



CEZ GROUP

DONG
energy

CALL TO MEMBERS OF THE PARLIAMENT TO ENDORSE THE ENVI POSITION

We as a large group of electricity companies would like to welcome the position the European Parliament's ENVI Committee adopted on the ETS Directive revision as it is pragmatic including both proposals for the EU to contribute to closing the global emissions gap towards the 2°C target in the Paris Agreement, as well as sensible proposals to ensure that those industries exposed to carbon leakage remain globally competitive whilst providing an incentive for them to decarbonise.

Crucially for the electricity sector, the ENVI Committee position offers to breathe life into the EU ETS. Currently the ETS is failing to provide a robust enough carbon price signal to drive investments needed for a low carbon electricity system as different reports have shown (FTI, ICIS¹), and without further strengthening, the ETS will continue to fail for at least the next decade.

We would especially like to welcome provisions designed to:

- **Double the outtake rate of the Market Stability Reserve (MSR) to 24% from 2019 to address the near term supply problem**
- **Increase the LRF to at least 2.4% to better align with the EU's long term objective for 2050**
- **Take into account interaction of the EU ETS with other Union and national climate and energy policies that have an impact on the ETS target**
- **Allow voluntary cancellation of allowances by Member States**
- **Cancel 800 million allowances placed in the MSR in 2021 and unallocated allowances in the future**

These provisions should be considered as minimum changes to the Directive if the EU ETS is to be relevant for the electricity sector within the next decade. In fact, closing this gap at a later date will prove more costly than doing so now.

Therefore, the present group of electricity companies would like to call Members of the Parliament ahead of the plenary to endorse the ENVI position and in particular previously mentioned amendments aiming at delivering a more efficient and effective carbon pricing in the short, medium and long term.

⁽¹⁾FTI report: Wake up! Reforming the EU Emission Trading Scheme, 9 January 2017.
ICIS report: options to strengthen the EU ETS, 14 October 2016.

