



– Press Release –

Revision of the EU ETS Directive: Europex welcomes the European Parliament's positioning ahead of the upcoming trilogue

Brussels, 15 February 2017 | Today, the plenary of the European Parliament expressed its support for the ENVI Committee's report on the revision of the EU Emissions Trading System (EU ETS). Europex explicitly welcomes the report as a positive and important step in preparation of the upcoming trilogue negotiations between the Parliament, the Council and the Commission.

Europex remains optimistic that the revision of the EU ETS Directive will strengthen the scheme's role as the EU's key instrument in the fight against climate change and an important driver for the energy transition. This applies in particular to the following three proposed changes:

1) Increasing the linear reduction factor to 2,4%

Europex supports the suggested increase of the linear reduction factor to 2.4% which is 0.2% higher than the Commission's initial proposal. The higher reduction factor better reflects the EU's long-term climate and energy targets.

2) Setting the auctioning share at 57%

We also welcome the proposed auctioning share of 57% which remains in line with the initial Commission proposal. Applying auctioning instead of free allocation as the default method for the allocation of allowances increases the efficiency and transparency of the market and the system as a whole.

3) Introducing annual ETS reports

We further endorse the introduction of annual EU ETS reports to increase the transparency of the system, its impact and further development. This will inter alia help create a common basis for the discussion on overlapping policies. One important outcome of the reports should be to clearly show that it is the EU's economic

development, rather than the increase of the renewables share, which has caused the current ETS oversupply.

As a more general remark, Europex would like to highlight that a high level of predictability and legal certainty through a stable legislative and regulatory framework needs to remain the guiding principle to enable an efficient and well-functioning EU ETS.

Moreover, it is important to avoid the fragmentation of the EU emissions market through diverging national energy and climate policies. As a policy that is deeply integrated at European level, any structural reform should only be done at this level.

To better anticipate possible effects of the ongoing and future reforms of the EU ETS market, any reform discussion should naturally build on the experience of market participants and other stakeholders.

About

Europex is a not-for-profit association of European energy exchanges with currently 27 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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