

EU ETS: The Story so far...

The future of GHG Emissions Trading in the EU
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“Nearly all European regions are anticipated to be negatively affected by some future impacts of climate change, and these will pose challenges to many economic sectors”.

Source: Working Group II, Summary for Policy Makers. IPCC 2007





Impact of rising average sea levels

Table 6.12. Indicative estimates of regional exposure as a function of elevation and baseline (1995) socio-economics. MER – market exchange rates (after Anthoff et al., 2006).

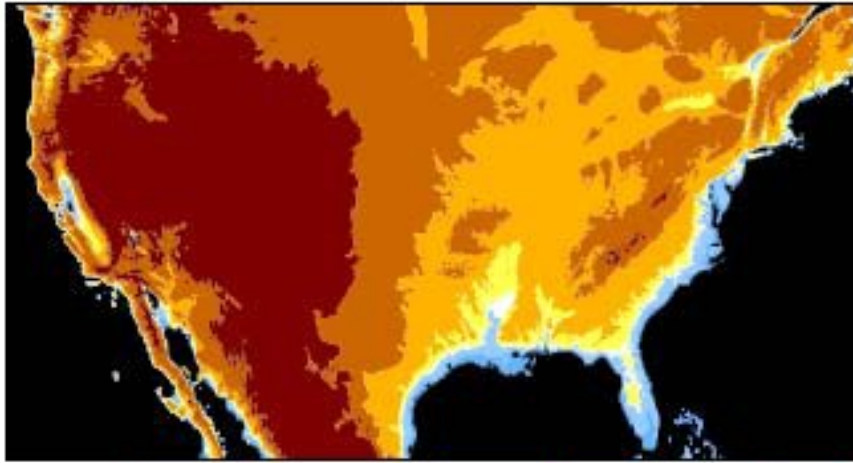
Region	Exposure by factor and elevation above mean high water								
	Land area (km ²)			Population (millions)			GDP MER (US\$ billions)		
	1m	5m	10m	1m	5m	10m	1m	5m	10m
Africa	118	183	271	8	14	22	6	11	19
Asia	875	1548	2342	108	200	294	453	843	1185
Australia	135	198	267	2	3	4	38	51	67
Europe	139	230	331	14	21	30	305	470	635
Latin America	317	509	676	10	17	25	39	71	103
North America	640	1000	1335	4	14	22	103	358	581
Global (Total)	2223	3667	5223	145	268	397	944	1802	2570

Source: Working Group II, IPCC 2007



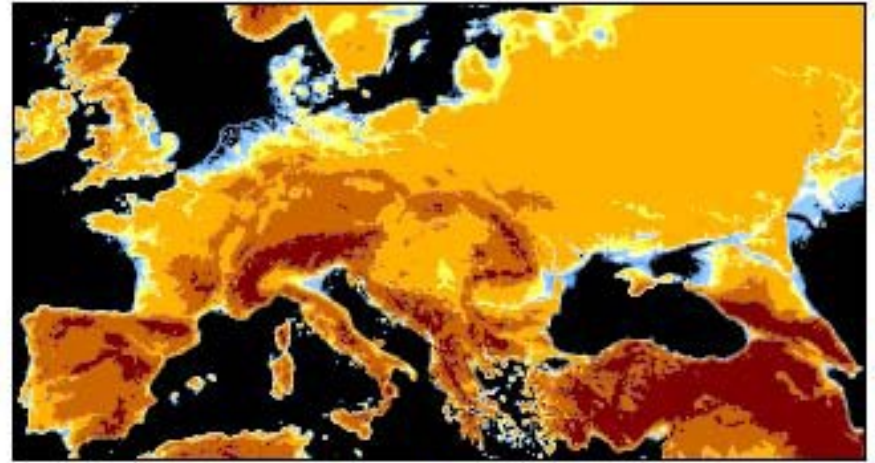


U.S. Area Under Water



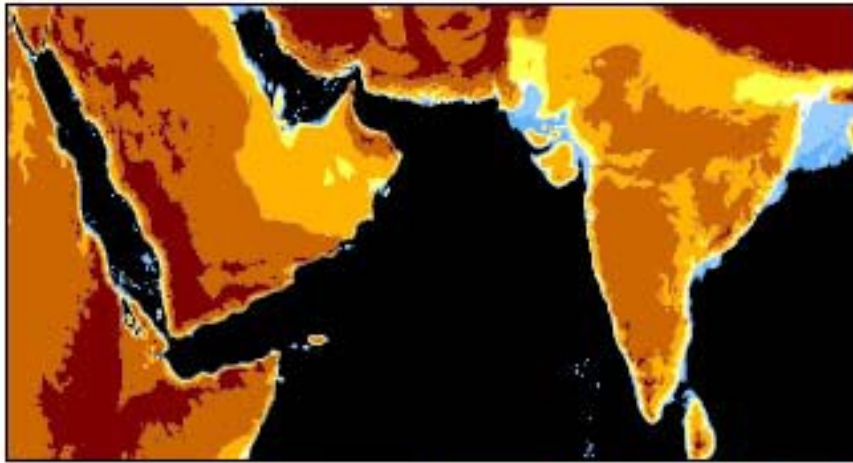
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Europe Area Under Water



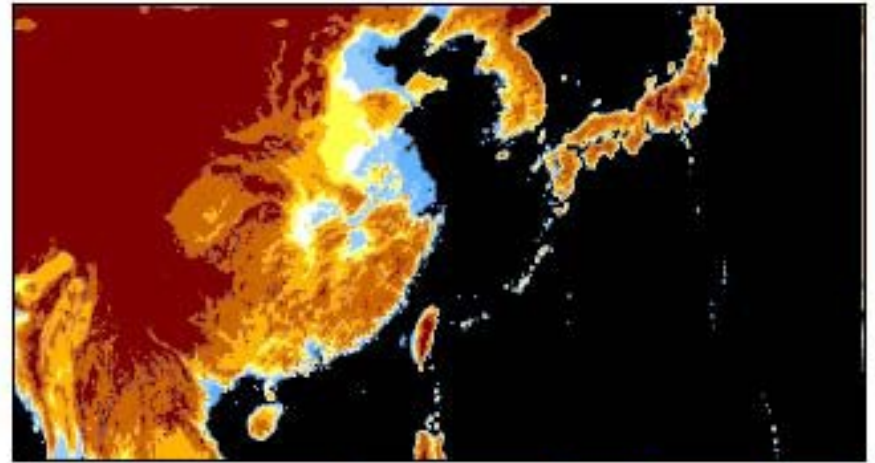
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Central Asia: Area under Water



0 6 25 35 75 300 1000 6500

Far East: Area under Water



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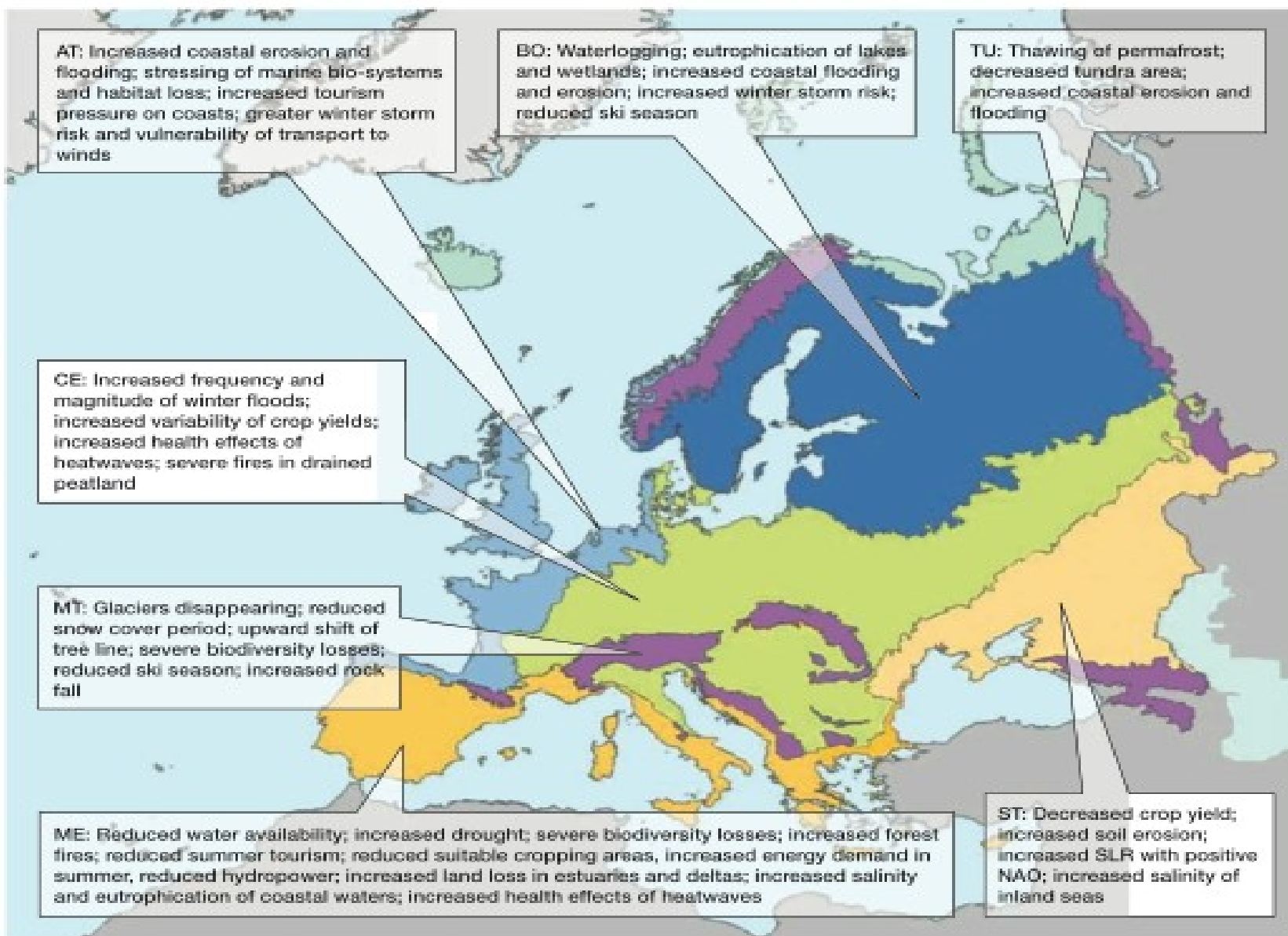
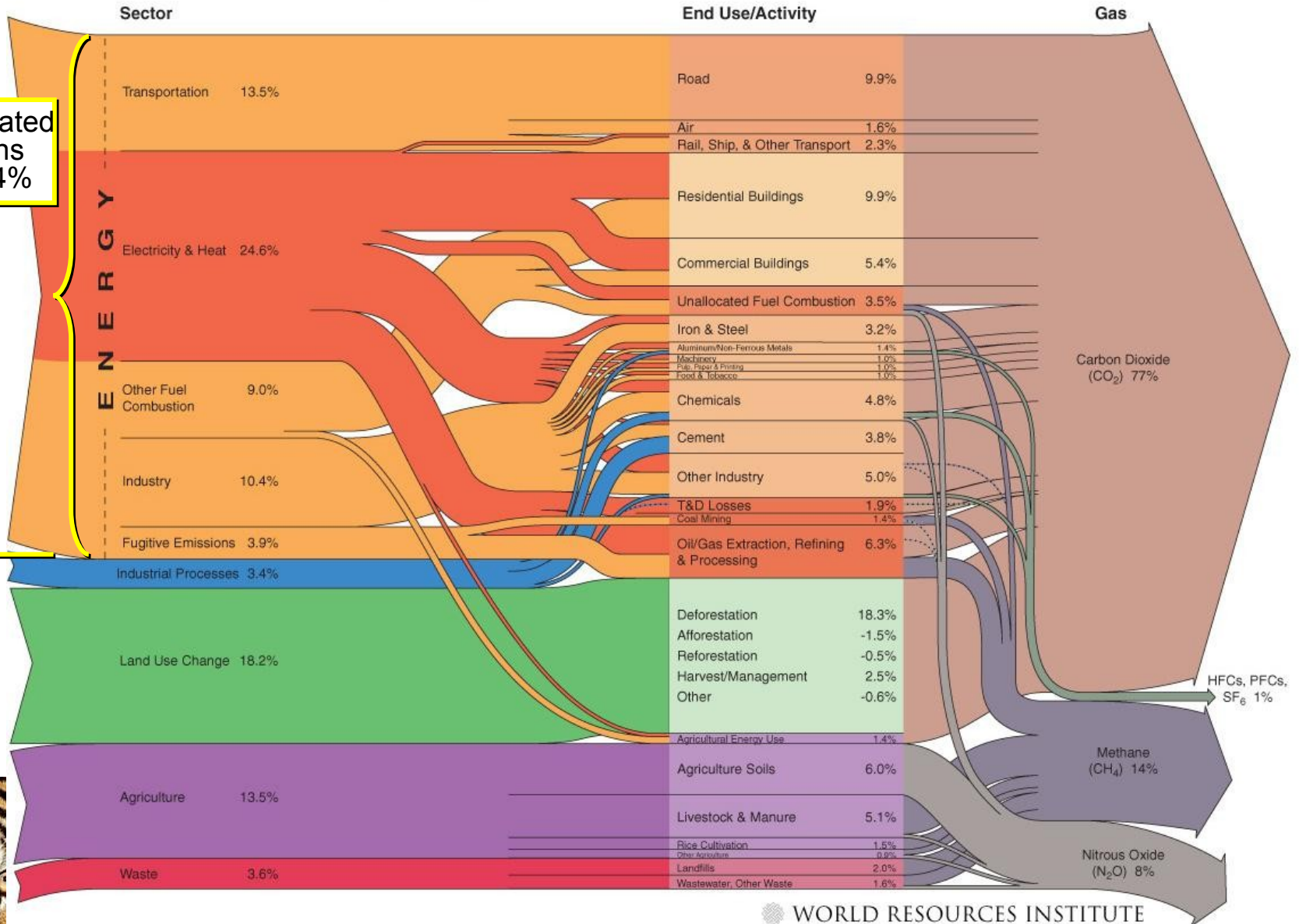


Figure 12.3. Key vulnerabilities of European systems and sectors to climate change during the 21st century for the main biogeographic regions of Europe (EEA, 2004a): TU: Tundra, pale turquoise. BO: Boreal, dark blue. AT: Atlantic, light blue. CE: Central, green; includes the Pannonian Region. MT: Mountains, purple. ME: Mediterranean, orange; includes the Black Sea region. ST: Steppes, cream. SLR: sea-level rise. NAO: North Atlantic Oscillation. Copyright EEA, Copenhagen. <http://www.eea.europa.eu>

Where do Emissions Come From?

Energy-related emissions total 61.4%





Designing a Cap and Trade Scheme

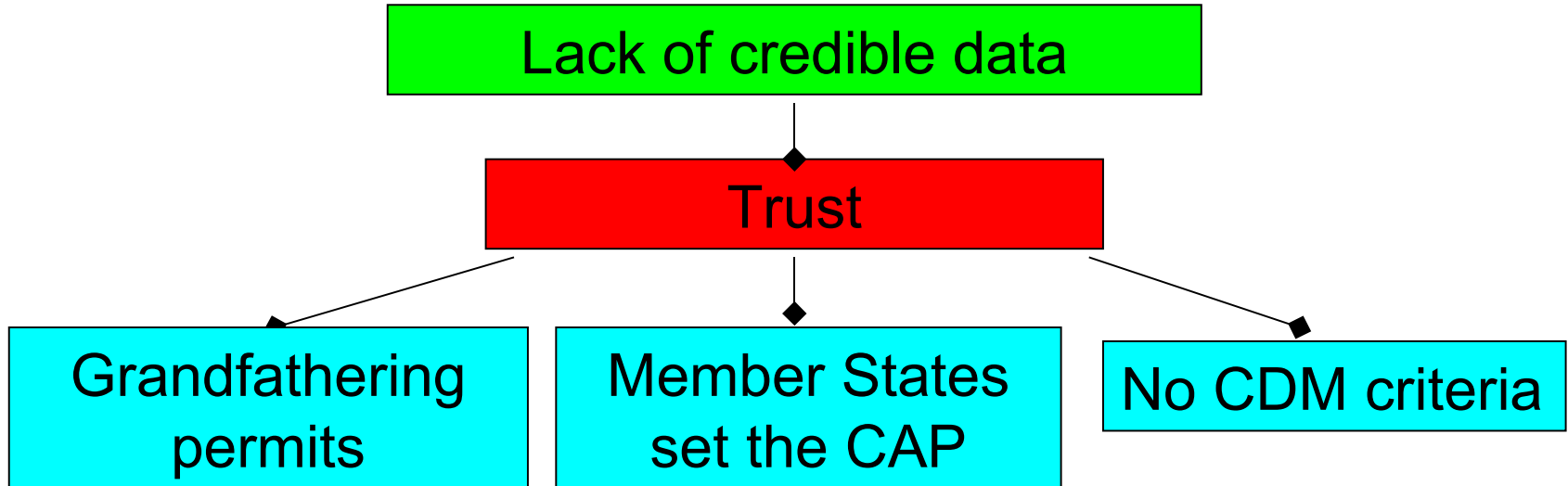
Essential design criteria includes:

- Transparency – Empowers installations to identify their emission profile and make appropriate decisions
- Operational efficiency – Uniform application and functioning for all participants, simple
- Environmental Effectiveness – Delivers emission reductions and influences the supply chain





Problems in the start up...





Phase II “improvements”

Improvements:

- Commission used 2005 verified data as the baseline.
- Uniform formula to assess GDP growth, carbon intensity based on PRIMES Model and CDM assessment.

Problems:

- Cap setting – The Commission announced ECCP review. Move from grandfathering to benchmarking in some instances. Approval process took over a year and spurned legal challenges by some Member States. Widely recognised to be a failed model....
- Auctioning – Only 10% allowed but this is not uniformly applied across all Member States...
- CDM limit – this causes major distortion for Phase III and there is little incentive for emission reductions in Phase II.
- CDM quality – No criteria applied to prevent poor quality CDM credits entering the EU ETS.





Phase III “simply must work...”

What needs to change:

- Commission sets the cap
- Uniform annual reduction for all sectors without access to industry lobbying
- Large polluters must purchase their “right to pollute”
- All auction revenue must be ringfenced for climate protection measures.
- At least 50% of the auction revenue should be used to support adaptation, mitigation and technology deployment in least developed countries.
- CDM cannot be part of the domestic 30% emission reduction effort
- Only Gold Standard CDM can be allowed into the EUE TS.





Wake up!
It's time to fight!!!!



www.panda.org/climate

