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- Previous work on emissions trading
- Highlighted problems with EU ETS

Current Inquiry on Linking Emissions Trading Systems

- Concept of eventual global ETS
- Market instrument drives global carbon price and removes need for other policies
- Long term goal whose achievement will be slow and difficult

Emerging emissions trading systems have differing characteristics

- All face similar challenges and pressures
- Emitters fear impact on their businesses
- Caps tend to be set too high

These differences may create barriers to linking with other systems

- Need for trust in the integrity of the systems with which links are proposed
- And confidence that policy elsewhere will be consistent and sustained

Opportunities for linking now emerging as emissions trading spreads

- As the oldest ETS the EU has the opportunity to lead the linking process
- Priority is ensuring the environmental integrity of potential partners

Way forward is close collaboration between EU, China, USA and others

- Must ensure that Paris CoP at least does not obstruct this and may promote it
- Bottom up not top down
- Overcome hostility to use of market instrument from some quarters

Conclusions

- As bigger proportion of global emissions are included in an ETS critical mass develops
- 100% coverage not necessary for benefits to be felt
- Merely need to incentivise investment in low carbon technologies by high emitting industries