



British Glass
Manufacturers' Confederation

Response to the European Commission's consultation on the review of the EU Emissions Trading System auction time profile and the number of allowances to be set aside – September 2012

The British Glass Manufacturers' Confederation represents the UK glass supply chain. BGMC's membership covers 100% of the UK glass manufacturers covered by the EU ETS (excluding glasswool).

Please find attached, a position paper from the Glass Alliance Europe, which represents the glass manufacturing industry at a European level. Our members are in full agreement with this position, which explains in more detail some of the points made here.

The Need for Auction Time Profile Review?

The UK Glass industry sees this review of Auction Time Profile as a market intervention and opposes any knee-jerk reaction to a current low EUA price for the following reasons:

- The primary goal of the EU ETS is to reduce CO₂ emissions, not create an inflated EUA price.
- The ETS Market Report and Impact Assessments have not yet been released, so no proper assessment can be made.
- Planned and properly informed wider reforms, yet to be proposed or consulted upon, would render this proposal redundant.
- Ad-hoc market intervention undermines certainty for EU manufacturers and the EU emission trading scheme as a whole.

The Amendment to the Regulations

The current amendment as it stands is too vague and opens the door for further intervention and without proper notification.

*Proposal for a
DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
amending Directive 2003/87/EC clarifying provisions on the timing of auctions of
greenhouse gas allowances
(Text with EEA relevance)*

Article 1

In the first subparagraph of Article 10(4) of Directive 2003/87/EC the following sentence is added:

"The Commission shall, where appropriate, adapt the timetable for each period so as to ensure an orderly functioning of the market."

The use of the phrase “where appropriate” in the above text is of the highest concern. The view of what is appropriate is too subjective and should be clarified. Furthermore, we would argue that the market is currently functioning in an orderly fashion; the low price reflecting a lower demand due to reduced production, whilst the overall CO₂ cap is being met. This highlights the ambiguity in the phrase “*so as to ensure an orderly functioning of the market*”, which should also be clarified.

The Number of Allowances to be “Set Aside”

As previously stated, the advised course of action would be to not set aside any allowances but rather leave the market to function as designed. However, since we have only been asked for a view on quantity, our response would have to be closest to our position, which is a zero or minimum amount.

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