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CEZ Group reply to the consultation on the Strategy for long-term EU greenhouse gas emissions reductions

CEZ Group welcomes the public consultation and refers to its replies on the Energy Roadmap 2050 and on structural options to strengthen the EU Emissions Trading System. Like in the case of the Roadmap from 2011, it would be commendable that energy specific Roadmap follows the general communication as only a minor part of the consultation deals with energy and electrification will be convenient and needed for decarbonisation of other fossil fuel dependent sectors.

More ambitious measures directed at energy efficiency and increasing the proportion of renewable energy deployment will likely result in a less manageable surplus of carbon emission allowances (EUAs) in the years to come.

CEZ Group was one of the twelve European utility companies who called from the very beginning for a resuscitation of the EU ETS and was advocating for assessing policy overlap impacts on EU ETS through the Regulation on the Governance of the Energy Union.

The European Commission has heard our concerns and arguments at several fora. It is a good signal that in line with Regulation on the Governance of the Energy Union, the Commission will assess by 31 October 2021 and every second year thereafter the overall impact of the policies and measures of integrated national plans on the operation of the Union climate and energy policy measures and the overall impact of the policies and measures included in the integrated national plans on the operation of the EU ETS and on the supply-demand balance of allowances in the European carbon market.

However, only an active coherent and streamlined energy and climate policies will enable a robust, market driven carbon abatement price signal to emerge. CEZ Group therefore believes that the Commission and Member States will take a more active role after assessing the impact of such policy overlaps on prices of EUAs.

Moreover, CEZ Group believes that full price coverage of the carbon emissions is essential for a successful strategy for long-term EU-wide greenhouse gas emissions reductions. That would mean along with the EU ETS price signal (stemming from trading of stationary installations and bunker fuels) also carbon price imposed on the activities of the non-EU ETS sectors.