

## Commission takes first step toward determining cap on emission allowances for 2013

The European Commission today adopted a decision which determines for the first time a ceiling or 'cap' on the number of emission allowances that will be available under the EU Emissions Trading System (EU ETS) in 2013, the first year of the 2013–2020 trading period. This has been done in line with the provisions of the revised Emissions Trading Directive, which applies to the 2013–2020 trading period. The cap for the year 2013 has been determined at 1.927 billion (the precise figure is 1,926,876,368). It has been calculated on the basis of a formula which applies a 1.74% annual reduction in allowances below the average yearly total allocated through Member States' national allocation plans in the 2008–2012 trading period. The application of this reduction each year to 2020 and beyond will result in a 21% fall in emissions from the 2005 level by 2020. The cap announced today is not definitive as it reflects the current rather than the future scope of the EU ETS. An adjusted cap taking into account the inclusion in the EU ETS from 2013 of new sectors (eg aluminium) and gases (eg nitrous oxide) is due to be published in September 2010. In addition, the 2013 cap for the aviation sector, which will join the EU ETS in 2012, will be determined in a separate decision. The ceiling has been set on the basis of the 2009 climate and energy package of legislation, which requires a 20% cut in EU greenhouse gas emissions by 2020 from 1990 levels. The cap would need to be revised if a decision were taken to increase the emission reduction target to 30%, as the EU has committed to do if other major economies agree to take on their fair share of a global emissions reduction effort. Commissioner for Climate Action, Connie Hedegaard said: "The EU Emissions Trading System ETS is the world's largest greenhouse trading system for CO<sub>2</sub> and a cornerstone in the fight against climate change. The ETS is key to meeting the EU's ambitious emission reduction targets for 2020, which we have set at 20% and might increase when the time and conditions are right. Today's decision is the first step toward determining a community wide cap on allowances that will replace the current system of 27 national caps. An EU-wide cap that decreases annually provides market operators with a long-term perspective and the necessary predictability on which they can base decisions to invest in emission reductions and in green technologies." (See [MEMO/10/314](#))