represents a significant opportunity for many companies in Switzerland.

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