

BUSINESSEUROPE



Some Thoughts on Allocation in the ETS

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Introduction

- ETS is the main instrument for the implementation of EU climate change policy
- The 1st Phase has been a learning phase for Business AND Governments
- We have all learned a great deal!!



Some Emerging Impacts of the ETS

- Consequences of EU burden-sharing agreement
- Absence of an inclusive global climate change regime
- Uneven implementation of the ETS Directive in the first phase
- Rising power prices



Some Thoughts on Allocation

General

- Allocation rules must create a level playing field within the EU
- Complexities in NAPs 1 and 2 are a consequence of Government responses to local Business needs
- A common protocol for allocation should be formulated for sectors and installations



Potential Allocation Methodologies

- Grandfathering
 - Considerable experience now available
 - Real emission data can be used for guidance
- Auctioning
 - ‘Flavour of the month’: appears ‘easy’ (?)
 - Attractiveness of revenues : Recycling (?)
 - Removes value from Business
- Benchmarking
 - Favoured by many Businesses : but appears ‘complex’
 - Issues of data availability and confidentiality



What do we expect?

- An increase in the levels of auctioning
 - 3 x 5 periods (?)
 - Targeted on specific sectors
- Benchmarking for large homogeneous processes
- Grandfathering for smaller installations
- ‘Special treatment’ for installations that can demonstrate the impacts on international competitiveness



Thank you for your attention

