

2017 State of the EU Emission Trading System (ETS)

Paris, 29 May 2017

Hosted by I4CE – Institute for Climate Economics

Location : Caisse des Dépôts, 15 quai Anatole France 75007 PARIS

Event under Chatham House rules

The EU Emissions Trading System (EU ETS) has passed its 10th anniversary, and is on its way to becoming a teenager, which for parents can be a challenging time. As any other undertaking, it requires, periodically, an assessment regarding its well-functioning, and the delivery of its objectives. In this respect, the EU ETS is not different, and should not be treated differently from any other activity. Article 10(5) of the EU ETS Directive provides for such a yearly assessment.

The “State of the EU ETS” Report aims to be an independent contribution to the policy debate, which is needed to ensure that the EU ETS is “fit for purpose”. This report intends to discuss the current state of play in the EU ETS. For all its faults, the EU ETS should not be compared to an ideal world, but the real options that would be available to address climate change.

It must also be remembered that the EU ETS operates in a highly-interconnected environment and is affected by climate change, and other, policies at different levels: global, EU and EU Member State. It has to live with that reality, and respond to it.

The prolonged economic slump that it has been subjected to, together with other factors, has created a systemic surplus, which is a reality. In addition, the EU ETS was also created lacking the mechanism to mimic reduced supply as a result of reduced demand. Both these issues are being addressed, but the solutions will only become operational in the future.

Meanwhile, the EU ETS has to continue to internalize new developments that are relevant. This includes Brexit, and the outcome of the US election. COP21 in Paris has brought the Paris Agreement and the framework for an ever-increasing level of ambition, as well as an upcoming IPCC special report on 1.5°C. Finally, the EU is not the only jurisdiction pricing carbon anymore, it is now part of a growing movement towards carbon pricing. Some jurisdictions may even have prices higher than the EU ETS

State of the EU ETS – Report

The ETS Directive requires the European Commission to submit each year to the EU Parliament and Council a report on the functioning of the EU ETS. An independent review on the ETS system might be of high value and a number of EU-based think tanks have come together to develop a yearly report to be presented in Bologna in June 2017 immediately before the G7 Environment.

“2017 State of the EU ETS Report” is intended to be a third-party analysis of the EU ETS aimed at analysing whether the system is performing and delivering. It is intended to focus on 4 areas:

1. Environmental Delivery
2. Economic efficiency
3. Carbon leakage and competitiveness
4. Market functioning

PROGRAMME

14:00 Registration – Coffee welcome

14:20 Opening remarks

- Benoît LEGUET, Managing Director of I4CE

14:25 Presentation of the report “2017 State of the EU ETS”

- Andrei MARCU, Director of the ERCST
- Charlotte VAILLES, Project Manager, I4CE
- Jean-Yves CANEILL, Senior Advisor to ERCST
- Stefan SCHLEICHER, Professor of Economics University of Graz

Discussions

15.50 The French position in the EU ETS trilogue

- Yue DONG, Adjointe au chef de bureau, Marchés du carbone, DGEC – MEDDE

16.10 ROUND TABLE “Discussion on the current state of the EU ETS and future challenges for European industries” – *in FRENCH*

Chairman: Emilie ALBEROLA, Program Director, I4CE

- Michel MATHEU, Head of EU Strategy and Stakeholder Relations, European Affairs Division, EDF
- Catherine BUSATTO, DG, Strategy, Development, Research, Regulation and products, TOTAL
- Olivier IMBAULT, Vice President, European Industry Affairs, AIR LIQUIDE
- Christine FAURE-FEDIGAN, Head of Corporate climate strategy, ENGIE
- Nicolas de WARREN, Director of Institutional Affairs, ARKEMA
- Frédéric HUGUET, Climate Change Director, RIO TINTO Aluminum

17.20 Conclusion

- Andrei Marcu, Director of the ERCST

17:30 Cocktail reception