

Brussels, 27 September 2012

*via electronic mail*

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Connie Hedegaard  
Commissioner for Climate Action  
Berlaymont Building  
1049 Brussels

Dear Commissioner Hedegaard,

The cost of our continuous dependence on fossil fuels is ever increasing in environmental and social terms, and is becoming unbearable for Europe's economy and its competitiveness.

While the Emission Trading System was presented as the cornerstone of the EU climate policy, its current contribution to addressing the climate crisis is largely insufficient. As the Informal Energy Council rightly pointed out in Horsens in April, the low prices of CO<sub>2</sub> allowances mean that the ETS no longer serves its purpose, i.e. to act as an investment signal to support the transition toward energy efficiency and renewable energy. Much greater scarcity in the number of allowances is required for the ETS to deter high carbon investments and practices and avoid locking us in with high-carbon investments in the energy and energy-intensive sectors.

We are therefore urging you to put on the table long-term solutions, such as a greater annual reduction rate in the number of allowances, or at least a permanent set-aside of allowances. As for the number of allowances to be withdrawn in the immediate future, it should be no less than 1.4 billion of allowances, as proposed by the European Parliament's Environment Committee in December 2011.

Thank you for your consideration.

Yours sincerely,

Jeremy Wates, EEB Secretary General

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