

EU-ETS

Emissions Trading

Back to the Roots

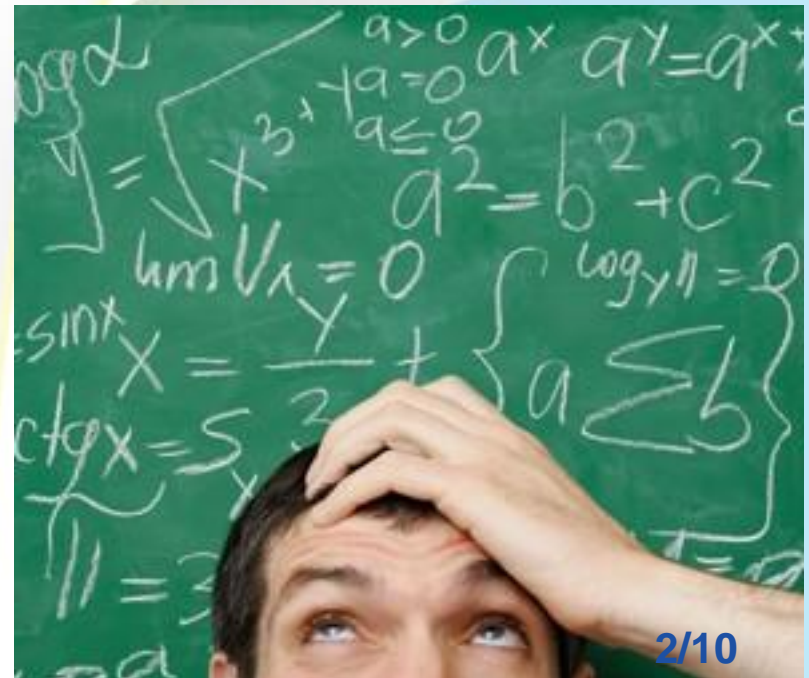
Prof. Krzysztof Źmijewski
Secretary General

Public Board
of Low-Emission
Economy Development

04.07.2012
Warsaw

Solutions 1/2

- **ETS is not the simplest solution
(the simplest solution
is carbon tax)**



- **ETS is not the cheapest solution
(carbon tax is perhaps also the
cheapest solution)**



Idea behind ETS

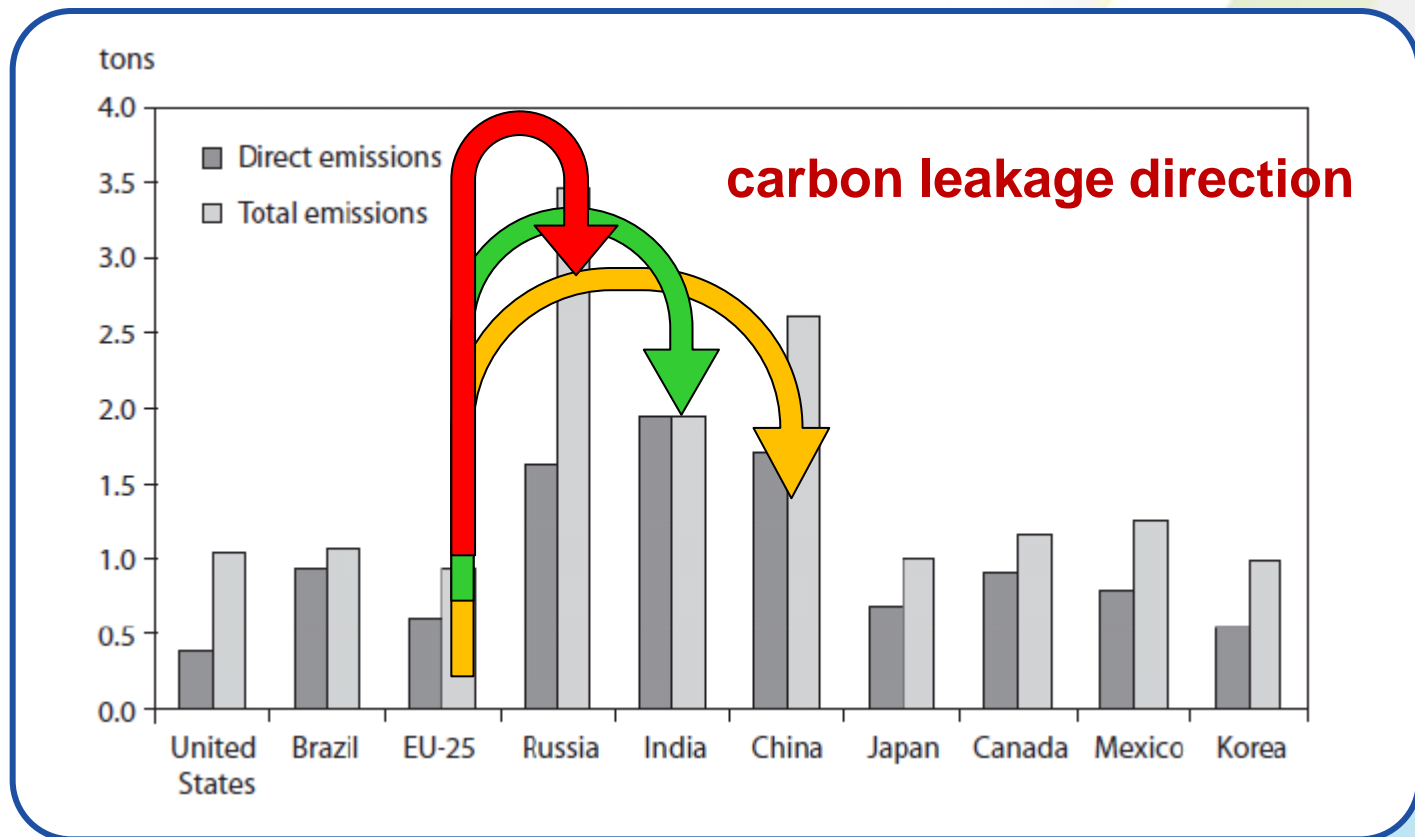
- **What was the leading idea of ETS?**
- **Optimalization of efforts, i.e.:**
Creation of mechanism to obtain the demanded goal with the lowest possible cost, i.e. reduce the emissions to save the climate with the lowest possible cost!

ETS goals now

- **What is the real idea of ETS?**
- **Maximisation of profits, i.e.:**
 - Support for innovative but unprofitable technologies,**
 - Support for the strongest scientific centres,**
 - Support for overseas outplacement (i.e. carbon leakage)**

Carbon leakage?

Carbon intensity of steel, 2005 (Houser et al, 2008)
(tons of CO₂ per ton of steel)



Sources: International Iron and Steel Institute, Steel Statistical Yearbook 2006; IEA 2007c; from OECD paper SG/SD/RT(2009)8

Let's come back to the roots!

Leading idea of ETS!

Optimalization of efforts, i.e.:

Creation of mechanism to obtain the demanded goal with the lowest possible cost, i.e. reduce the emissions to save the climate with the lowest possible cost!

Proposals

- **Consider consumption instead of production**
- **Enlarge EU-ETS to neighboring countries**
- **Introduce fuel benchmarking**
- **Defrost domestic energy market**
- **Introduce carbon footprint**
- **Open European market for energy efficiency and renewable energy**

Risk reduction

Can we carry an extra load?



Thank you



Krzysztof Żmijewski
prof. PW

Secretary General
Public Board
of Low-Emission
Economy Development



VIII International Conference Power Ring 2012



13th December 2012

11/11