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Press release | 25.07.2012

Emissions trading scheme

Internal wrangling means Commission tiptoeing towards action instead of urgently repairing misfiring ETS

The European Commission today presented a proposal setting out the legal basis for changing aspects of the EU's emissions trading scheme (1). With the excessively low price of EU emissions allowances (carbon permits) undermining the EU's emissions trading scheme, the European Parliament and Council have called on the Commission to urgently come forward with proposals to limit emissions permit auctions and to consider retiring permits (2). The Greens expressed regret however that the Commission has merely presented a decision on the legal base, while delaying proposals aimed at withholding permits until autumn. Commenting on the proposals, Green climate expert and EP draftsperson on the EU's emissions targets, **Bas Eickhout** said:

"Despite the urgent need to repair the misfiring emissions trading scheme, the Commission is tiptoeing towards action.

"The emissions trading scheme is in need of serious surgery to address the current problems with the carbon market and ensure it can fulfil its purpose of delivering emissions reductions in the EU. The European Parliament and Council have called for measures to address the oversupply of emissions allowances and the unrealistically low carbon price on the initiative of the Greens, and the Commission promised to deliver this year (2). Regrettably, the Commission is riven by internal wrangling and has only set out limited proposals on the legal base today, merely preparing the ground for future steps and making it more difficult to shore up the ETS before the end of the year.

"The ETS has been faltering for too long and urgent action is needed to address the oversupply of emissions permits and the resulting excessively low carbon price. As a first step, this means limiting forthcoming auctions of emissions permits, with estimates suggesting more than 2 billion permits need to be 'backloaded' (3). However, ultimately, the Commission will have to completely retire an amount of emissions permits. Against this background, further delay is not acceptable. The Commission must not waste any more time and come forward with clear proposals to 'backload' a sufficient amount of permits immediately, so as to ensure this can be finalised before the year's end."

(1) http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/850&format=HTML&aged=0&language=EN&guiLanguage=en

(2) As part of the legislative agreement on the EU's energy efficiency directive, the Council and Parliament secured a commitment from the Commission address the problems with the emissions trading scheme. See Green press release on the deal: http://www.greens-efa.eu/emissions-trading-scheme-7511.html

(3) http://www.sandbag.org.uk/blog/2012/jun/19/more-years-worth-2-bn-tonnes-emissions-allowances-/

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