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New Entrants Reserve'

Coal strikes gold as EU Commission favours funding CCS over renewables

The EU Commission is proposing to allocate the equivalent of billions of Euros to coal power plants. The Commission's proposals on the allocation of emissions permits in the 'New Entrants Reserve'(1) under the post-2012 emissions trading scheme (ETS) would see the lion's share going to coal power plants in order to trial carbon capture and storage (CCS) technologies, at the expense of renewable energy technologies, which are also supposed to be eligible.

Claude Turmes (EP rapporteur for the Renewables Directive) and **Caroline Lucas** (Greens/EFA shadow on the Emissions Trading Scheme) commented:

"The current proposals on the allocation of the 'New Entrants Reserve' would yet again see public funds pumped into coal-fired power plants at the expense of renewable energy. On top of the significant chunk of public funds CCS projects received under the EU recovery package, the technology is set for another big pay day based on the Commission's proposals. Based on the current drafts it would receive at least 75% of the 'New Entrants Reserve' .

"The goal of the EU emissions trading scheme is to reduce emissions. The 'New Entrants Reserve' should therefore focus support to the technologies best able to deliver emissions reductions over the period of the scheme (2013-20). There are new emerging renewable energy technologies which offer much greater potential for emissions reductions, as well as energy independence. Unfortunately, the Commission has once again succumbed to the fossil fuel lobby. The EU will never achieve the necessary reduction in greenhouse gas emissions by 2020 if it continues to support outdated, dirty fossil fuels.

"The Commission's proposals manipulate the selection and award process for the reserve, ensuring CCS would receive at least 75% of the 300 million allocated emissions permits. The Commission also severely restricts the range of renewable energy project types that are eligible for inclusion, so that many of the most urgent and strategically important possibilities would be excluded. The Greens want the Commission to amend this process and ensure the contrary, so that at least 75% of the 'New Entrants Reserve' is allocated to renewable energy projects - noting that these actually avoid CO2 rather than simply hide it away. This distribution should be set as an explicit, up-front commitment."

Speaking on the European energy market, **Claude Turmes** added:

"Giving priority to renewables would also help to address another urgent problem: the fact that the current credit crunch adds to the risk of further concentration of control of the EU electricity market by a an oligarchy of energy companies. Research shows the credit crunch is hitting independent power operators hardest, and these make up the bulk of renewables energy investors over the last years.

Having already favoured the dominant energy companies in the so-called EU recovery plan, the EU Commission must not once again favour the big players over the independent operators, at the expense of having a competitive energy market with fair prices for consumers."

Note to editors:

(1) As part of legislation on the EU's post-2012 emissions trading scheme (ETS), recently adopted by the EU, a 'New Entrants Reserve' of 300 million emissions permits would be set aside for allocation to firms to trial new technologies aiming to seriously reduce CO2 emissions from power production. The technologies in question would not need to surrender emission permits, putting them already at an advantage under the ETS. The provision of the free permits represents an additional subsidy. Estimates place the value of this reserve at €9 billion.

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Claude Turmes

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