



# Early revision of the linear reduction factor

Second consultation meeting on options for structural  
measures to strengthen the EU ETS

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Julia Michalak

Climate Action Network Europe

## WHY DO WE NEED A REVISION?

- To align the EU's climate target with science.
- To adjust the linear reduction factor with the EU's agreed long-term objective to reduce emissions by 80-95% by 2050.

### Sectoral emission reductions by 2050 (compared to 2005):

Power sector: 93 to 99 %

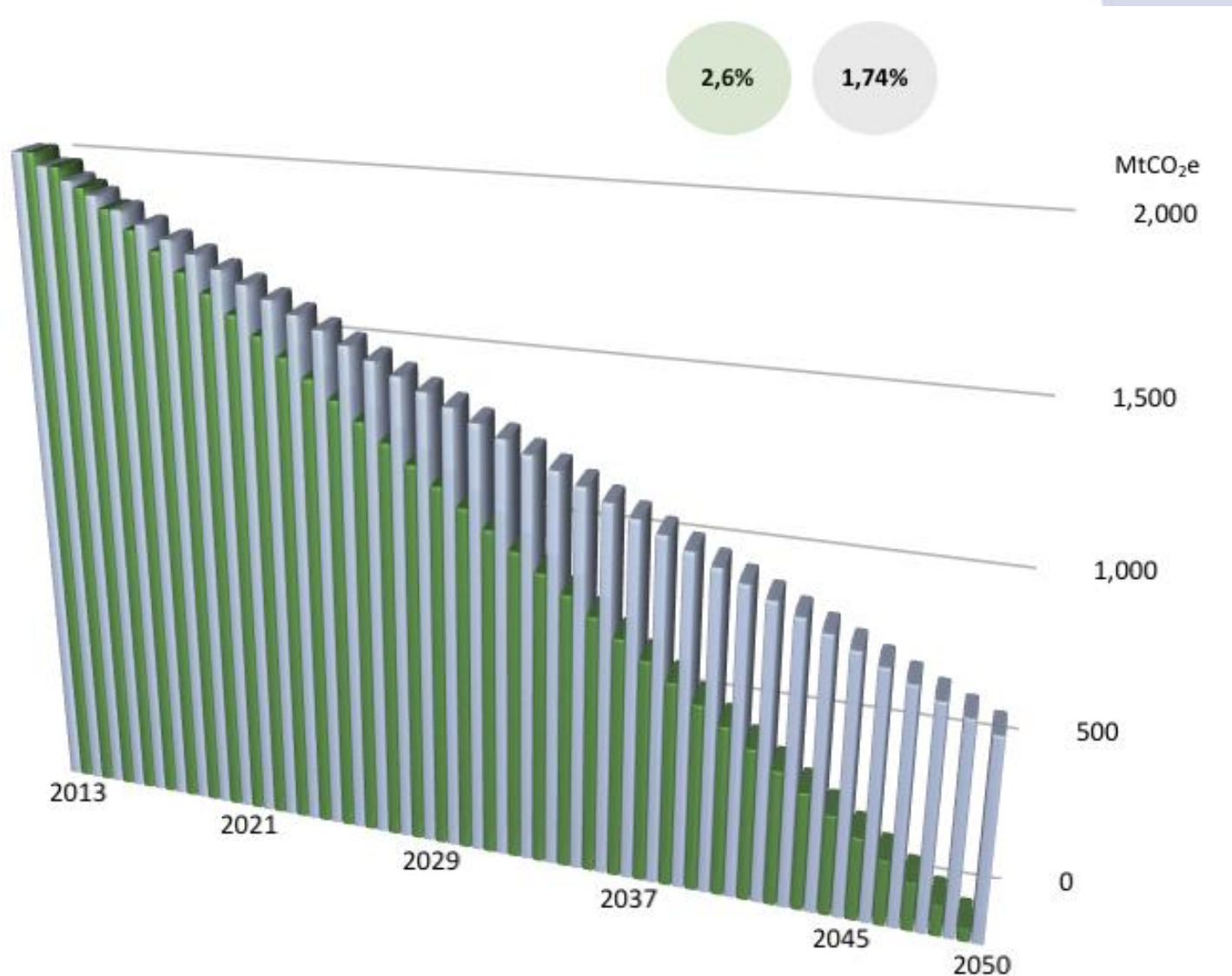
Industry: 86 to 90%

Sandbag / 2050 Low Carbon Roadmap

For the ETS to play a role “on the identified pathway to 2050, (...) appropriate measures need to be considered, **including revisiting the agreed linear reduction of the ETS cap**”.

2050 Low-carbon Roadmap

# 2,6% LRF from 2014 would lead to zero emissions in the ETS sectors by 2050



## WHY DO WE NEED AN EARLY REVISION?

- To meet EU's 2050 climate objective at the lowest costs.
- To increase predictability and stabilise EU's carbon market: increase of the LRF can help to get the EU ETS out of the current crisis.
- To facilitate linking with other markets so the EU ETS can play its role as a foundation of the global carbon market.
- To strengthen carbon price signal and increase much needed auctioning revenues.
- To confirm EU's commitment to maintain the ETS as a key instrument delivering economic emission reductions and boosting investments in low-carbon innovation and more efficient technologies.

## CONCLUSIONS

- It's crucial to review LRF well **before 2020**.
- Cap increase by 2020 will have to be complemented by other measures (to remove the entire anticipated surplus: cancellation of 900 mln allowances would not be enough).
- CAN Europe calls for **increase of the LRF to 2.6 % from 2014** together with and cancellation of 2.2 billion allowances.
- Cap should be periodically reviewed and adjusted to the scientific requirements.
- **That's possible:** just two months ago members of Regional Greenhouse Gas Initiative decided to reduce their CO<sub>2</sub> budget and strengthen the cap (2,5%).