

Benchmarking in the EU ETS

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- ★ **Auctioning is default allocation method**
 - ↳ 100% for the power sector as from 2013
 - ↳ Limited and optional derogation available for 10 new MS
- ★ **Transitional free allocation based on ex-ante benchmarks**
- ★ **Phasing out free allocation for sectors not exposed to risk of carbon leakage (80% in 2013 – 30% in 2020 – 0% in 2027)**
- ★ **100% free allocation for the exposed sectors**

★ Free allocation based on benchmarks, where possible

- ↪ Allocations determined ex-ante, no ex-post adjustment (except closures)
- ↪ Starting point: average performance of 10% most efficient installations in (sub)sector
- ↪ Taking into account i.a. most efficient techniques, high efficiency cogeneration, efficient energy use of waste gases, CCS etc.
- ↪ Important to determine the products for which to set the benchmarks (for e.g. chemical industry a few lead products must be selected)
- ↪ Possible generic approach for where benchmarks are not feasible (e.g. grandfathering*efficiency improvement factor, a benchmark for combustion processes)


- ★ **Benchmarks to be multiplied with historic production to get amount of free allowances per installation**
- ★ **Maximum total free allocation for industry set at industry's share in total cap based on emissions in 2005-07**
 - ↪ **The maximum number of free allowances will decline annually in line with the decline of the emissions cap (by 21% between 2005 and 2020)**
 - ↪ **A uniform cross-sectoral correction factor may be applied if necessary (if benchmarks are too generous) to keep within the maximum**

- ★ **Data collection ongoing**
- ★ **Close cooperation with Member States - Informal technical WG**
- ★ **... and industry stakeholders – most recent broad stakeholder meeting on 30 March**
- ★ **Final report of the ongoing study – September '09**
- ★ **Autumn 2009–spring 2010: continued comprehensive stakeholder consultation and informal technical WG meetings ...**
- ★ **Resulting in draft benchmarks in spring 2010**
- ★ **Interservice-consultation - June/July 2010**
- ★ **Vote in the Climate Change Committee – September 2010**
- ★ **Adoption in December 2010**

★ **Member States may also adopt financial measures in favour of sectors determined to be exposed to a significant risk of carbon leakage due to indirect cost based on:**

- ↳ ex-ante benchmarks
- ↳ most efficient available technologies
- ↳ relevant European electricity production mix

★ **Work is ongoing**

- ★ **Generate consensual ideas among stakeholders**
 - ★ **Inform the policy debate**
 - ★ **Increase the understanding of the pertinent issues**
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