

*otto group*



## Response to the European Commission's consultation on structural options to strengthen the EU emissions trading system

### Stiftung 2 Grad / Foundation 2 Degrees

German CEOs for climate protection

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This response is endorsed by the following members of the Foundation 2°:

Otto Group

EWE AG

Xella International GmbH

Schüco International KG

EnBW SG

PUMA SE

**The Foundation 2° is an initiative of CEOs, corporate directors and family business leaders. Its objectives are to support policymakers' efforts to establish a market-based climate policy framework and to activate German entrepreneurs' potential in the fight against climate change. The Foundation is named after its vital goal: limiting average global warming to 2 °C above pre-industrial levels.**

The Foundation 2° supports the EU Emissions Trading System (ETS) as the European Union's central climate policy instrument. Initially, the ETS was established primarily to cut greenhouse gas emissions. But equally important in our eyes is its role in incentivising low-carbon investment.

Investment security is currently being jeopardised by the economic circumstances as well as structural design defects in emissions trading; the ETS needs a structural reform. Without it, the price of CO<sub>2</sub> allowances can only continue to plummet. Were the ETS left to collapse, it would be replaced by national regulatory frameworks making up a fragmented, unstable and inefficient climate protection patchwork. As members of the Foundation 2°, we represent a climate-progressive voice from the private sector and urgently call for the following measures:

1. Trust in the EU-ETS must be restored without delay before an ambitious structural reform can be adopted. This revision must allow the ETS to once more fulfill its crucial double function.
2. The EU must immediately raise its CO<sub>2</sub> cap for 2020 from 20% to 30% under 1990 emission levels in order to re-establish a price signal on the carbon market.
3. In investment terms, 2020 is tomorrow. A binding CO<sub>2</sub> emissions reduction target for 2030 offering a reliable policy framework for investors and companies should be adopted at EU level before the end of the legislature.
4. Emissions trading must be strengthened and further developed, and in particular include international civil aviation and maritime transport. Binding emissions reduction targets must be extended to sectors not yet covered by the ETS such as agriculture and transport.

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