Press Release

# Transparency in the EU Emissions Trading Scheme has been unnecessarily reduced – Crucial data hidden from Investors and Civil Society

**The number of carbon offsets used in 2013 by companies in the EU Emissions Trading Scheme (ETS) was publicly released today but a dramatic reduction in the data made available was condemned by *Sandbag Climate Campaign*, the *Climate Market & Investment Association (CMIA),* and *Carbon Market Watch.***

Unlike previous years, the EU Commission today only released aggregate offsets data meaning it is no longer possible to see what type of credits participants in the scheme have used to comply with their obligations. Understanding the provenance of Carbon Credits as they are used for compliance in the ETS has been an important feature to date.

The changes to the information provided under a new system happened without public consultation, and significantly reduces civil society's ability to scrutinise how the scheme is working, as well as reducing investors ability to analyse the compliance strategies used by emitters within the EU.

The ETS continues to labour under an enormous surplus of European Allowances (EUAs), which Sandbag calculates at approximately **1.9 billion tonnes** in 2013. As Sandbag and the CMIA have previously independently shown, without reform the ETS will dramatically undermine the EU's carbon reduction efforts in the future, and could see the EU lose any claim to international leadership in the fight against climate change.

There was a steep drop in the offset use (**74% fewer than last year**),[1] leaving approximately 400 million offsets available to be used before 2020.

**Sandbag's Director Bryony Worthington said:** *"The EU must act now to reform the scheme, but to get the reforms right, it's crucial that investors and civil society have access to the full information. Waiting until 2020 for reform, as the Commission has proposed, will mean we have low prices for most of the remainder of this decade, contributing to a rise in emissions from coal across Europe.*

*Reform of the ETS must include cancellation of the surplus and the introduction of other measures to restore the scheme to good health well before 2020. Only then can the ETS be referred to as the EU's flagship climate policy, if early reform is not introduced other policies to constrain EU emissions will be needed."*

**CMIA's Executive Director Miles Austin said**: *"The surplus of EUAs is strangling the market, the EUA price is supposed to reflect the cost of reducing emissions instead it is reflecting people's assessment of the likelihood that it might one day reflect the ongoing cost of abatement. The current white paper from DG CLIMA has many excellent features but works to slowly meaning that the EU ETS will only be*

[1] From 493m in 2012, to 132.8m in 2013. http://ec.europa.eu/clima/news/articles/news_2014050201_en.htm

*functioning as intended in a decade and half's time. We simply cannot afford 15 years of lost time, either environmentally or economically. Radical reform of the ETS is urgently needed before 2020.*

**Carbon Market Watch's Director Eva Filzmoser said:** *"The lack of transparency makes it impossible to check the origin of the 133 million offsets that entered the EU ETS in 2013. The Commission misleadingly claims that only carbon offsets from Least Developed Countries are eligible from 2013 while in practice, business-as-usual projects from China are still allowed and probably constitute the majority of international credits used, further undermining EU's climate legislation."*

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