



ETS reform: How can national NGOs help?

3.11.2016



Climate Action Network (CAN) Europe is Europe's largest coalition working on climate and energy issues.

Over 130 member organisations in more than 30 European countries - representing over 44 million citizens.

CAN Europe works to prevent dangerous climate change and promote sustainable climate and energy policy in Europe.

CAN Europe is part of the Climate Action Network is a worldwide network of more than 700 Non-Governmental Organizations.

www.caneurope.org



CAN Europe CEE

Za Zemiata / For the Earth (FoE Bulgaria)	Bulgaria
Greenpeace CEE (Central and Eastern Europe)	Central and Eastern Europe
Zelena Akcija - FoE	Croatia
CDE - Centrum pro dopravu a energetiku / Centre for Transport and Energy	Czech Republic
Glopolis - Pražský institut pro globální politiku / Prague Global Policy Institute	Czech Republic
Greenpeace Ελλάδα / Greenpeace Greece	Greece
MEDSOS - Δίκτυο ΜΕΣΟΓΕΙΟΣ SOS / MEDITERRANEAN SOS Network	Greece
CAAG - Levegő Munkacsoport / Clean Air Action Group	Hungary
Zaļā brīvība / Green Liberty	Latvia
DVI - Darnaus vystymo iniciatyvos / Sustainable Development Initiatives	Lithuania
INE / ISD - Instytut na rzecz Ekorozwoju / Institute for Sustainable Development	Poland
WWF Polska / WWF Poland	Poland
RTON - Fundacja Rozwój Tak - Odkrywki Nie/Foundation Development Yes Open-Pit Mines No	Poland
RAC-RO - Rețelei de Acțiune pentru Climă România / CAN Romania	Romania
JSS - Jedan stepen Srbija / One Degree Serbia	Serbia
Focus društvo za sonaraven razvoj / Focus Associaton for Sustainable Development	Slovenia

Yes you are right, the ETS is not working....

- Weak reduction targets,
- Excessive use of international offset,
- Economic crisis
- Two previous attempts to fix the ETS, the back-loading decision and the Market Stability Reserve are insufficient.

→ Huge surplus of 2.5 - 4.5 billion pollution permits by the end of 2020.

→ Carbon price languishes at €5. Far too low to drive rapid decarbonization!!

Why do we ***still*** need to work on strengthening the ETS?
Ignoring the ETS won't make it go away



Why do we **still** need to work on strengthening the ETS?

Yes the ETS is not working...

But it is not the policy tool that has failed but the **lack of political ambition**. Other policies also fail when there is not enough ambition/ no political willingness:

- Non-ETS 2020 targets (Effort Sharing Decision) are equally weak and a huge surplus of emissions permits is also accumulating there.
- Weak emissions standards
- Weak non-binding national renewable energy targets
- Weak non-binding efficiency targets
- EU-wide carbon tax a no-go

What are we fighting for?

CAN Europe Position on Essential ETS Reforms for post-2020

Increasing ambition

- Reset the starting point of the ETS cap in 2021.
- Faster annual reductions (the Linear Reduction Factor).
- Review of the cap in keeping with Paris agreement.
- Cancellation of allowances.
- Temporary reductions in supply.

Minimising handouts to industry (ensuring polluter pays)

- Limiting the maximum number of free allowances available.
- Stricter criteria for awarding carbon leakage protections.
- Strong “best performer” benchmarks.

Financing Climate Action and Energy Modernisation via the ETS

- Maximising the ETS revenues dedicated to climate action in the EU and abroad.
- **Ensuring that ETS funds are not used to subsidise coal-fired power stations.**

Capturing emissions that have not yet been accounted for

- Expanding the scope of ETS to capture international aviation and maritime emissions.



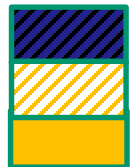
What is needed: ambition, ambition, ambition

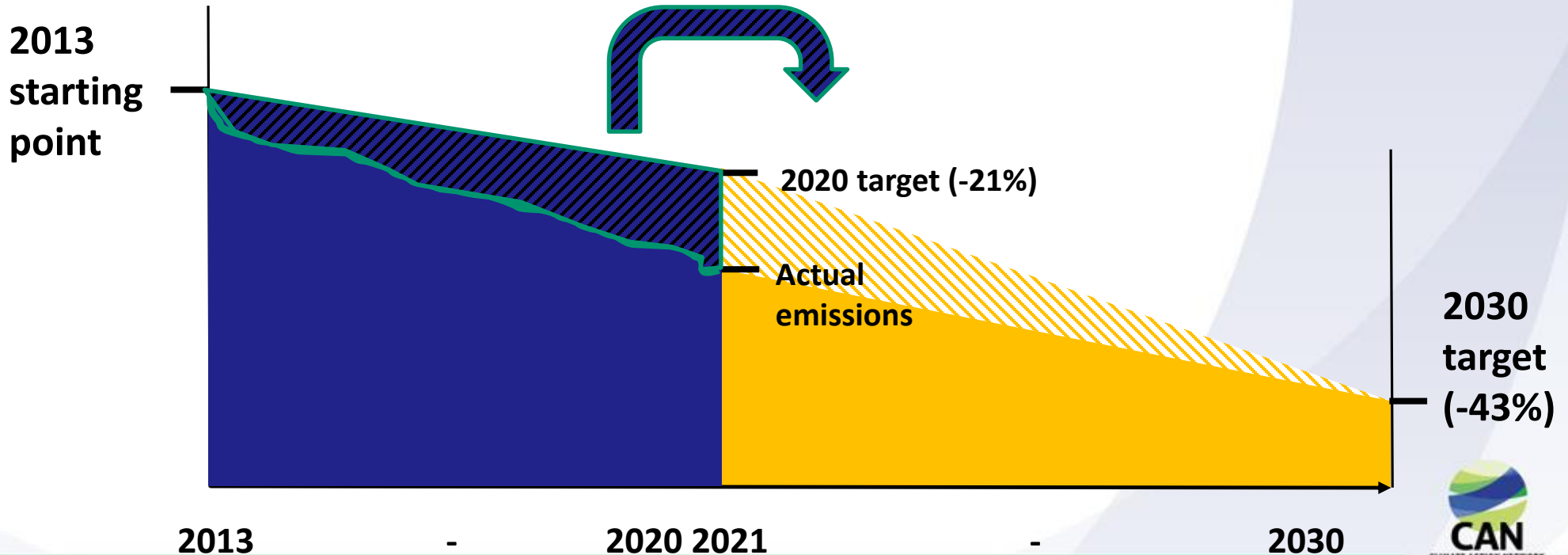
What matters to the climate are the cumulative emissions that are emitted into the atmosphere. The Paris Agreement calls on all countries to reduce emissions to keep temperature rise well below 2°C and pursue efforts to limit it to 1.5°C. The global emission budget we have left [is very small](#).

We need to reduce the 2021-2030 carbon budget in the ETS!

- 1. Cancelling the surplus!**
- 2. Raising the 2030 Target / Raising the Linear Reduction Factor!**
- 3. Ensuring ETS Starting Point in 2020 is at actual emissions!**
- 4. Including a review clause that ensures strengthening the ETS target in line with Paris review process!**

ETS Emissions Budget

-  Surplus from 3rd trading period. **This surplus can be avoided if it is cancelled instead of brought into the 4th trading period.**
-  Surplus from starting at 2020 target. **This new surplus can be avoided by lowering the 2021 starting point to actual emissions.**
-  Emissions budget 4th trading period starting at 2020 target with carry over surplus. **This is the huge emissions budget we'd get if the current Commission Proposal was passed**



Overview of the ETS reform: What has happened

15th July 2015: Commission published draft legislation

- 2.2% Linear Reduction Factor (to deliver ETS share of 40% target)
- Complex but slightly stricter carbon leakage rules

12th July 2016: DEVE committee votes on draft opinion

- Linear reduction factor improved to 2.8% (zero by 2050).
- All auction revenues go to climate action (50% to international climate finance)

13th October 2016: ITRE committee votes on draft opinion

- Cancellation of 300 million allowances
- Review of cap in light of UNFCCC global stocktake and overlapping policy
- Option for Member States to cancel allowances to reflect national action

Overview of the ETS reform: What will happen

Timeline

- **13.10.2016** vote in the ITRE Committee
- **8 .12.2016** vote in the ENVI Committee
- **19.12.2016** Environment Council (Slovak presidency aims to form Council position by this stage)
- **February 2017**: European Parliament ETS plenary vote, followed by trialogue
- **Second half of 2017 or 2018**: finalizing ETS file likely together with non-ETS files: Effort Sharing Regulation and LULUCF legislation

Presidencies

2016: Netherlands, Slovakia

2017: Malta, Estonia (*no UK presidency!*)

2018: Bulgaria, Austria

Political process: Strategic Consideration

- Commission Proposal is too weak. If passed the ETS will remain ineffective (oversupplied) until 2030.
- Member States have been unwilling to discuss the main reforms needed.

→ Getting a strong ENVI report will be critical. It will force the Member States take a position on each proposed amendment.

Lobby for a strong ETS!

On **December 8th** **MEPs** from the Committee on the Environment, Public Health and Food Safety (ENVI) will vote on their official opinion on how to reform the ETS.

- **Contact your MEPs to push for ambitious amendments**
- **Tweet, raise media awareness (Op-eds, actions, ect)**
- **Sign petition: <https://act.wemove.eu/campaigns/ETS>**

On **December 19th** **the** Environment Council will meet. The Slovak presidency aims to form Council position by this stage.

- **Meet with representatives of the Environment Ministry and write a letter to your Environment Minister**

CAN Europe support for your lobbying ENVI

- A draft letter to MEPs which you can use to send to your MEPs, please translate and amend to your national circumstances
- List of main ENVI MEPs to target and their contact details
- Communications Package
- Policy brief with voting recommendations on ENVI amendments on raising ambition.
- Policy brief on the ETS starting point.
- Draft letter to Environment Minister

CAN Europe Resources

CAN EUROPE'S POSITION ON THE POST-2020 ETS REFORM
April 2016 (updated in October)

CAN
CLIMATE ACTION NETWORK Europe

Climate Action Network (CAN) Europe is Europe's largest coalition working on climate and energy issues, with over 130 member organisations in more than 30 European countries - representing over 44 million citizens - CAN Europe works to prevent dangerous climate change and promote sustainable climate and energy policy in Europe.

PARIS IS A CALL FOR ACTION!

In the Paris Agreement all countries agreed to hold the temperature increase well below 2°C and furthermore to pursue efforts to limit it to 1.5°C. But the emission reduction contributions that countries have agreed to all focus on CO₂ emissions that lead to 2°C warming. If the European Union wants to hold its bit, it must act now to ensure that the Paris deal results in real additional action.

Climate action in Europe before and after 2020 needs to be substantially increased if we are to achieve the goals that governments agreed to in Paris. Governments agreed in Paris to come together to take stock of the collective efforts in 2016, and resultant periodically improved targets before 2020. In order to remain true to its commitments, the EU needs to review its greenhouse gas emission reduction targets for 2020 and for 2030.

*All greenhouse gas emission trends, projections and reduction targets**

*Compiled by the EEA's goal is to reduce the greenhouse gas emissions by 40-60% by 2020, with the current 2020 climate targets as a starting point to meet 80% emission reductions and 100% of those reductions

* http://www.ec.europa.eu/clima/monitoring-and-reporting/index_en.htm

CAN EUROPE POST-2020 ETS REFORM POSITION - April 2016

EU citizens pick up climate polluters' bill

We pay **12x more** than polluters

Factories and power stations pay only **€5** for every tonne of CO₂ they emit



The EU's carbon market, created to make polluters pay for their climate pollution, is broken.



The same tonne of CO₂ costs EU citizens **€60*** 
 We all pay for the human and ecological damage caused by burning fossil fuels.

*Calculated by dividing the total cost of carbon in the EU in 2013 (€21.4bn according to the IMF) by the amount of CO₂ emissions from fossil fuel use (3.6bn tonnes).

 It is time to make polluters pay!

Learn more: www.caneurope.org  



CAN
CLIMATE ACTION NETWORK Europe

A fresh start for the ETS
 Setting the Phase 4 starting point at actual emissions

Brussels, September 2016

<http://www.caneurope.org/climate/emissions-trading-scheme>

Become a CAN Europe member: network@caneurope.org



sandbag

<https://sandbag.org.uk/reports/all/>

Main Sandbag's reports:

[Getting In Touch With Reality](#) (Jun 2016)

[Stabilising the Market Stability Reserve](#) (Jun 2016)

[Dispelling the waterbed myth](#) (Oct 2016)

Sandbag's main papers on the industry

[The Last Chance Saloon for the ETS](#)

[The interactive EU ETS dashboard](#)

[Cement Exposed: New data from EU cement sector shows no fall in CO2 emissions](#)

Member states specific briefings:

[Germany and the EU ETS: Industrial leaders champion a strong EU climate law](#) (Sep 2016)

[Why does the Carbon Price Support matter?](#) (Sep 2016)

Sandbag's briefings for the CEE Member States audience

[Sharing the Burden](#) (Mar) 2016

[A Chance for Responsible Development: Financing the new Polish economic roadmap to 2030](#) (Oct 2016)

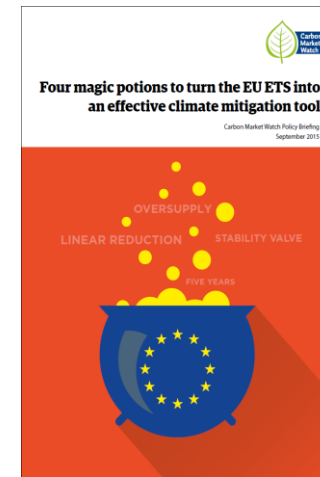
[A tighter cap grows the funds](#) (Nov 2016)



Carbon Market Watch

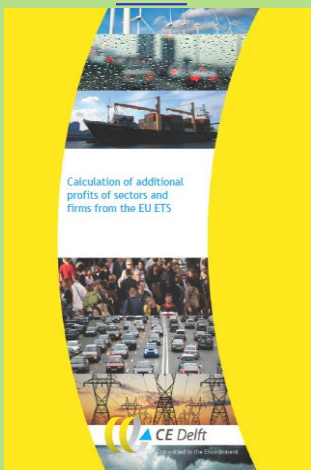


On increasing the environmental integrity of the EU ETS [here](#)



Stopping industry handouts

CE Delft study [here](#)



On industry windfall profits [here](#)



On carbon leakage [here](#)



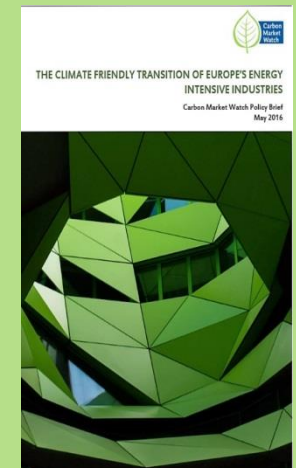
Carbon leakage factsheets:

- [Germany](#)
- [France](#)
- [The UK](#)
- [The Netherlands](#)
- [Sweden](#)

Innovation Report [here](#)



Low-carbon transition of energy intensive industries [here](#)





Thanks!

anja@caneurope.org

www.caneurope.org