



EU ETS: Quo vadis?

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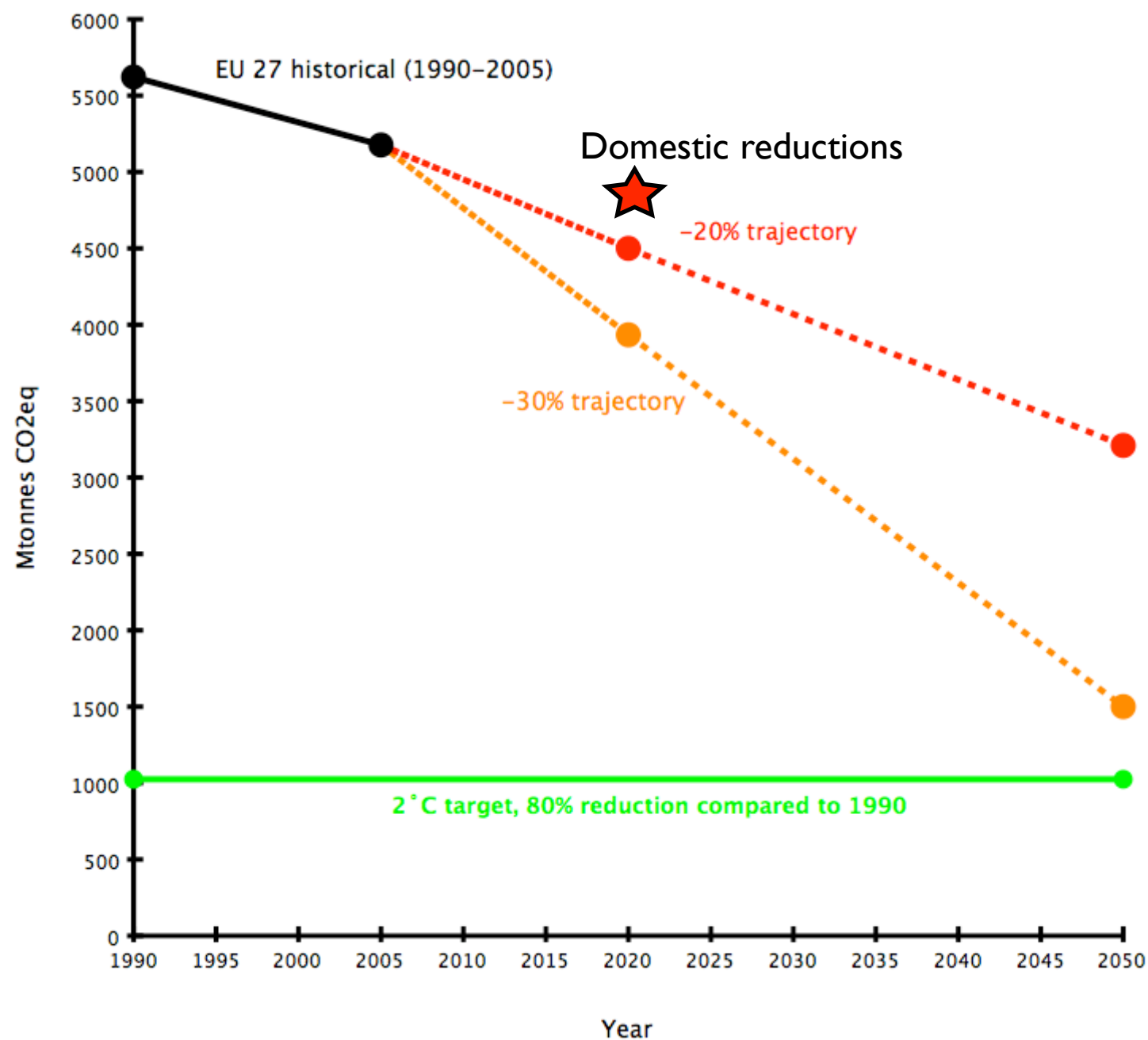
- **package EU ETS review outcome**
- **challenging the EU ETS**
- **remedies on a $<+2^{\circ}\text{C}$ trajectory**

Dramatically improved EU ETS

- no more NAPs**
- auctioning power sector**
- limit on external credits (50%)**



Challenging the EU ET





Challenging the EU ETS

NEW COAL fired power plants planned in EU
At least 72 identified projects with capacities totalling ~69,700MW.

Estimated emission 300-350MT tonnes of CO₂ pa
+20% of total power-sector emissions today (1.4-1.5GT)

The most 'active' countries are:

- Germany - 30 projects totaling 31,600MW
- Poland - 14 projects totaling 13,000MW
- Italy - 8 projects totaling 6850MW
- UK - 7 projects totaling 9600MW
- Netherlands - 4 projects totaling 4700MW
- Greece - 4 projects totaling 2450MW



Challenging the EU ETS

Conclusion:

- cap not on track for $\leq +2^{\circ}\text{C}$**
- high carbon lock-in clear risk**



Implementing the EU ETS:

- correct carbon leakage implement.**
- ambitious benchmarks**
- auctioning regulation which allows for floor prices (e.g. Irish precedent)**



Changes to the directive in 2010

- post copenhagen cap -40%**
- banking restrictions**
- CDM restrictions (quantity + quality)**
- power and non-power EU ETS**



Additional instruments:

Fast introduction of emission performance standard for power plants to avoid high carbon lock in.