

Technical introduction



**EU ETS REVISION EXPERT MEETING:
OUTLOOK ON THE CORRECTION FACTOR IN PHASE 4**

#4EUETS

The building blocks of free allocation

Benchmark value

Production data

Carbon leakage exposure factor

If necessary: cross-sectoral correction factor

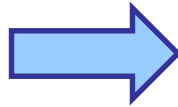
Free allocation in Phase 3

Benchmark values:

average emission performance
in the years 2007-2008,
technological progress up to
2020 not taken into account

Production data:

discretionary choice for each
installation between two historic
baseline periods (2005-2008 or
2009-2010)



Cross-sectoral correction factor

- 5.73 % in 2013
- increasing to 17.56 % in 2020
- on average 11.59 % in Phase 3

Carbon leakage lists:

5-year validity with possibility to
add sectors to the list every year

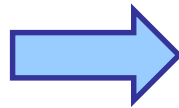
Proposed architecture in Phase 4

Benchmark values:

updated twice, technological progress reflected up to 2030

Production data:

eliminating discretionary choice, use of multi-year baseline periods (2013-17, 2018-22)



Carbon leakage list:

stable for 10 years

New entrants reserve:

initial reserve created with unallocated phase 3 allowances

Cross-sectoral correction factor

- remains as a backstop provision
- several proposed elements aim to minimise need and size
- if needed, computed per 5-year allocation cycle

Objective of expert meeting

Does the Commission's proposed architecture necessitate a correction factor in phase 4?

Session 1: Key assumptions and estimates of correction factor in Phase 4

- uncertainties beyond the scope of legislation

Session 2: Critical design parameters of free allocation

- choices within the scope of legislation



Expert meeting webpage:

http://ec.europa.eu/clima/events/articles/0111_en.htm

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