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Minister

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## Regarding the Use of Offsets in the EU

Dear Wendel Trio, Eva Filzmoser, Clare Perry and Magda Stoczkiewicz

Thank you for your open letter of May 15, 2012 regarding the use of offsets in the EU and for expressing your concern with the amount and types of offsets in the EU-ETS and ESD. I am responding to your letter as the Danish Minister for Climate, Energy and Building and not as a representative of the Danish EU-presidency.

The Danish government advocates stepping-up the EU greenhouse gas reduction target to 30% in 2020. During our Presidency, Denmark has worked to get the Environment Council to agree on milestones for reducing EU's greenhouse gas emissions by 40% in 2030 and 60% in 2040. In March, 26 Member States supported Presidency conclusions inviting the Commission to present timely and cost-effective policy proposals for delivering the reductions in the Low-Carbon Economy Roadmap to 2050 for the period to 2030. We have also gathered environment ministers for a discussion on the future of the EU's Emission Trading Scheme (ETS) at an informal meeting in Horsens.

As you are probably aware, Denmark was a strong supporter of the regulation forbidding the use of CDM credits from certain (HFC 23 and N<sub>2</sub>O) projects in the ETS. In June 2011, Denmark took the initiative to rally political commitment from a number of Member States, including Austria, Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Slovenia, Sweden and the United Kingdom, to refrain from using these credits to meet non-ETS commitments in the EU (under the effort-sharing decision).

Denmark currently has a JI/CDM procurement programme as part of efforts to reach our Kyoto targets. The programme focuses on renewable energy projects and has a policy to not invest in coal-, methane- or large hydro projects. And, Denmark has gone further than many EU countries with regard to the approval of large hydro projects in that Denmark checks whether the pro-

jects have actually lived up to EU requirements to apply the World Commission on Dams guidelines before approving credits for use by ETS operators.

With regard to track 1 Joint Implementation, the EU sent a submission suggesting strengthening the JISC proposal to implement a harmonized track, which would alleviate some of your concerns. I refer to the EU submission for further reference. Denmark has also taken a strong stance against the carry over of AAUs and for the linkage between a 2<sup>nd</sup> commitment period and JI after 2012.

Yours sincerely,

Martin Lidegaard