



# Fixing ETS

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WWF European Policy Office  
15/12/2011

“Does the revised EU ETS market  
provide the ‘right’ price signal?”  
Second meeting of CEPS Task Force



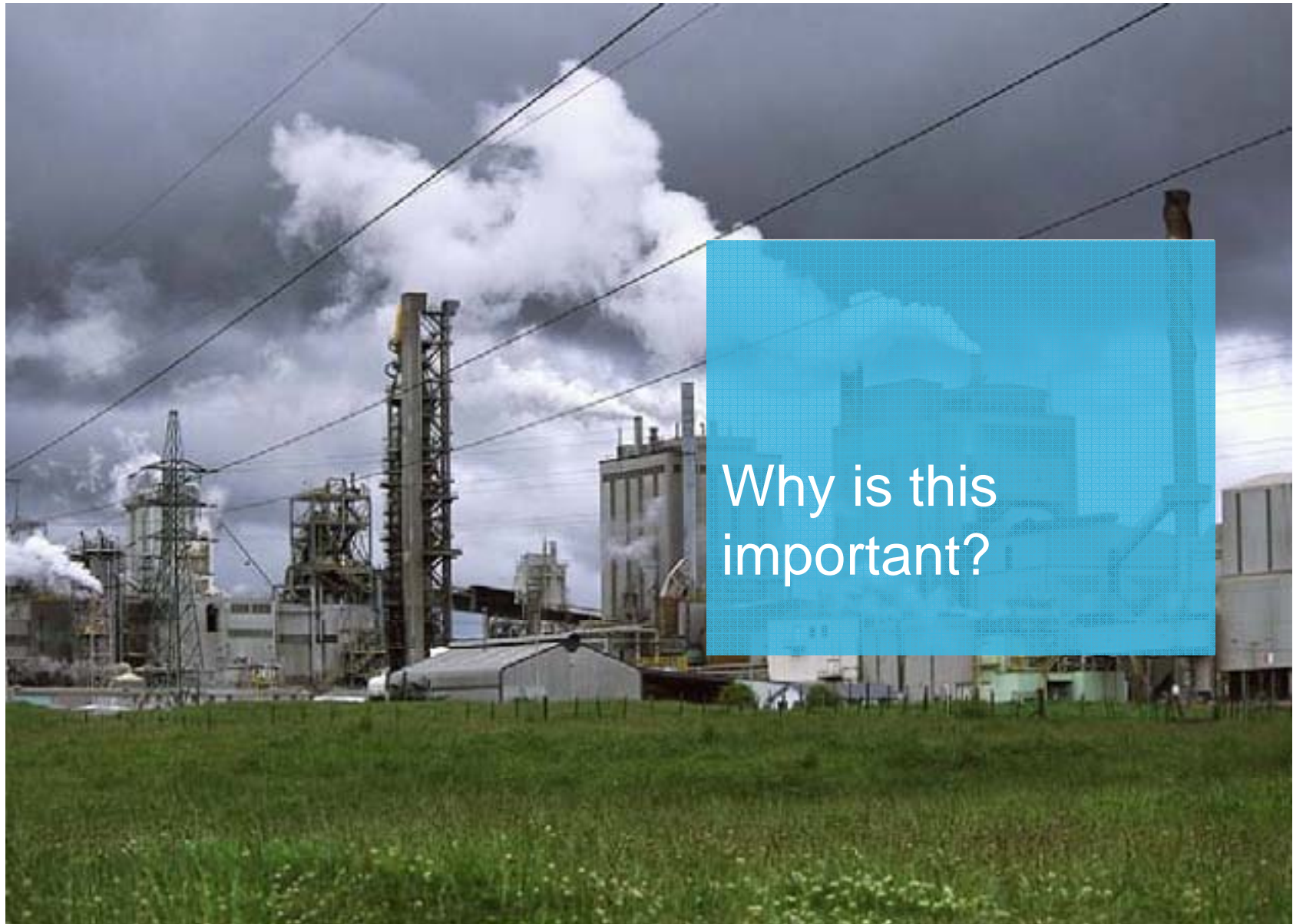
## Aligning ETS and other instruments to move to a competitive low carbon economy by 2050

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- Why is this important?
- What can be done?







Why is this  
important?

## The EU ETS so far: “Waiting for Godot”

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Phase 1 and 2 suffered from:

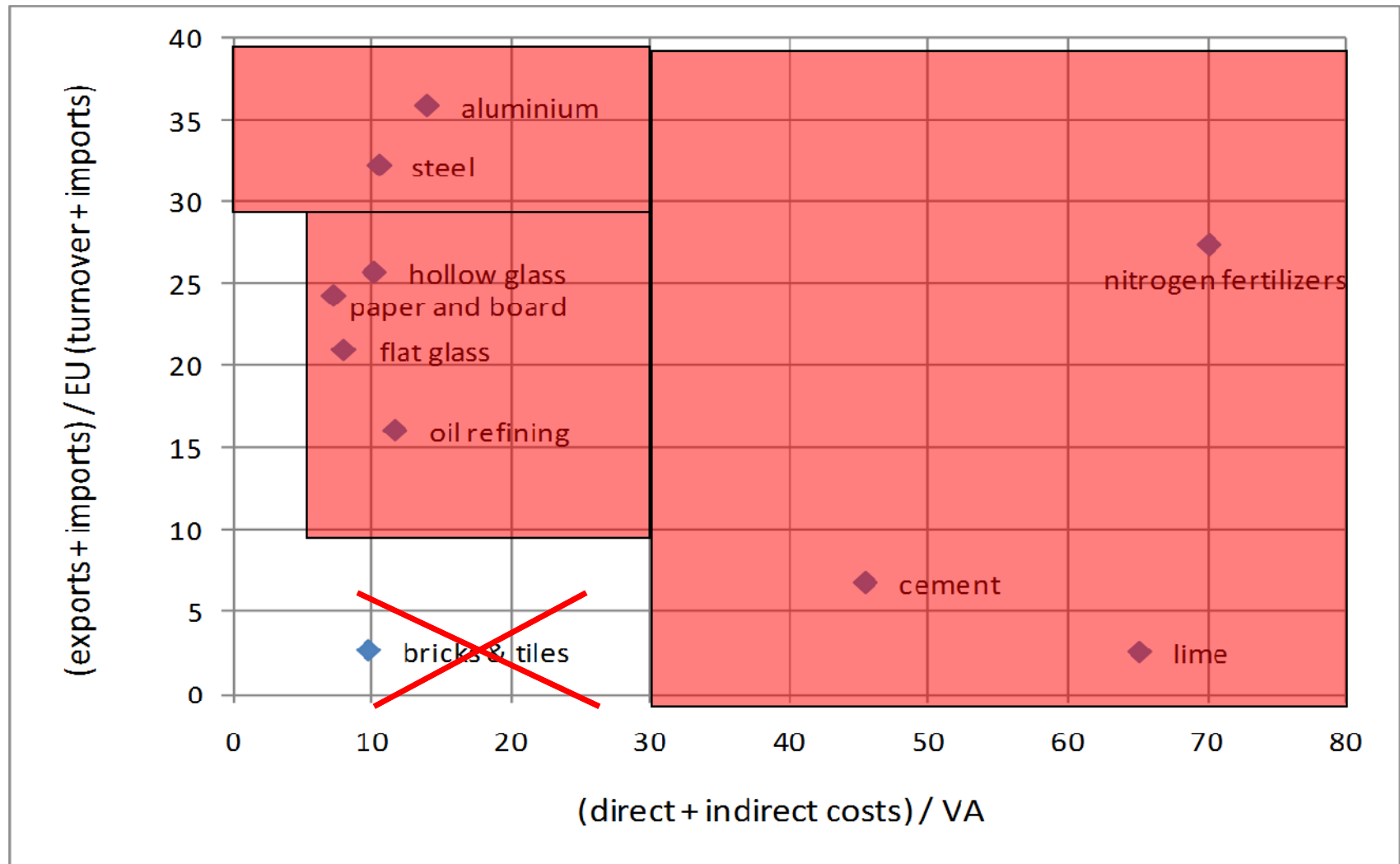
- Insufficient ambition levels
- Free permits and windfall profits
- Overallocation
- Flexmex quantity and quality

Post 2012 phase adds:

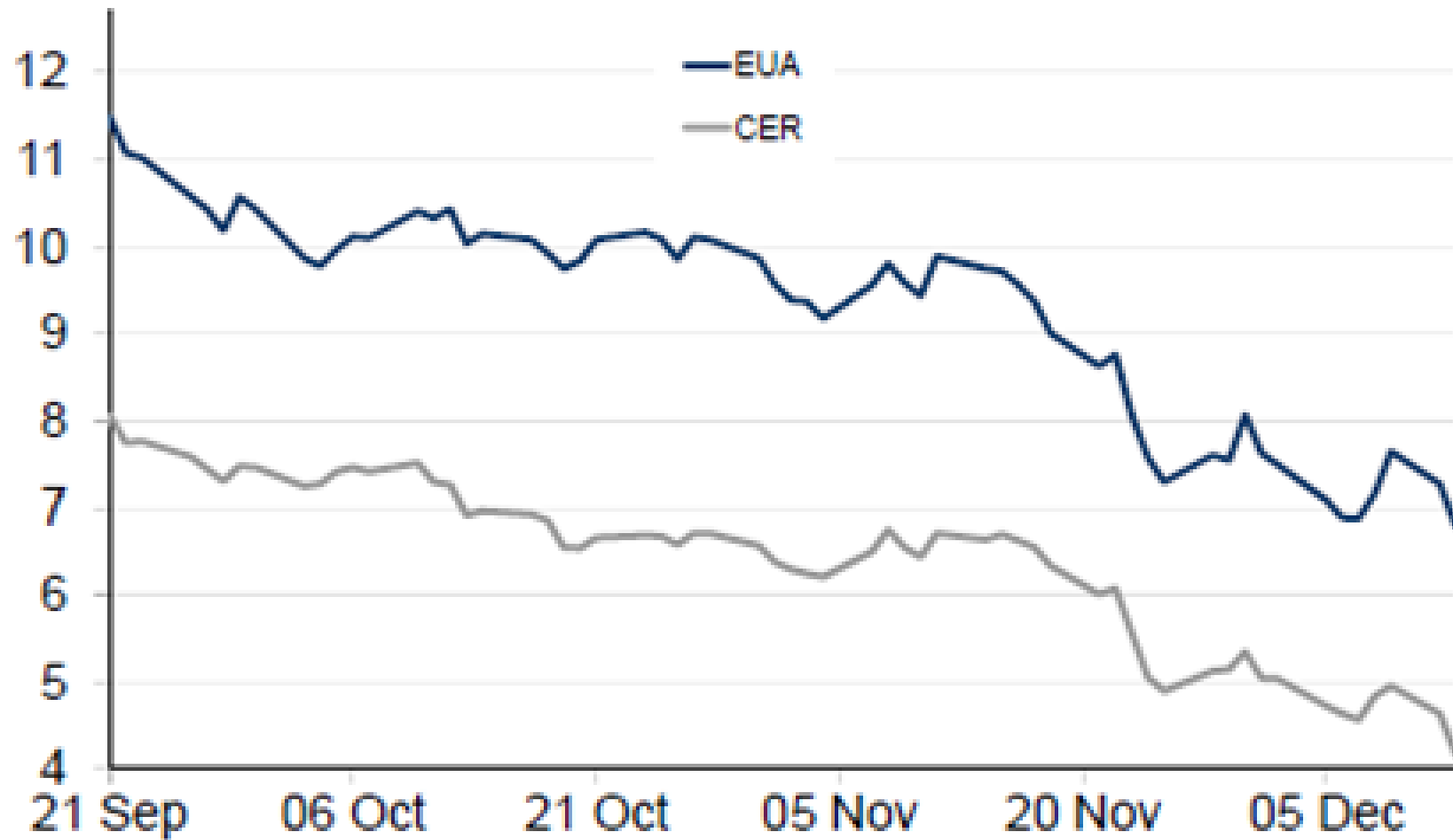
- Huge “carbon leakage” list
- Carbon lock-in



## Situation of key industrial sectors vis-à-vis EU ETS criteria (© Quirion)



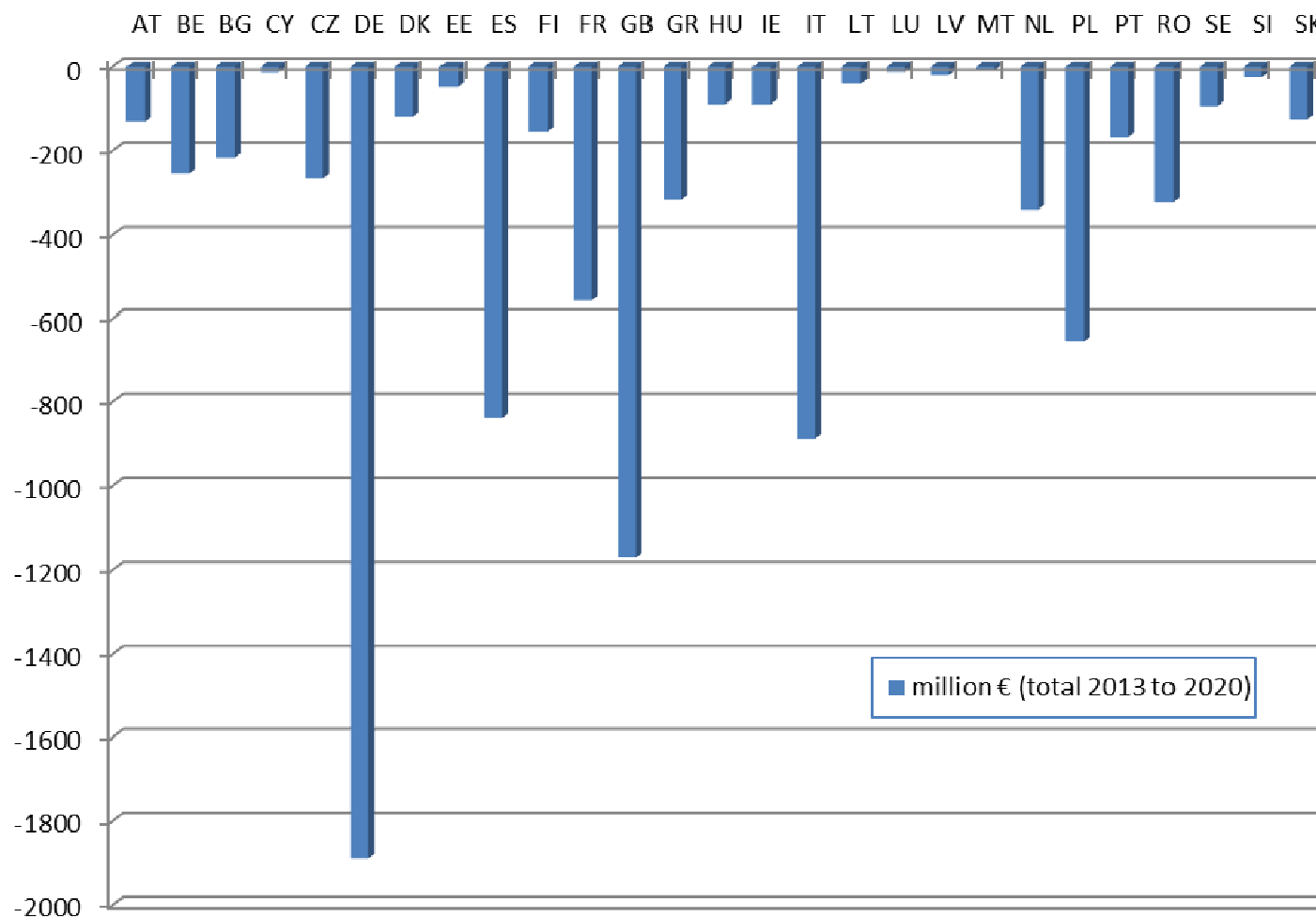
## Carbon falling to all-time low below 6.5 euros (yesterday)



© Point Carbon



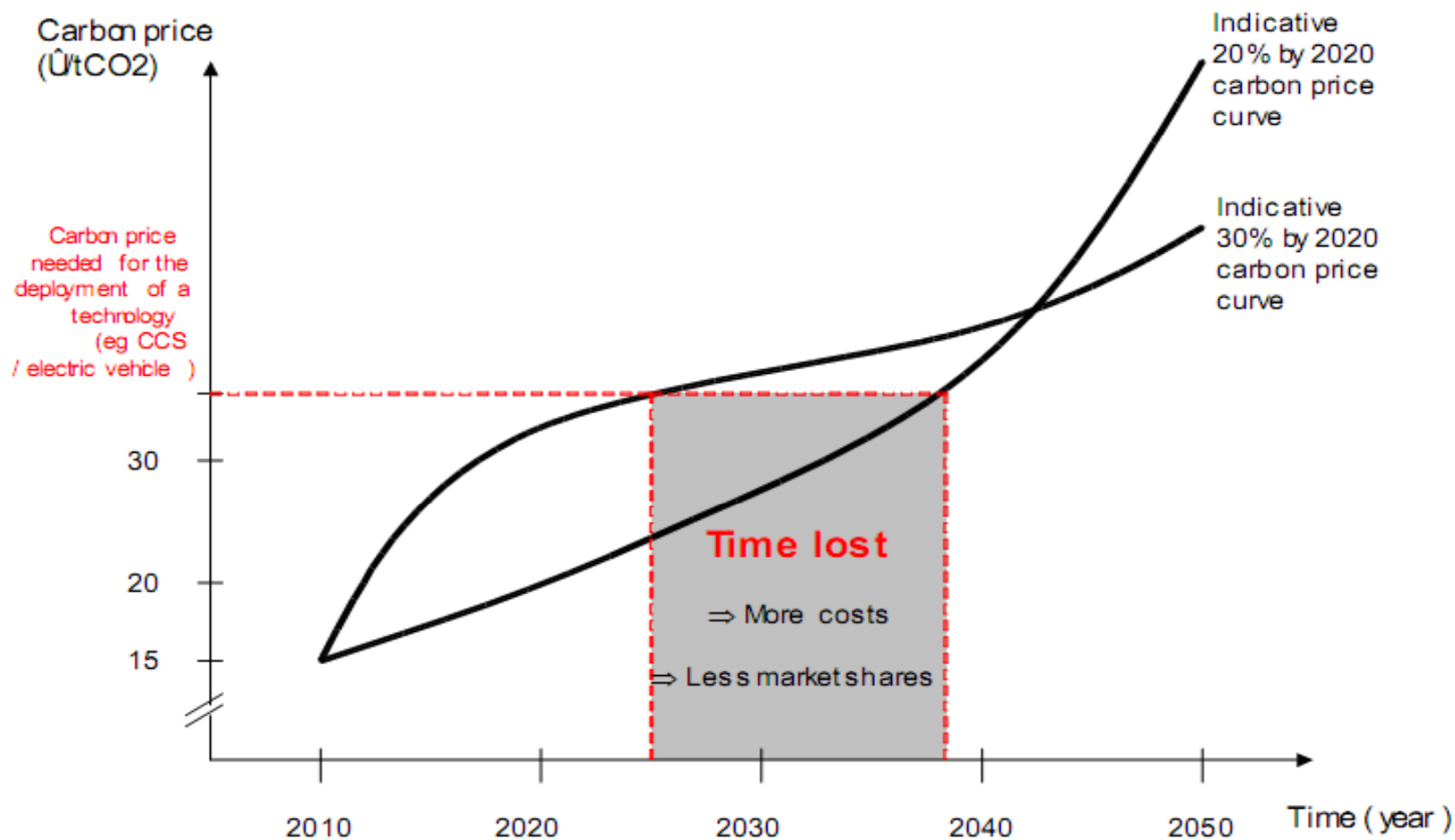
## Decrease of auctioning revenues with EUAs -1€/t



Calculations made using the ARRA model, Oeko-institut 2010.



# Promoting reductions of greenhouse gas emissions in a cost-effective and economically efficient manner?

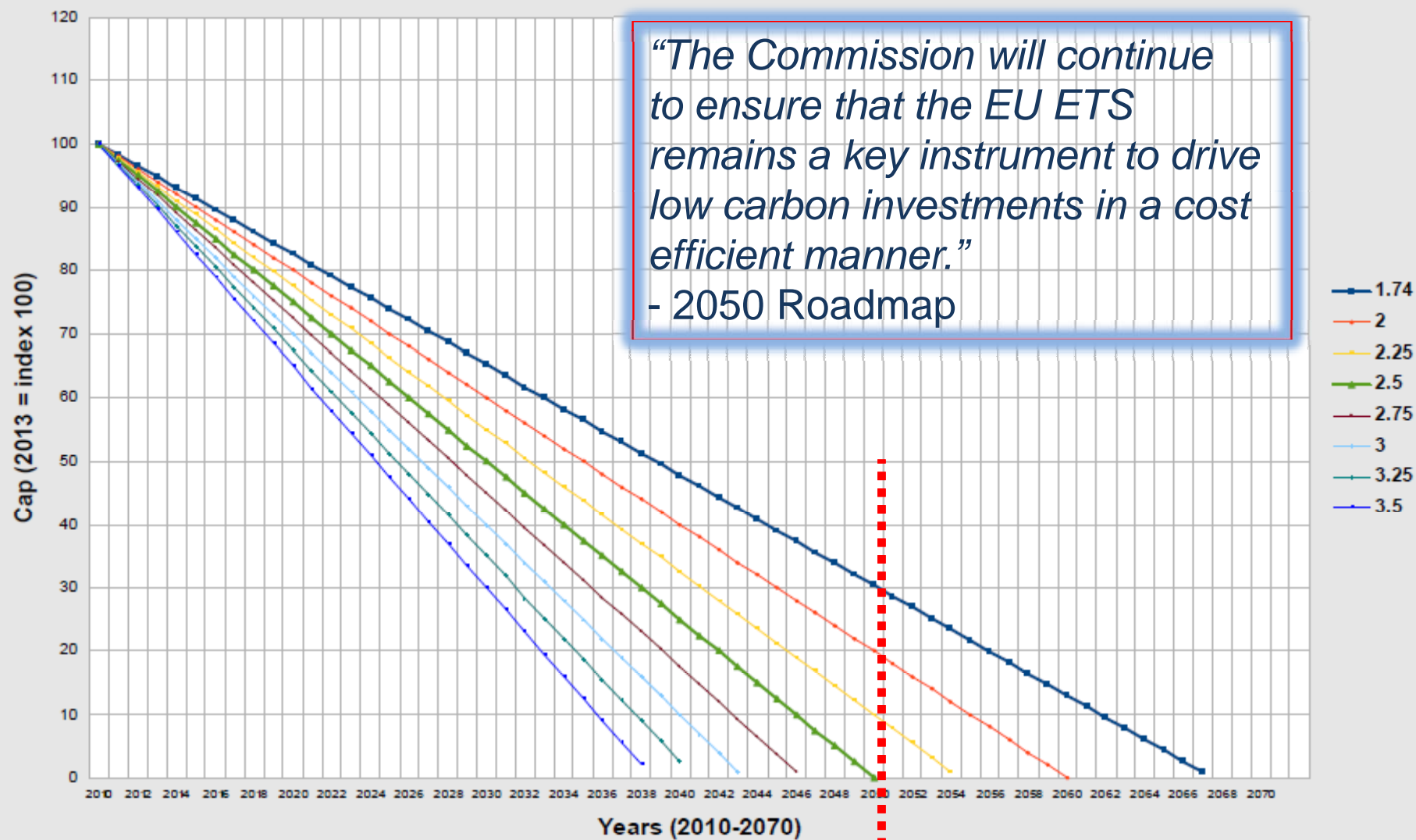






What can be done?

## Post-2012 EU ETS: linear factors (%) excluding offsets



2050

## Setting aside emission allowances?

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A short term fix in this decade – 1.7 billion allowances to correct for the full effects of oversupply

To mandate or not to mandate the Commission?

A clear signal for investors, or just more banking?

Cheating the atmosphere?

« ***Recalibrate the EU ETS now*** », Shell, Oct 2011



## Amendments to the Energy Efficiency Directive (1/3)

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Nothing in the ETS aspects of the EED debate should distract support for the whole of the rest of the bill as tabled!

Political move by at least 15 MEPs in ENVI and ITRE, aiming to fix the ETS

Overcomes the stalled progress in the other two main institutions.

Focus must be on promoting long-term perspective (trading period 4-7 as well as period 3)

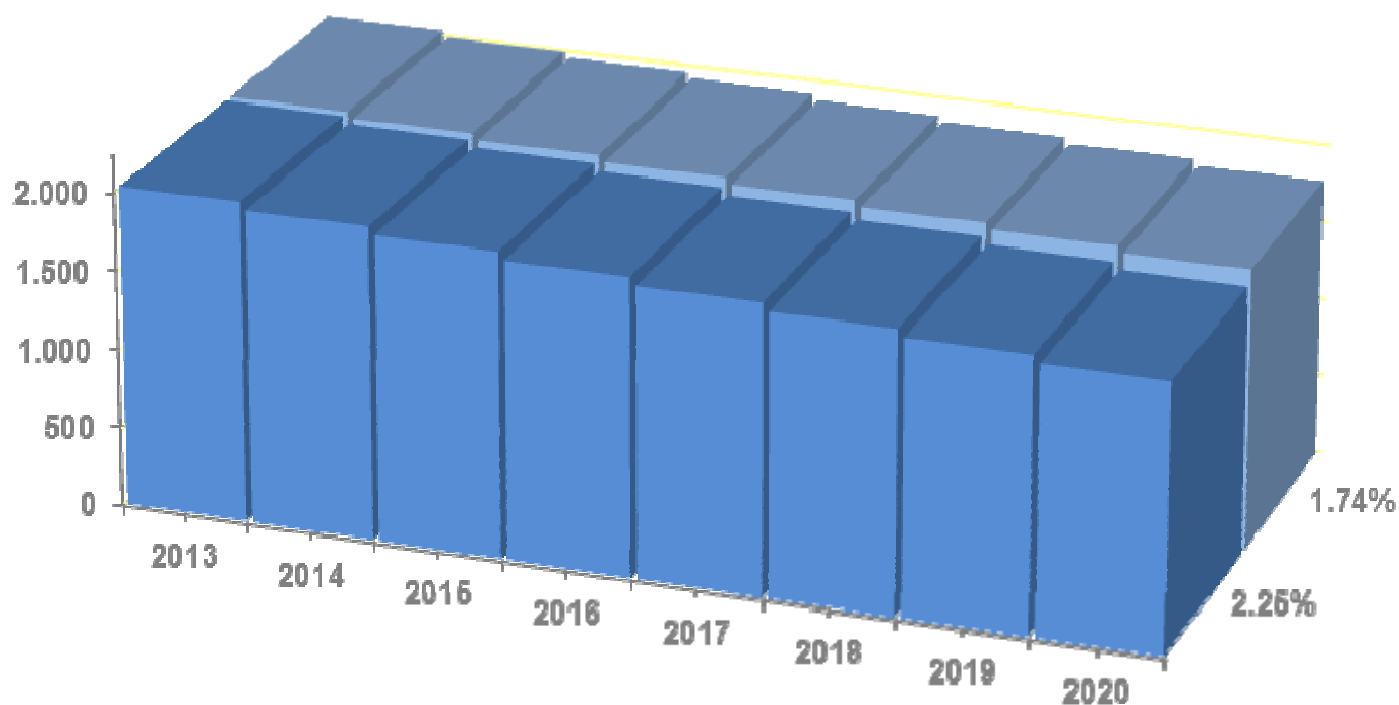


## Amendments to the Energy Efficiency Directive (2/3)

### Impact of Amendment 354 ENVI

- Existing law = 1.74% annual linear reduction
- Proposal in this amendment = 2.25% annual reduction from 2014 onwards

Extra reduction 2013-2020 = 307 million tonnes in period 3

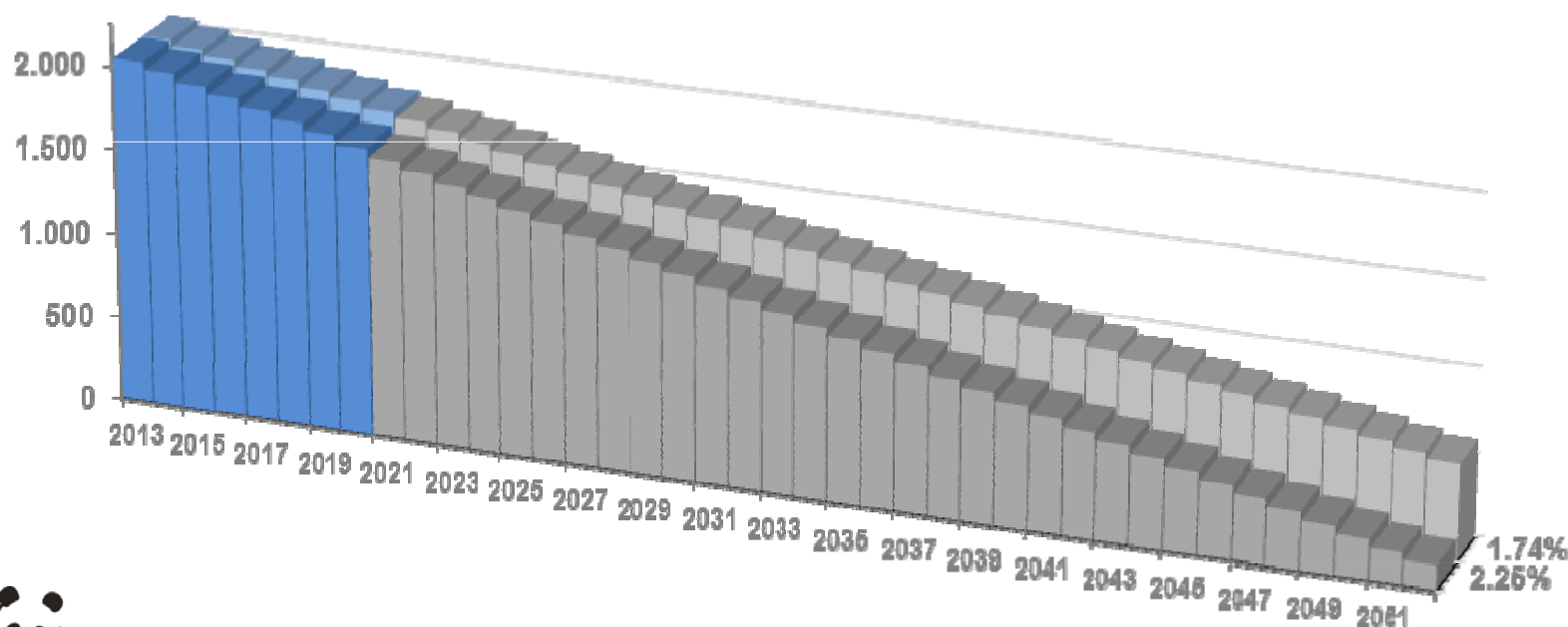


## Amendments to the Energy Efficiency Directive (3/3)

### Impact of Amendment 354 ENVI

- Existing law = 1.74% annual linear reduction
- Proposal in this amendment = 2.25% annual reduction from 2014 onwards

Extra reduction 2013-2052 = 8,558 million tonnes in period 3-7





# Thank you

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