



The Federal Ministry
for the Environment,
Nature Conservation
and Nuclear Safety

Increased predictability

3rd meeting

of the ECCP Working Group on the review of the EU ETS ,

Brussels, 21 May 2007

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Aspects of predictability

- **The general view**
- **Increased predictability for the third period**

I. The general view

Predictability and emissions trading

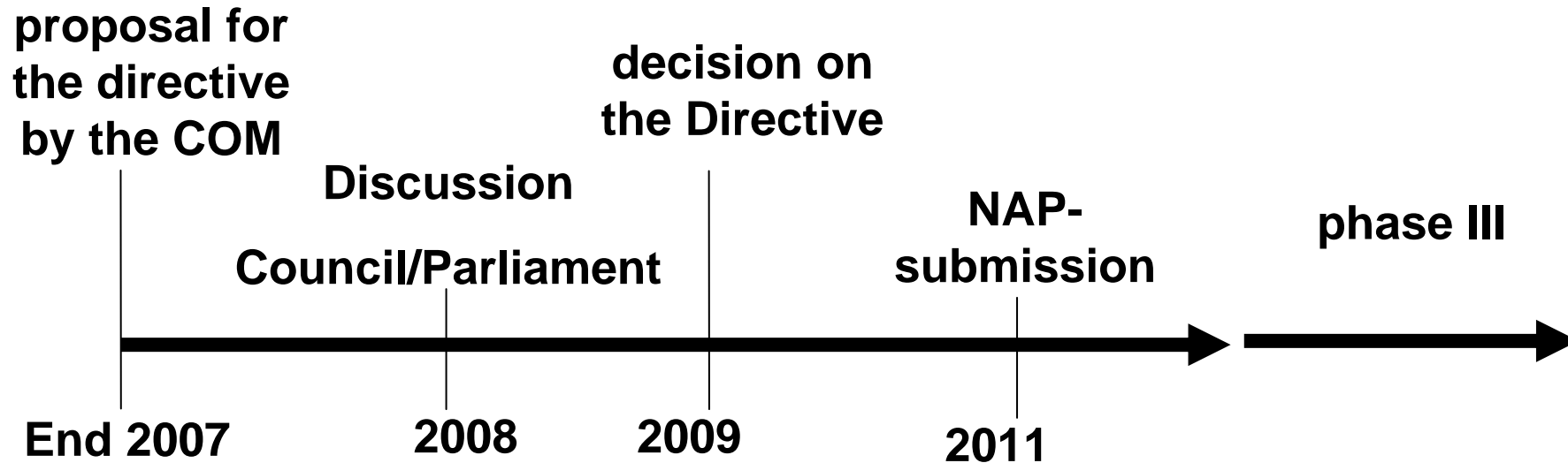
- **Investors/Companies/market actors needs a a clear framework for decision making**

That means:

- **ex ante principle**
- **transparency of cap setting**
- **clear and reliable rules (new comers, closures, reserve setting, JI/CDM, treatment of so called „Clean Technologies“)**
- **harmonisation of the allocation process**
- **harmonized allocation method(s)**
- **time frame in line with investment periods**
- **liquid markets**

II. The third trading period

Time horizon for EU ETS review

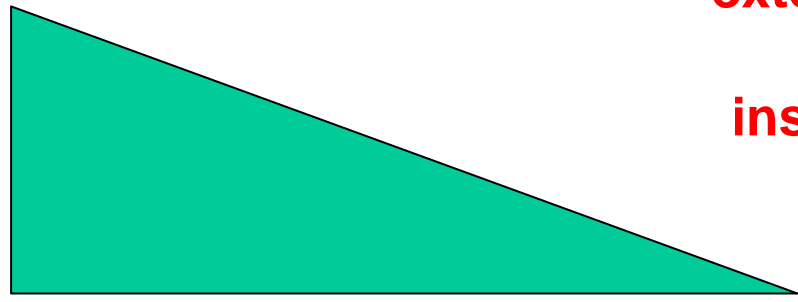


Adoption of changes and preparation of NAP III on national level

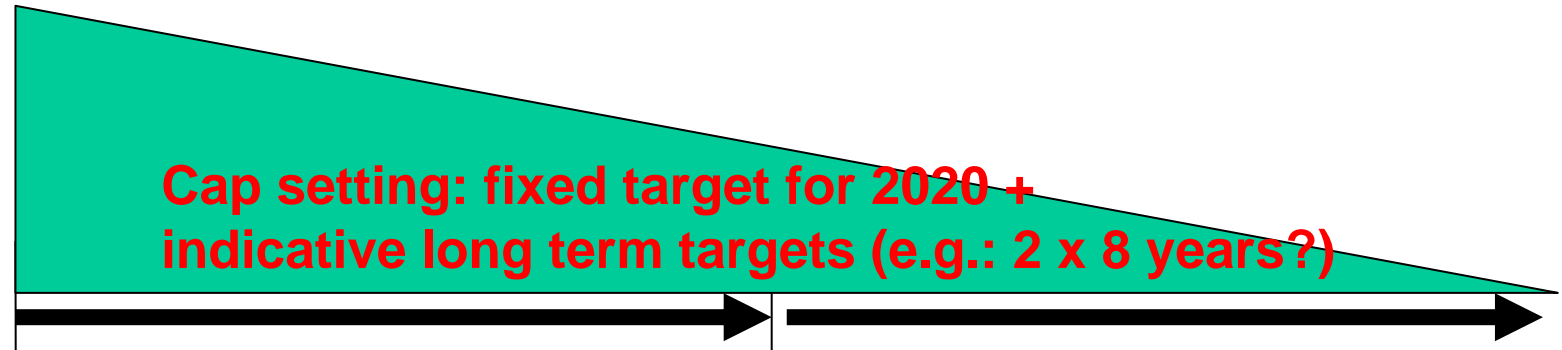
Equal time horizons for cap setting and allocation?

A possible approach:

extend length of allocation period
for allocation on
installation level : e.g. until 2020



Cap setting: fixed target for 2020 +
indicative long term targets (e.g.: 2 x 8 years?)



2013

2020

start of
phase 3

Predictability I

- **Determine rules/formula for CAP-Setting in advance in the ETS directive**
- **Strongly link total ETS CAP to the 20/30% target and the result of the burden sharing process**
- **establish indicative targets for time beyond 2020? (starting point could be: linear trend for 2030/40 for a reduction of GHG of 60% to 80% until 2050)**
- **Determine clear and harmonised allocation rules for**
 - **all sectors and**
 - **both for incumbents and new entrants in the Directive**

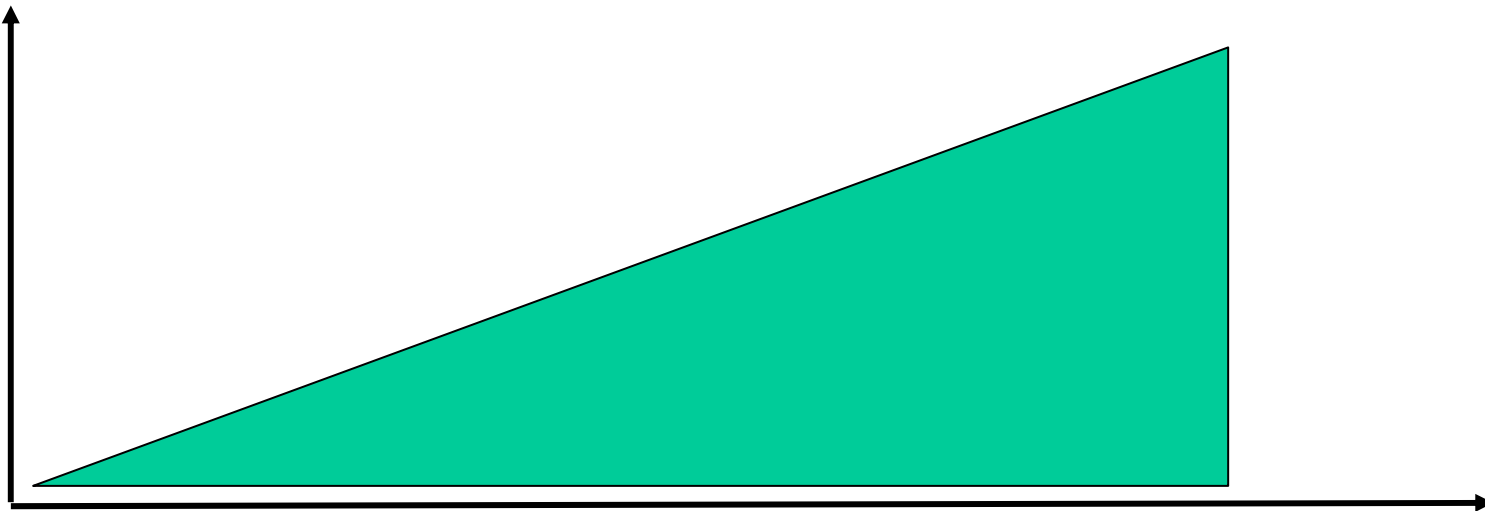
Predictability II

- demanded by industry
- important for investments

→ one possible solution:
increased use
of auctioning with a well
defined time schedule

share of
auctioning

100%



time 9

THANK YOU FOR YOUR ATTENTION