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Directorate-General Climate Action  
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Your ref.:  
Our ref.: 11296056

Date: 26.02.2013

### **Consultation on structural options to strengthen the EU Emissions Trading System - response from BKK**

BKK shares the view of Energy Norway in their response to the EC Public Consultation on options to strengthen the EU Emissions Trading System.

BKK supports EU-ETS as the cornerstone in the policy mix to reduce emissions of greenhouse gases in the covered sectors. In our view the EU-ETS is the most efficient tool to drive investments in low carbon technologies as it is technology neutral and because it is well integrated in the existing power market.

The current situation with a large surplus of quotas and subsequent low quota prices will postpone important investments in low-carbon technologies. Currently the ETS does not provide such signals and there is a lack of confidence as to whether such signals will be provided by the ETS. Therefore it is important to restore the credibility of ETS as the main instrument for reducing greenhouse gas emissions. Failing to restore the credibility of ETS now may as a result give a patchwork of national regulations and contribute to fragment the current internal energy market.

BKK appreciates the proposals in "The state of the European carbon market in 2012" with 6 proposed options for structural reforms, and supports all efforts to strengthen the EU ETS.

Of the proposed options BKK supports the view of Energy Norway that recommends option c) with an early revision of the annual linear reduction factor so that the 80-95% target in 2050 can be reached, as a first priority option. The target for 2030 should be defined and the linear reduction factor adjusted so that it meets targets in both 2030 and 2050. The revision of the linear reduction factor should come into effect as soon as possible, preferably before 2020. BKK also supports option d) to include more sectors in the EU ETS, given that it contributes to removing the oversupply in the EU ETS.

The Commission has BKKs permission to publish the response to the Consultation on structural options to strengthen the EU Emissions Trading System.

Yours sincerely  
BKK AS



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