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**Committee on the Environment, Public Health and Food Safety**

European Parliament  
Wiertzstraat  
Altiero Spinelli 08H141  
B-1047 Brussel

18<sup>th</sup> February 2013

Dear Honourable Member of the European Parliament,

In anticipation of the vote of the Committee on the Environment, Public Health and Food Safety of the European Parliament on the proposal to amend Directive 2003/87/EC clarifying provisions on the timing of auctions of greenhouse gas allowances (hereafter ETS Directive), the European Federation of Energy Traders (EFET)<sup>1</sup> would like to share our support for the amendment.

In our view, the EU Emissions Trading System (ETS) has proven to be *the* EU policy tool to reduce greenhouse gas emissions at least cost. It has set an international precedent and has encouraged many countries to set up their own emissions trading schemes. As international climate talks stand, the linking of national emission trading schemes seems to be the only promising *global* approach for climate action in the foreseeable future.

Currently, the market for EU emission allowances is oversupplied partly due to the continuing recession and partly due to the promotion of low carbon electricity generation mainly through national renewable support schemes. Although the ETS Directive offers a means to react to price spikes with a temporary increase of EUAs supply, it does not offer the means to restore scarcity by a temporary decrease of supplies. Therefore, we consider a reduction in the amount of EUAs to be auctioned in the 3rd trading period of the EU ETS (back-loading) to be not only a necessary measure to preserve the viability of the system, but also a measure that is consistent with the architecture of the ETS Directive. Lack of support for the amendment, in our opinion, would take away momentum from the discussion on a structural reform of the ETS and – as a result – would jeopardise compliance with the EU 2050 climate targets.

It is essential to reiterate that such a one-off back-loading intervention should be part of an anticipated long-term structural review of the EU ETS. The measure should be linked to the setting of mid-term emission targets for 2030 for both the ETS and the non-ETS sectors in accordance with the long-term 2050 target.

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<sup>1</sup> EFET promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. EFET currently represents more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org).

Without a swift and decisive back-loading of emission allowances we will experience a prolonged period of low prices, during which the EU ETS will provide no incentive to invest in – or even use – low carbon technologies.

We remain at your disposal should you have any questions.

Yours sincerely



**Jan van Aken**  
*Secretary General*