



Ministry of Infrastructure and the  
Environment

# The future for Non-ETS policies CEPS June 29

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## Cost-effectiveness of the collective effort

- Enhancing existing flexibility instruments to ensure cost-effectiveness” (Council Conclusions para 2.12)
- AEA transfers between Member States should be supported and encouraged to increase cost-effectiveness of the collective EU effort.
- Currently, a key problem is that very little budget is put up for sale.
- For this transfer 3 conditions should be met:
  - A market for transferring AEA’s;
  - Guaranteed supply of AEA’s availability to transfer;
  - A simple system



## Auctioning

- Mandatory to guarantee a minimum level of supply
- limited % of the total EU budget of AEAs
- (bi)annual basis
- provide a market price and increase transparency with regard to supply and demand.
- lower the barriers for Member States to engage in further AEA transfers through:
  - bilateral trade or other transactions
  - voluntarily adding surplus budget to the annual auction supply



## New flexibility mechanism

- One-time reduction through a limited amount of ETS allowances
- Serve as a safety valve for Member States with high ESD targets
- Limited amount so limited impact on ETS
- Is no substitute for a cost-effective distribution of the Member States' reduction targets.



## Setting national targets

- Efforts distributed on the basis of relative GDP per capita
- Targets spanning from 0% to 40% compared to 2005
- Targets for the Member States with a GDP per capita above the EU average must subsequently be relatively adjusted to reflect cost-effectiveness in a fair and balanced manner.
- Average (50/50) of the target based on GDP per capita and a target based on cost-effectiveness.



## EU-wide action

- to unlock additional mitigation potential in the ESD sectors a cost-effective manner, while maintaining the level playing field.
- more ambitious Ecodesign requirements for energy-related products
- a comprehensive EU transport policy which aims at a substantial reduction of CO<sub>2</sub> in fuels as well as vehicles.
  - the continuation of the CO<sub>2</sub> reduction target in the Fuel Quality Directive post-2020
  - an ambitious CO<sub>2</sub> target for vehicles