EU ETS track record: purpose

EU and Polish perspective

The National Centre for Emissions Management (KOBiZE) in Poland
Strategy and Analysis Unit

Brussels, 01.02.13
Outline

- EU ETS – past and the present
  - Aim of the EU ETS directives
  - EU ETS/non EU ETS vs. Kioto
  - Emissions vs. GDP
  - EU ETS – general rules
  - Sectoral emissions
  - Price signal

- What else?
  - Price forecasts
  - Renewable
  - Energy Efficiency
  - EU ETS reform
The National Centre for Emissions Management

- **Main tasks:**
  - Management of national emissions
  - Database with information on the emitters
  - Reporting under UNFCCC
  - CDM & JI registry
  - Administration of EU ETS:
    - National allocation plans (NAPs)
    - Monitoring and verification
    - Reports related to the system
    - Administration of EU Registry
    - Auctions
  - Advisor to the Ministry of Environment in the climate policy
20% CO2 reduction –
The aim of the EU ETS directives

- **2003/87/EC**
  - To contribute to fulfilling the commitments (Kioto Protocol) of the European Community and its Member States more effectively

- **2009/29/EC**
  - To promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner.
  - More harmonised emission trading system is imperative in order to better exploit the benefits of emission trading.
  - **Predictability** should be ensured and the scope of the system should be extended (...)
  - Predictability
  - the scope
  - necessary investments
  - offering new abatement opportunities
  - lower overall abatement costs
  - increased efficiency
Emissions vs. Kioto Target

- **Poland** – well below the Kioto target
- **EU** – slightly below the Kioto target as a result of the crisis

Source: UNFCCC
GDP vs. Emission of GHG

Sources: GDP – International Monetary Fund, World Economic Outlook Database, October 2012.
# EU ETS - rules

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<td>Constant cap</td>
<td>Constant cap</td>
<td>Decreasing cap (-1.74%/year)</td>
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<td>Cap on the EU level</td>
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<td>NAP (all sectors)</td>
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Emissions vs. allocation in sectors EU-27

Source: EEA
Emissions vs. CO2 price signal

Source: Price based on OTC market (provided by brokers) and ECX, Bluenext, EEX and Nordpool
Price forecasts 2013-2020

Source: Commission Staff Working Document, impact Assessment, amending Regulation (EU) No 1031/2010 in particular to determine the volumes of GHG emission allowances to be auctioned in 2013-2020
20% RES - Fuel switch

Primary energy production EU-27 (ktoe)

Source: Eurostat
20% EE - Energy efficiency improvement

Final energy consumption per unit of GDP (at ppp)

Source: Odyssee

Unit: koe/€2005p
- Less than 0.08
- 0.08 to 0.1
- 0.1 to 0.12
- 0.12 to 0.16
- More than 0.16
- No data
Conclusions from the market analyses

- **EC Report – The state of the European carbon market in 2012**
  - 6 possible solutions (increasing target, set aside, revision of the linear factor, increasing the scope, limit on CER/ERU use, price floor)

- **PL proposals**
  - Reform of EU ETS post 2020 (new sectors, new countries, energy efficiency, R&D)

- **CEPS analysis – Reviewing the EU ETS Review?**
  - Systemic solution (increasing target, regulation on the market, price floor), one-off measure not excluded (set aside)

- **Climate Strategies – Strengthening the EU ETS**
  - Combination of measures (set aside, floor price, reform post 2020)
Thank you for attention!

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