

EURELECTRIC welcomes structural proposals to strengthen ETS

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EURELECTRIC has repeatedly called on the European Commission to rapidly publish proposals for long-term measures to strengthen the EU Emissions Trading Scheme. We therefore welcome today's Carbon Market Report as a clear signal of the Commission's intention to adopt structural measures that will allow the ETS to provide a meaningful signal for decarbonisation. We will analyse these initial proposals carefully over the coming weeks, with a view to providing more detailed comments.

EURELECTRIC would nevertheless like to use this opportunity to recall key elements of its position on the ETS, as published last month:

- **A strong ETS is fundamental to reducing carbon emissions in the most cost-effective way.** The value of the ETS is clear: it is cost-effective and compatible with the European internal energy market, it can provide long-term stability, it can support innovation, and it is essential to international action on climate.
- **The ETS should therefore be the key driver of EU climate policy up to 2030 and beyond.** However, the ETS today is at risk of being undermined and replaced by other policy instruments. EURELECTRIC therefore seeks a package of decisions with the following elements:
 - (1) The adoption of **an ambitious, firm, long-term, economy-wide, greenhouse gas reduction target for 2030 up to 2050**, in line with the European Council goal;
 - (2) The Commission to propose an **ETS cap aligned to this target, together with proportionate measures to revise the linear reduction factor**;
 - (3) **Measures to widen the ETS by bringing in new sectors.**
- We recognise that some of the structural measures proposed today may require an extended legislative process. On that basis, as part of the package, we support a phase 3 backload in order to signal the EU's long-term commitment to a strong ETS. The backload quantity should be meaningful and commensurate with imbalances in supply and demand. Any return of the backload should take place late in phase 3, but not during one single year.