



Decision Making and Policy Choice – Why an Emissions Trading Scheme? Some views from the EU

Some comments by Vicky Pollard, European Commission

1st and most important...

THE CAP

Provides simplicity and certainty for government and for regulated installations

*Guarantees the target for emissions reductions will be met-
importance of meeting Kyoto and future targets*

*Clear emissions reduction path set before trading period, avoiding
ex-post adjustments*

Allows linking

Then...

The Trade

Flexibility (for industry), allows more efficiency and lower costs for abatement (for industry and society)

Market sets price of carbon reducing the need (for governments) to have 'perfect' information on abatement potential and costs

Part of a broader policy mix

With CO₂ and energy taxes, performance standards for products and building, support for new technologies

*We try to use the right tool for the right sector/ objective:
EU ETS is about capping GHG in suitable sectors/ larger polluters. It is not the answer for all*

We try to avoid:

- **Double regulation and**
- **Double counting**

Working closely with stakeholders

From start: European Climate Change Programme; ETS Review in 2007/2008:

- **Interested stakeholders: industry and power associations and operators, NGOs, decision makers (Eu and Member State level)**
- **ETS not of much interest to general public in the EU**

Careful release of market sensitive information: so all can access info at same time

More harmonisation and centralisation over time

Focused to manage risks/ aim for success...

Gradually increasing in ambition and size with time and experience

Partial coverage of sectors and of installation within a sector

Starting with the largest polluters: the biggest wins in terms of emissions & those best able to benefit from trading

Direct emissions and sectors where MRV is easier