

The background of the slide features a composite image. On the left, three King penguins stand on a small ice floe. On the right, a polar bear sits on another ice floe, looking upwards. The scene is set in a body of water under a cloudy sky. A glass thermometer is partially submerged in the water, with its bulb visible below the surface and its stem extending upwards. The text 'Why EU ETS?' is overlaid on the right side of the image.

# Why EU ETS?

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Sam Van den plas  
WWF European Policy Office  
1/02/2013

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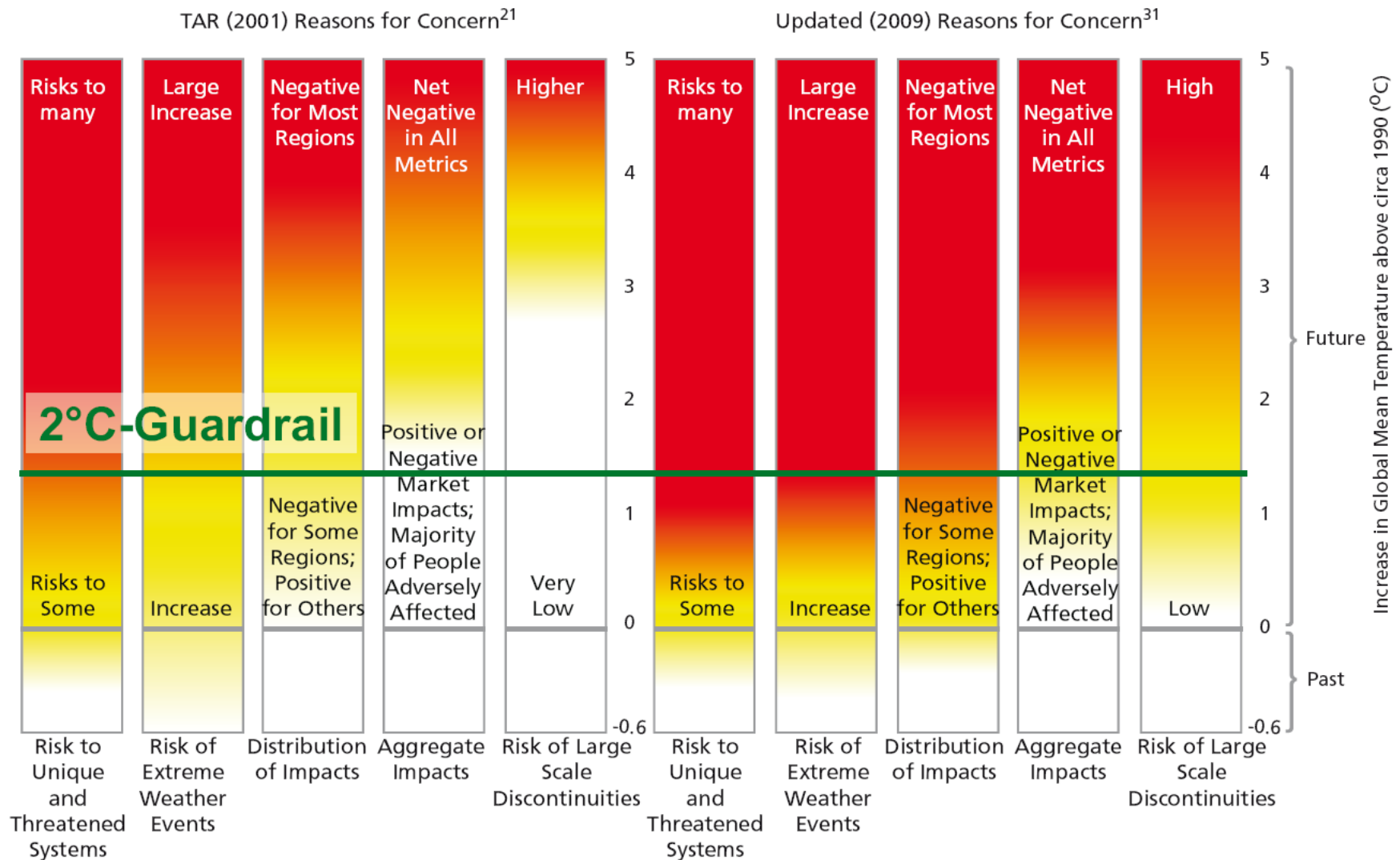
CEPS CMF Task Force on EU  
Emission Trading System

## Article 1 of ETS Directive

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- **Reductions of greenhouse gas emissions** in a cost-effective and **economically efficient manner** [...] so as to contribute to the levels of reductions that are considered scientifically necessary to **avoid dangerous climate change**.
- Provisions for **assessing and implementing a stricter Community reduction commitment exceeding 20 %**, to be applied upon [...] an international agreement on climate change [...], as reflected in the 30 % commitment endorsed by the European Council of March 2007.

# IPCC AR4 Climate Change - Risks increasing

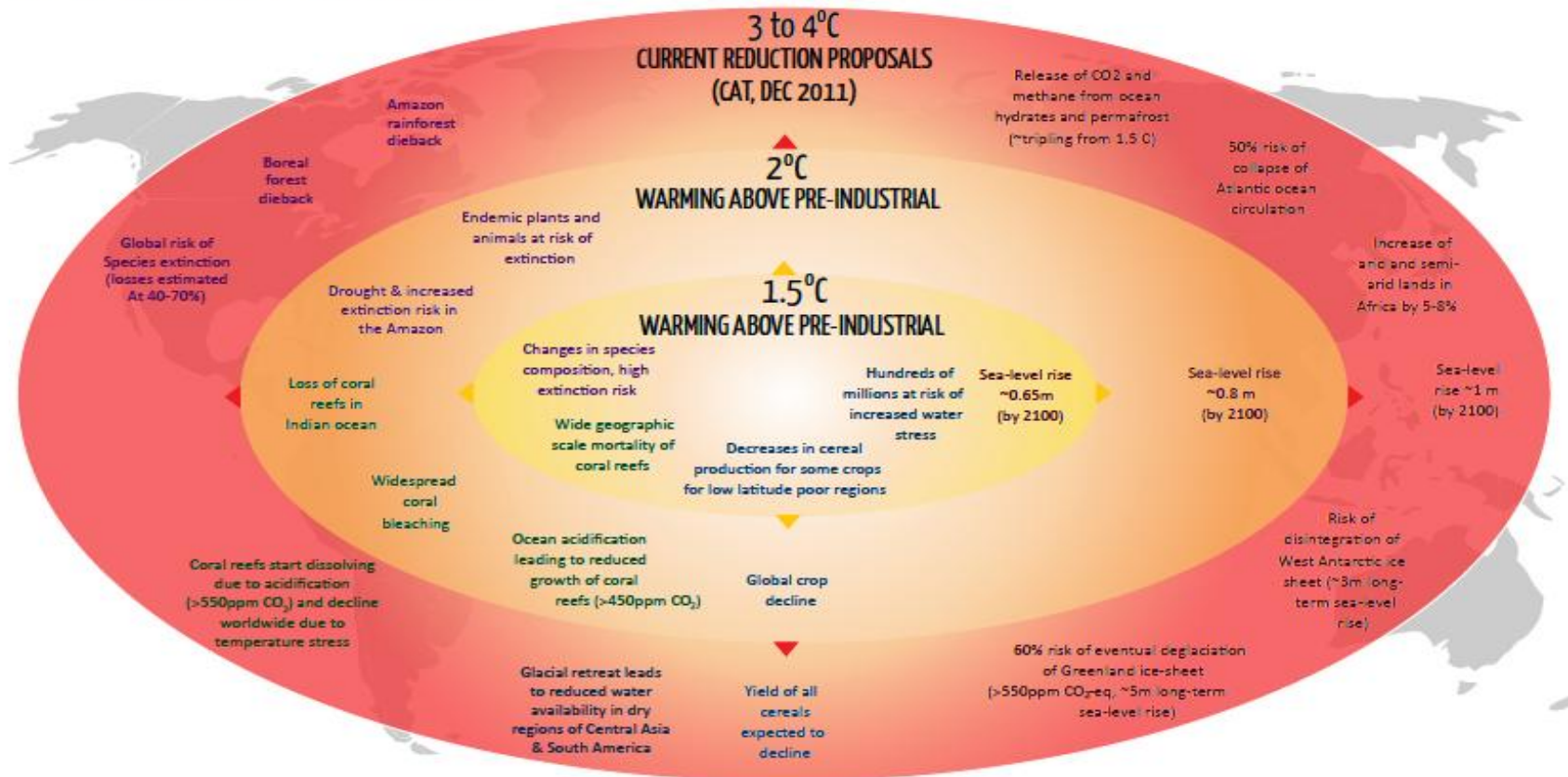


**Figure 8**  
 Diagram relating the potential impacts of climate change to the rise in global average temperature. Zero on the temperature scale corresponds approximately to 1990 average temperature, and the bottom of the temperature scale to pre-industrial average temperature. The level of risk or severity of potential impacts increases with the intensity of red colour. The 2°C guardrail is shown for reference.

# Driving humanity of the cliff?

## A SNAPSHOT OF A WARMING WORLD

With no strengthening of climate action agreed in Durban, the world continues on our pathway to a temperature rise of 3.5°C above pre-industrial level by 2100. Even keeping this to an increase of 1.5°C will lead to considerable impacts, and more with 2°C. But with temperature increases heading towards 3.5°C, the impacts reach a distinctly higher level of risk. The impact examples in this figure are illustrative and not comprehensive.



**GHG Target:**

**-20% compared to 1990**

Reality check:

EU 27 GHG emissions in  
2011 were **18.6%** below  
1990

**(23.5% incl. offsets)**

**EU**

**-21%**

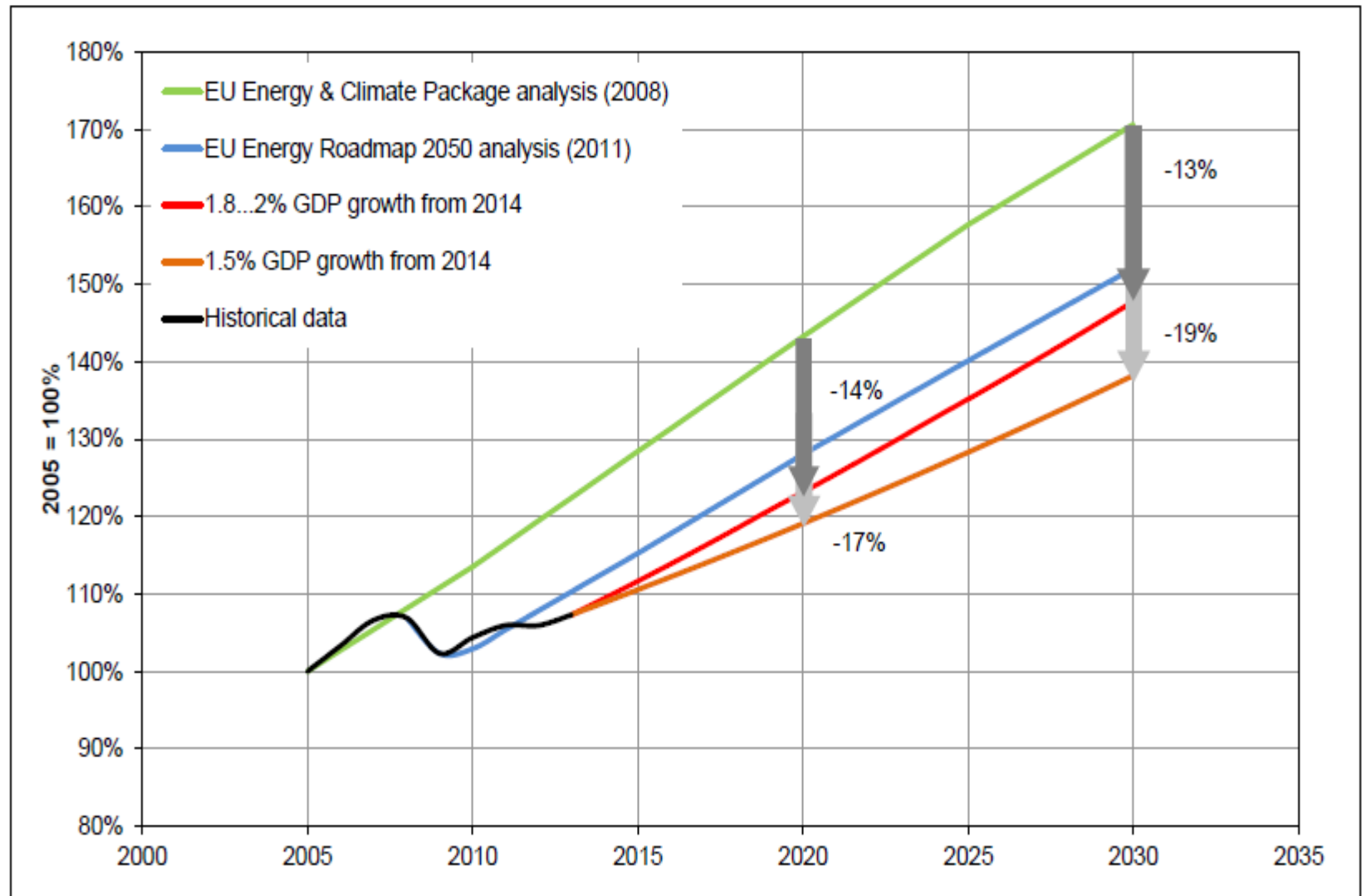
**sectors**

**2005**

**from -20% to +20%**

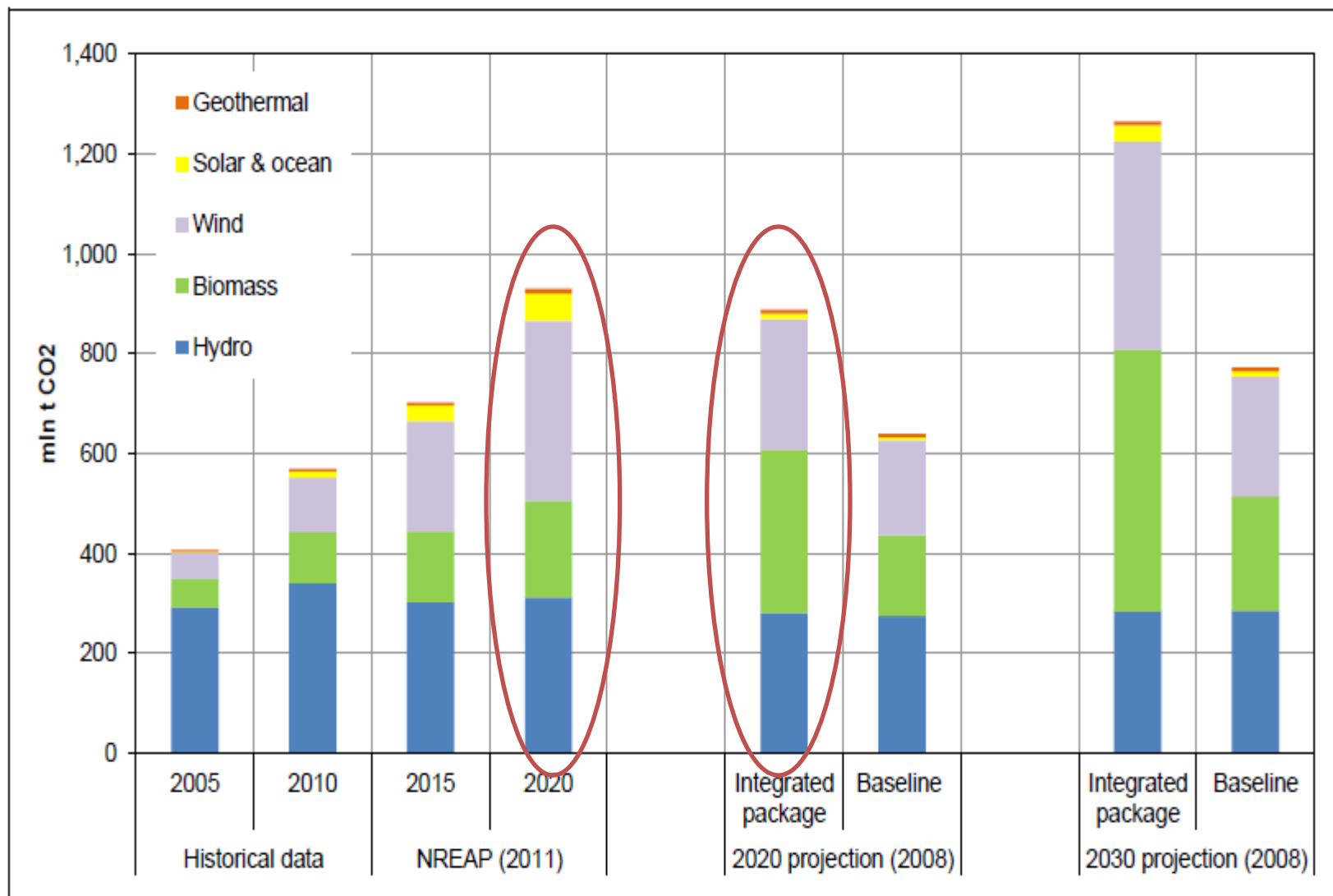


# GDP projections



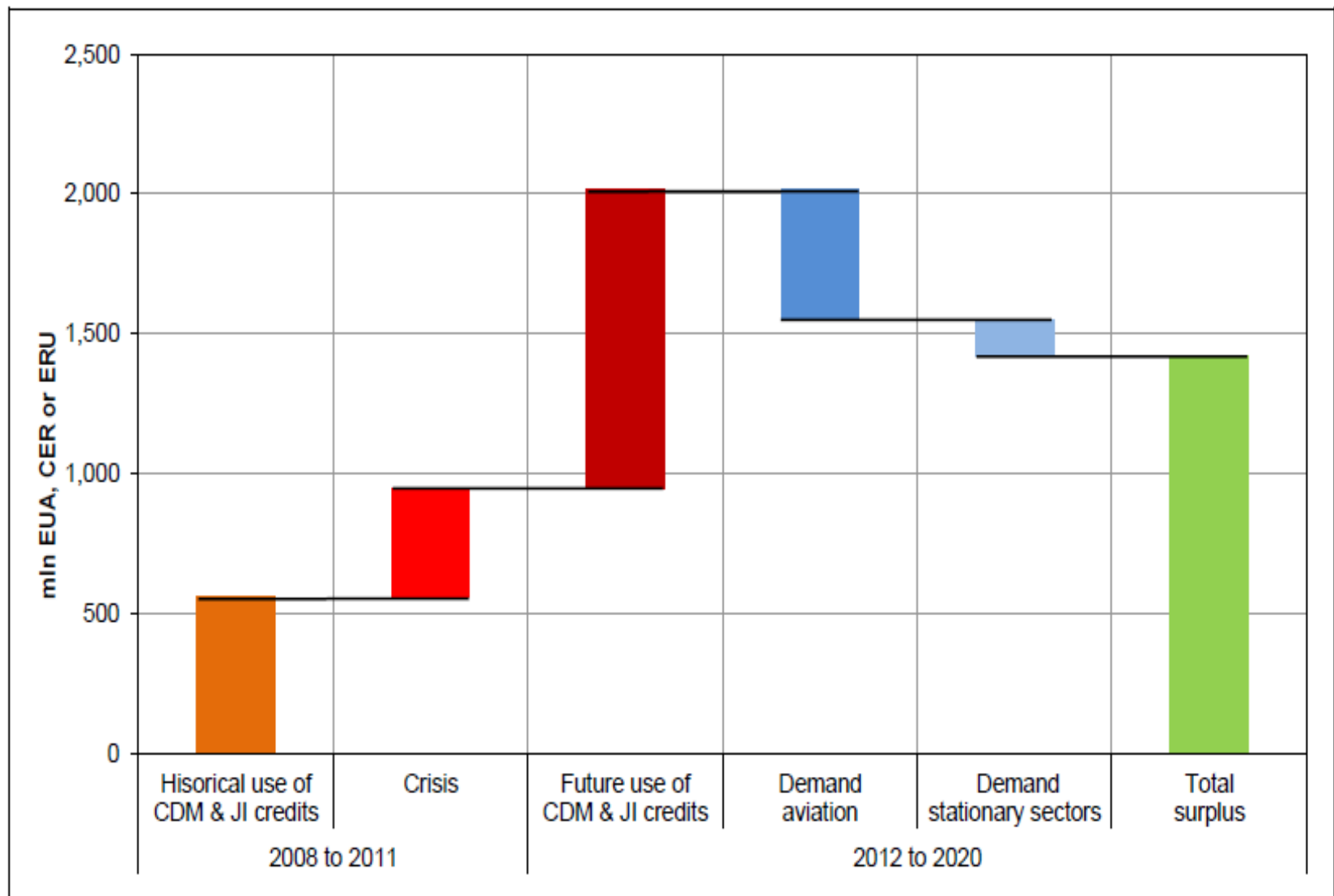
Source: Eurostat, European Commission, calculations by Öko-Institut

# Renewables and CO2 abatement in ETS sectors



Source: Eurostat, European Commission, calculations by Öko-Institut

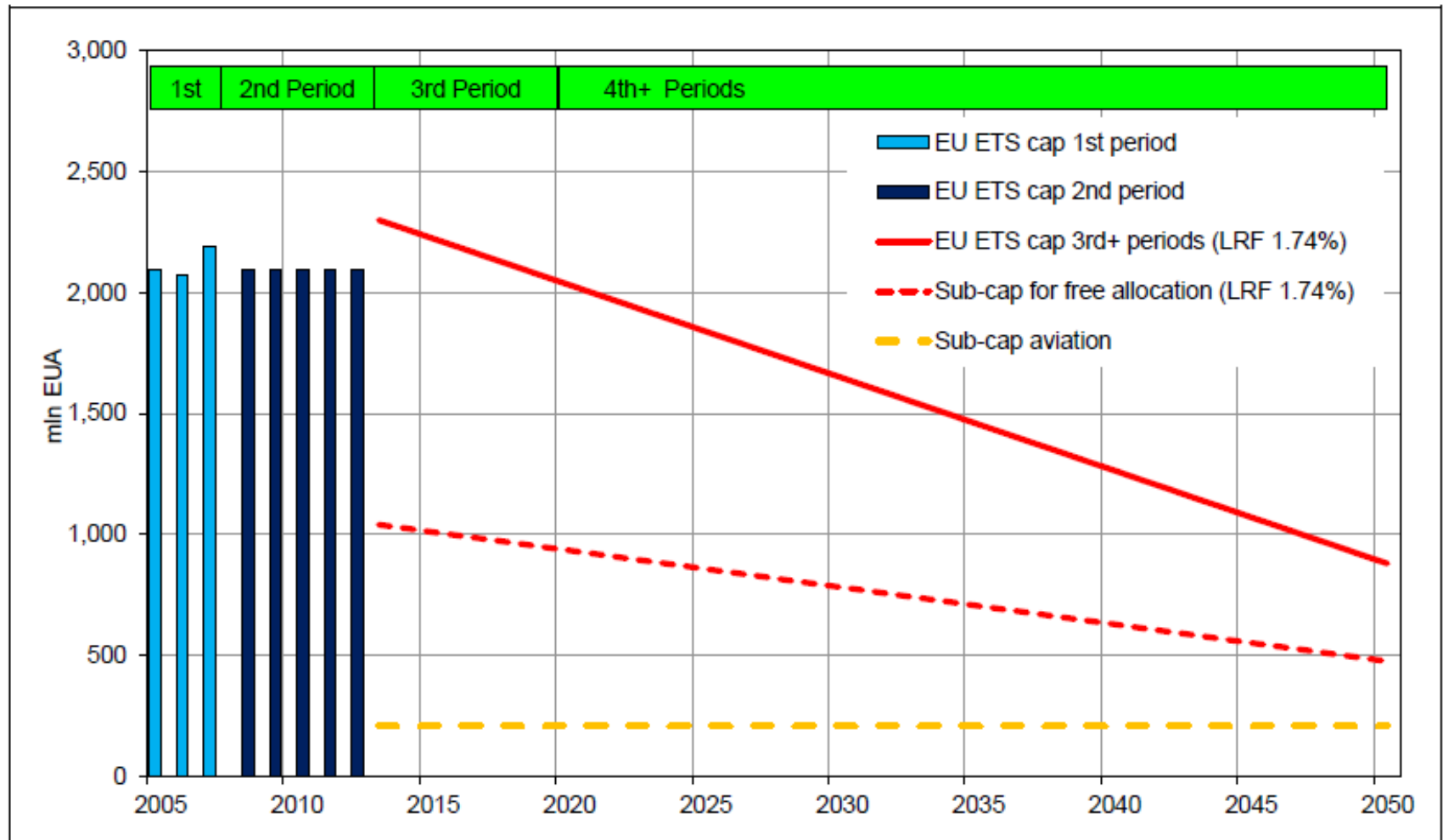
# Flexible mechanisms



Source: Calculations by Öko-Institut

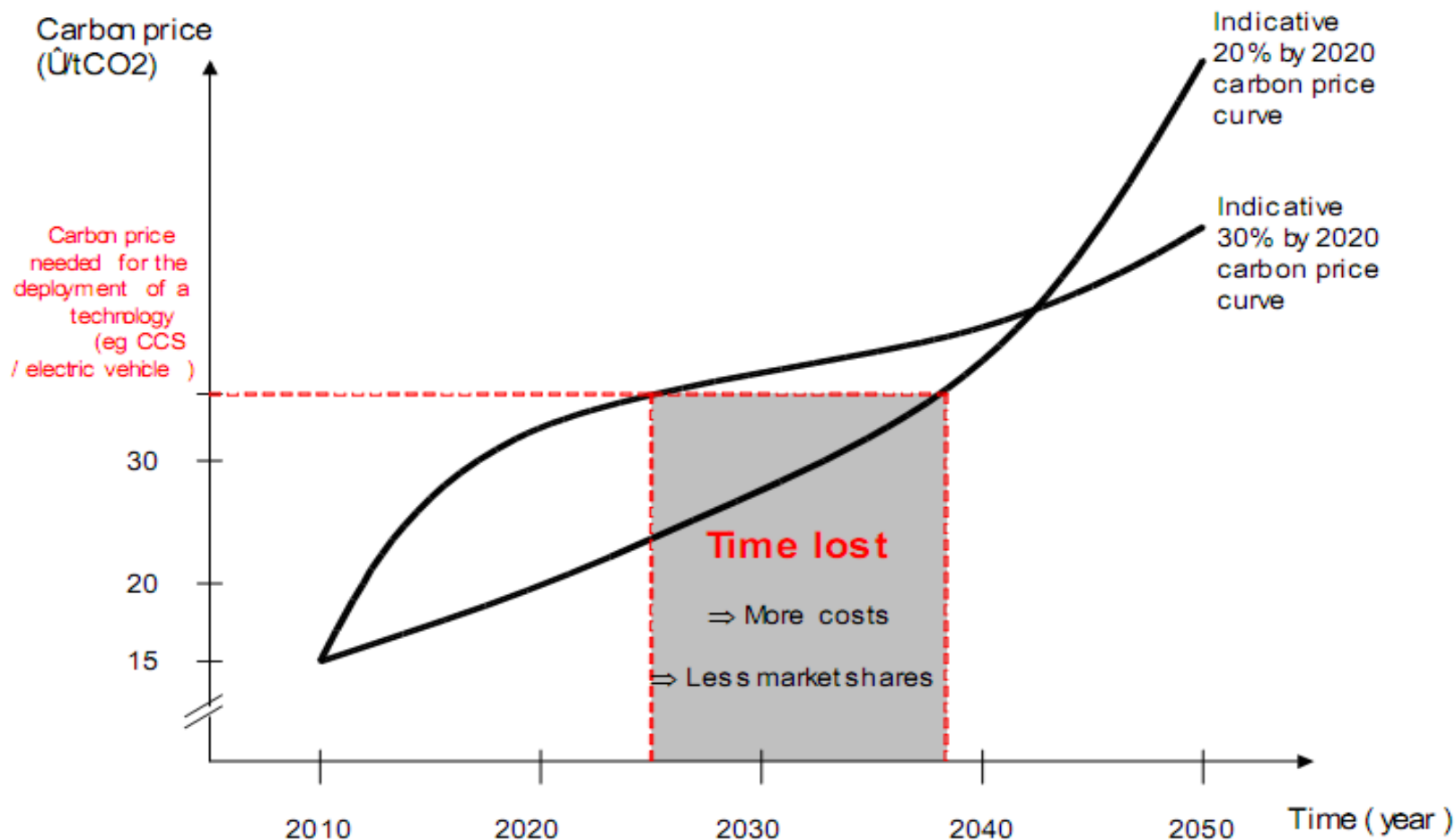


## Article 9: each trading phase counts



Source: CEC 2010b, EU 2009a, calculations by Öko-Institut

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



# Purpose of the EU ETS?

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1. Meet EU environmental goals at a market price?
2. Minimize the price of carbon to meet EU environmental targets during a trading period (2020)?  
**-> nice to have, but inadequate**
3. Minimize price of carbon to meet EU environmental targets on LT EU environmental targets (2050)?
4. Provide a long-term signal for meeting EU environmental targets (to 2050)?  
**-> YES**
5. Catalyze technological change?
6. Drive investments in renewables and energy efficiency?  
**-> Yes, but don't leave to carbon market alone**

## Further reading

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Greenpeace and WWF recommendations to strengthen the EU ETS (June 2012):

[http://awsassets.panda.org/downloads/gp\\_wwf\\_policy\\_briefing\\_strengthening\\_ets.pdf](http://awsassets.panda.org/downloads/gp_wwf_policy_briefing_strengthening_ets.pdf)

Joint NGO and ETUC position paper:

<http://www.springalliance.eu/images/docs/sa.key.messages.on.ets.reform.final.pdf>

CAN-Europe « ETS at a crossroads »:

[http://www.sandbag.org.uk/site\\_media/uploads/EU\\_ETS\\_at\\_a\\_crossroads\\_NGO\\_briefing\\_01.2013\\_FINAL.pdf](http://www.sandbag.org.uk/site_media/uploads/EU_ETS_at_a_crossroads_NGO_briefing_01.2013_FINAL.pdf)



# Thank you

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# Backup slides

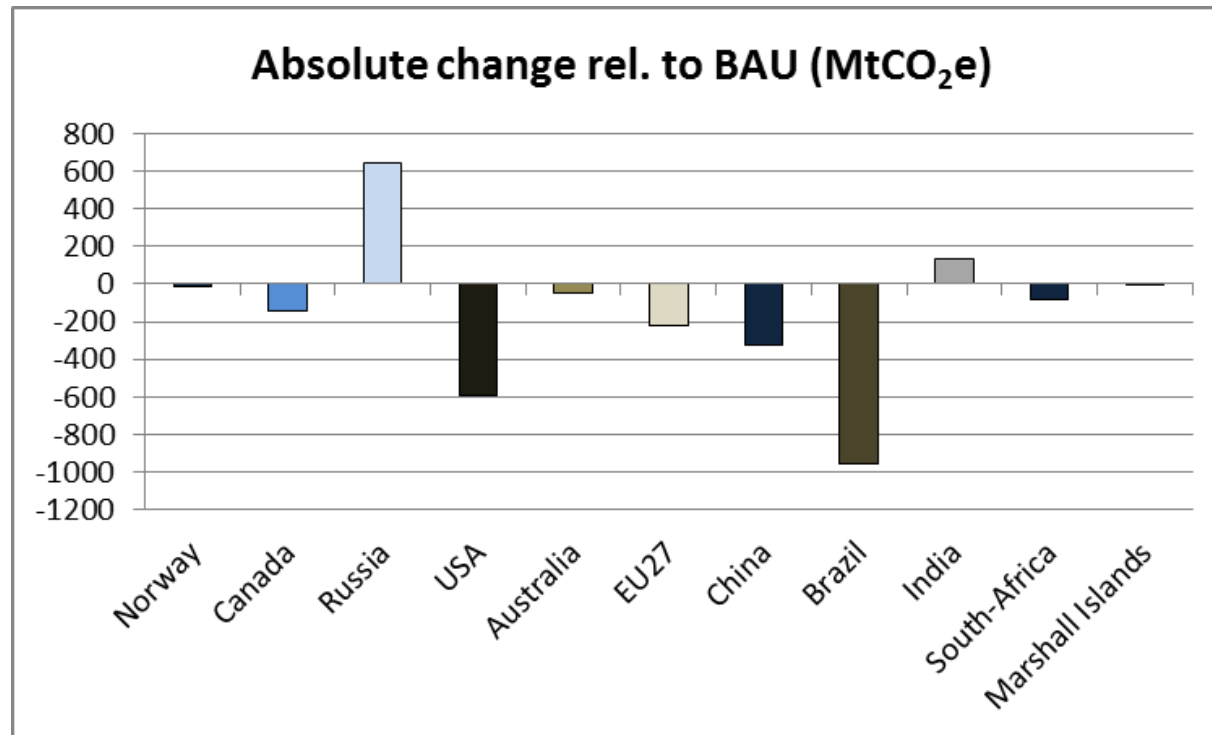
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# Importance of equity for comparability

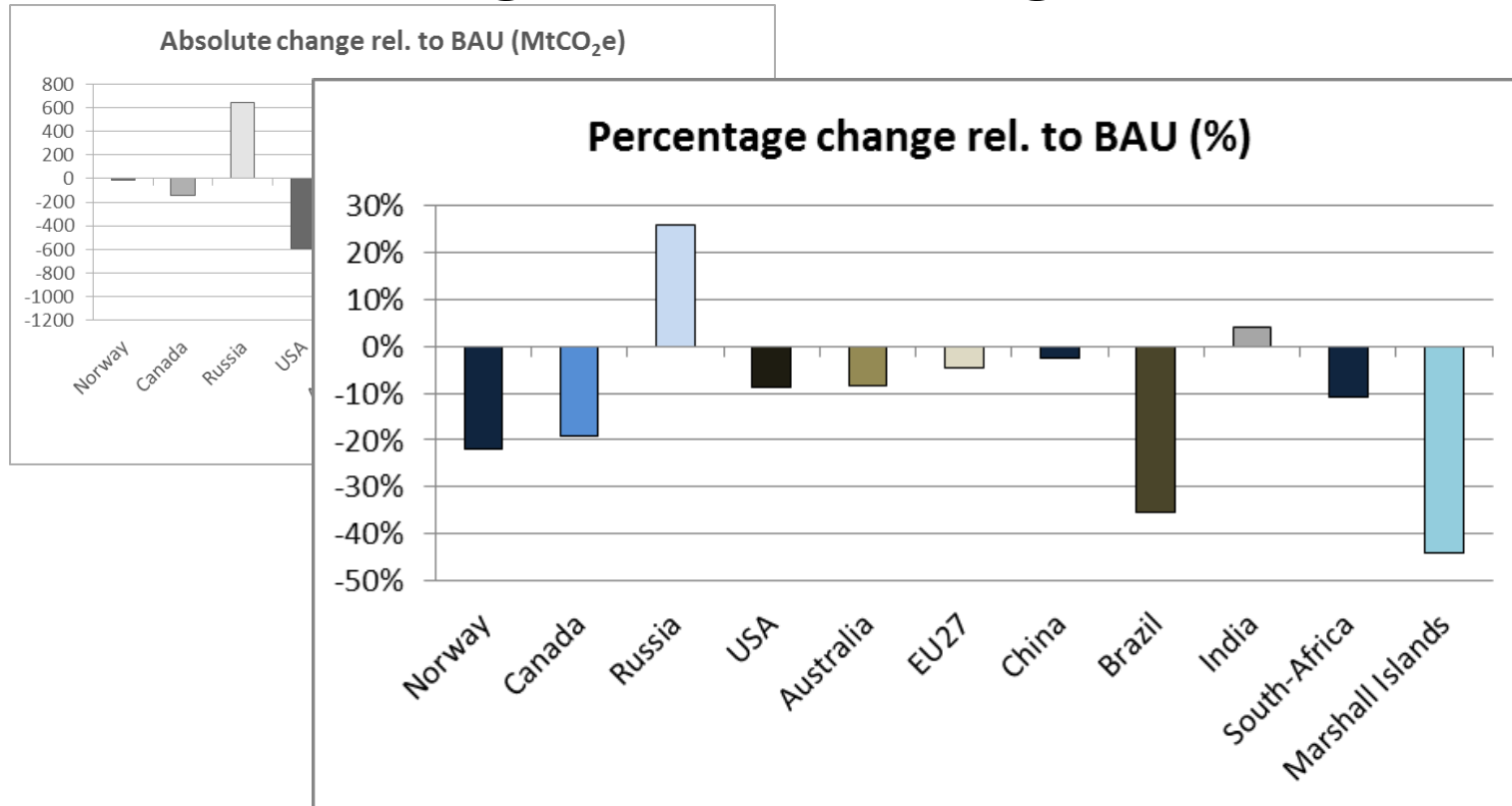
***“Who is doing the most mitigation?”***



Sources:  
Norway, Canada, Russia, USA, Australia, EU27 – Climate Action Tracker, October 2011  
Update  
China, Brazil, India, South-Africa – UNEP – The Emissions Gap Report (2010)  
Marshall Islands – PRIMAP4 baseline  
UNEP Emissions Report 2010

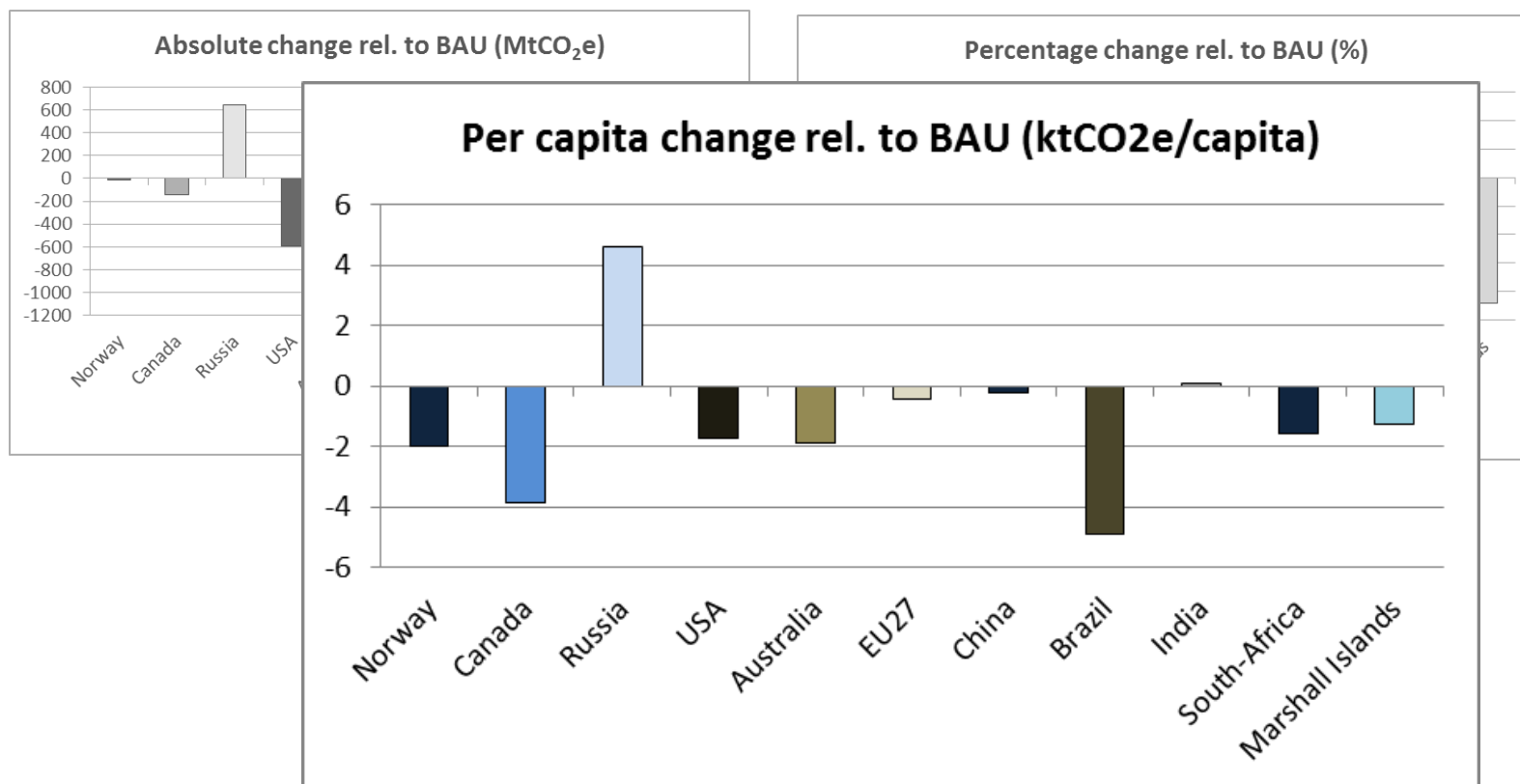
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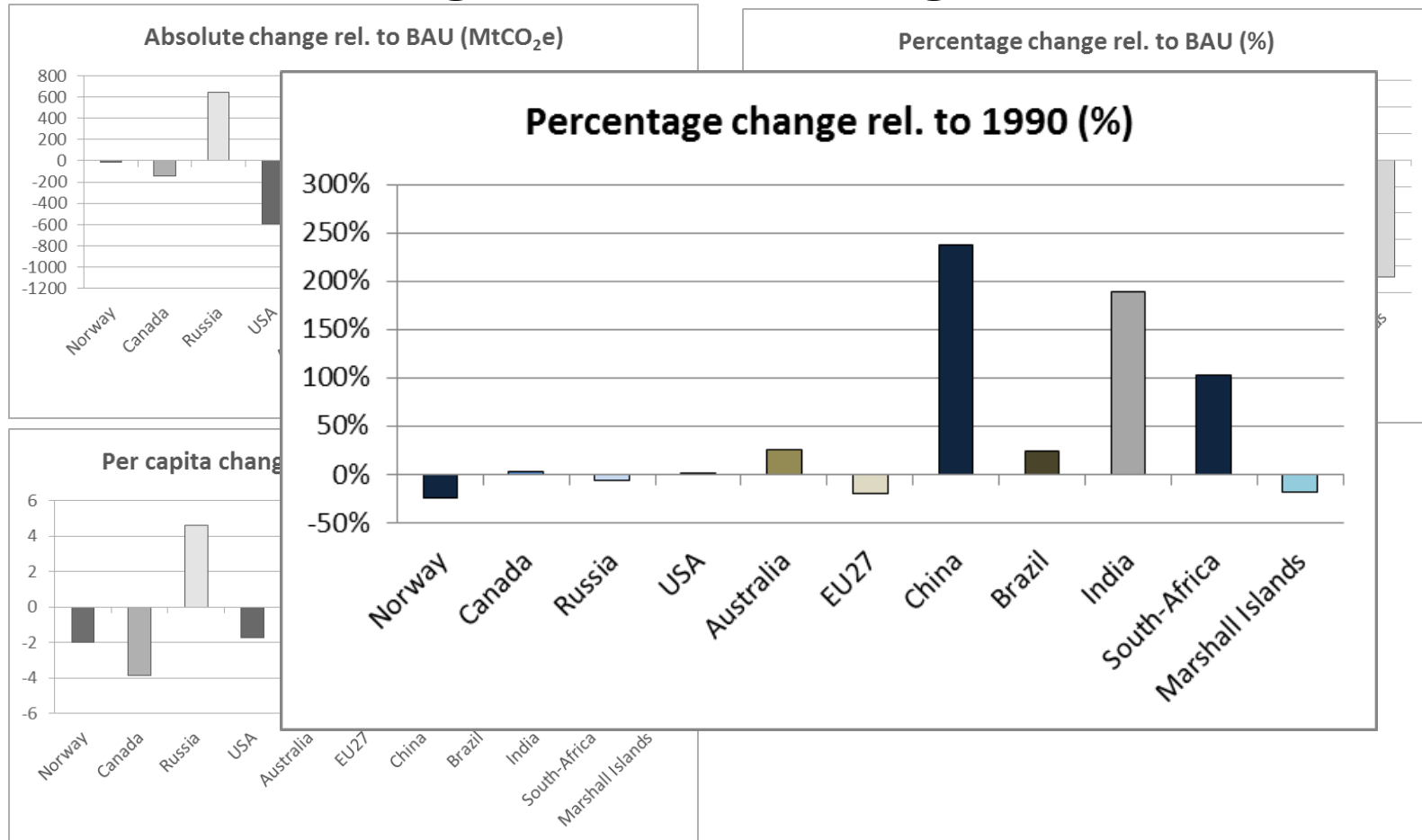
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 Marshall Islands – PRIMAP4 baseline  
 UN Population Division, 2010

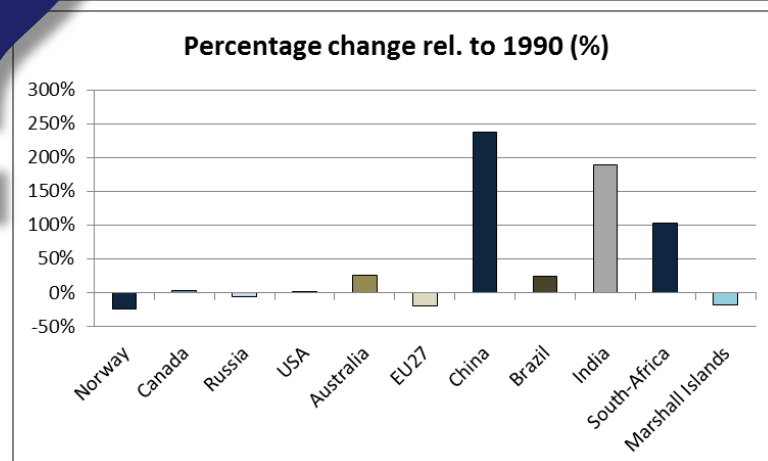
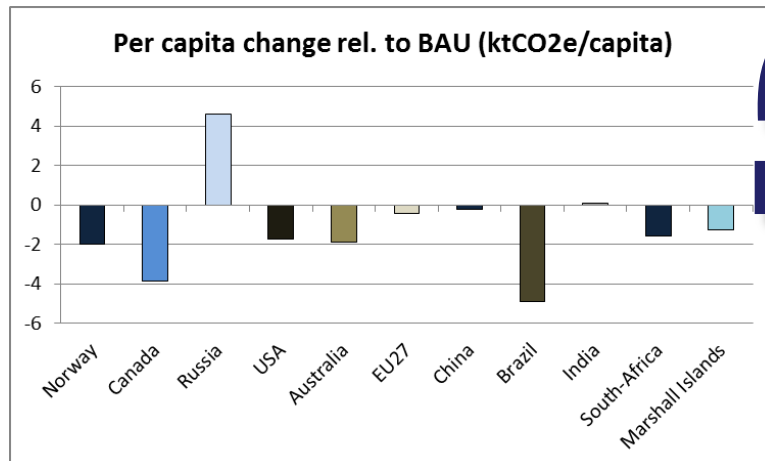
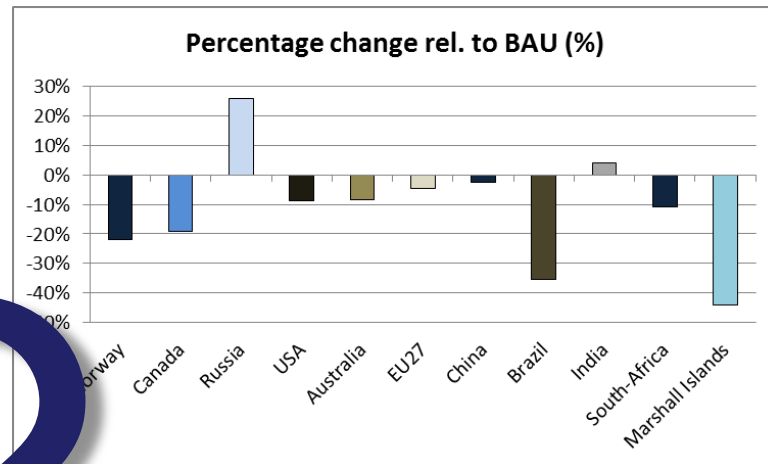
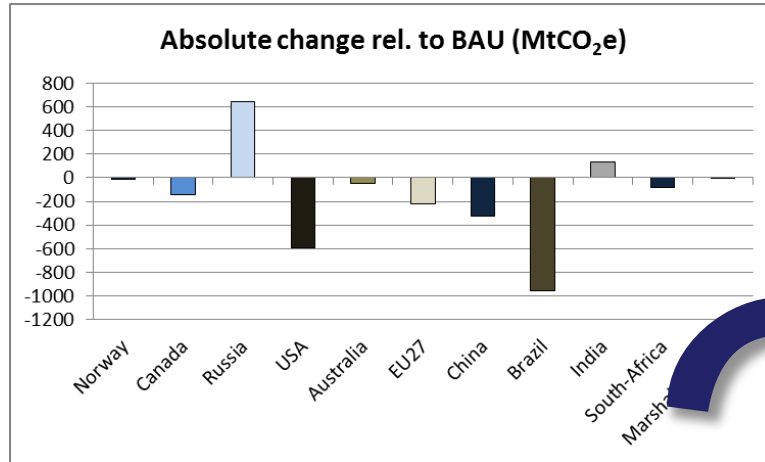
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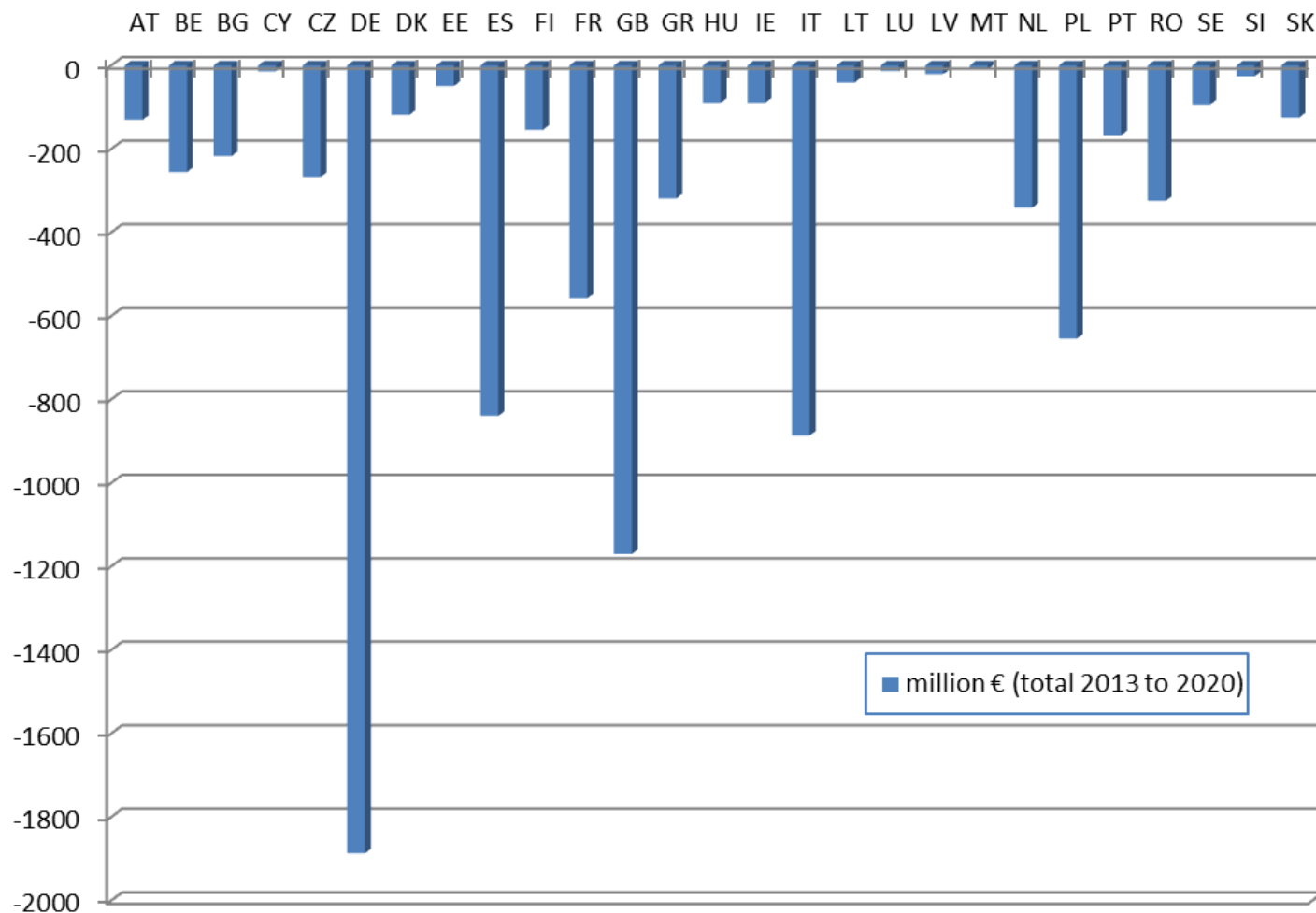
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 China, Brazil, India, South-Africa – UNEP – The Emissions Gap Report (2010)  
 Marshall Islands – PRIMAP4 baseline

Considerations of equity are important to assess  
which metrics are appropriate to answer  
***“Who is doing the most mitigation?”***



Sources:  
Norway, Canada, Russia, USA, Australia, EU27 – Climate Action Tracker, October 2011 Update  
China, Brazil, India, South-Africa – UNEP – The Emissions Gap Report (2010)  
Marshall Islands – PRIMAP4 baseline  
UN Population Prospects 2010

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



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



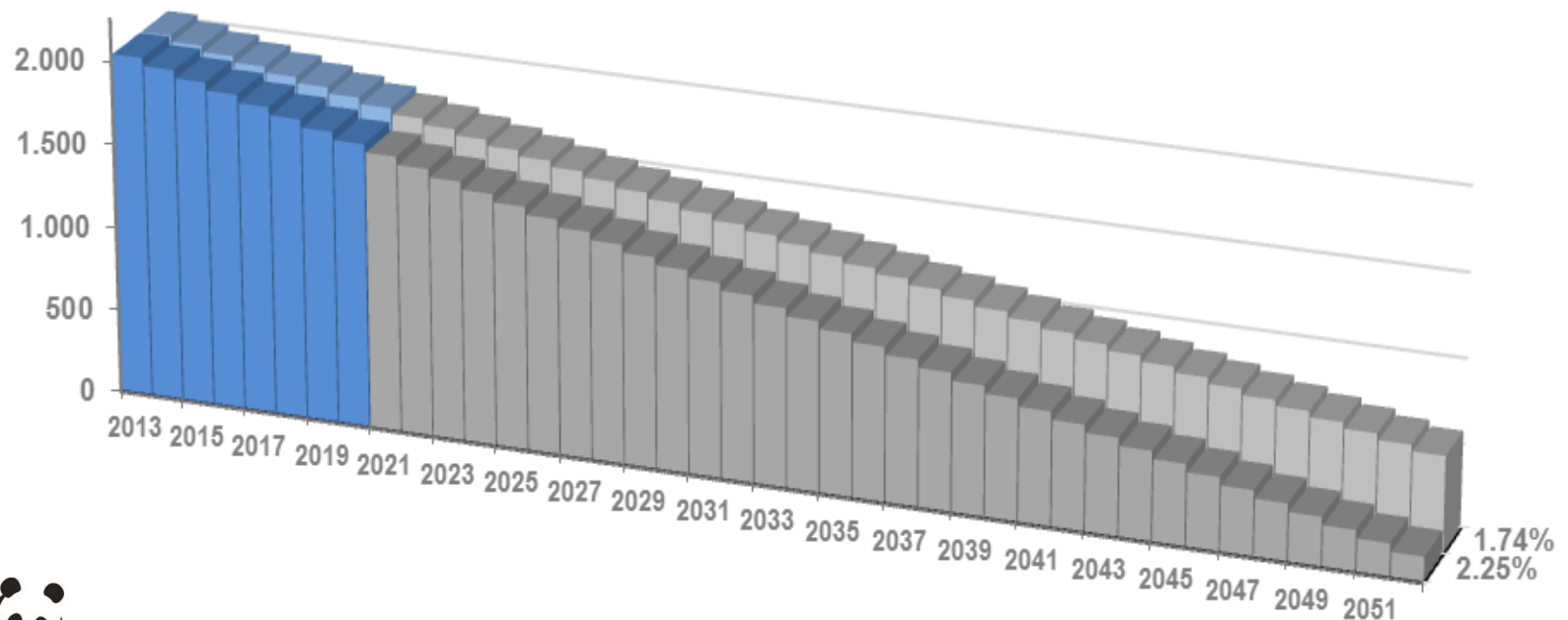


# Amendments to the Energy Efficiency Directive (3/3)

## 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



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

