

European Commission  
Directorate-General Climate Action  
Unit B.1 – Implementation of ETS  
Att. Ms C. Hedegaard  
Avenue de Beaulieu, 24  
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BELGIUM

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**Subject** Consultations EU-ETS

Dear Commissioner Hedegaard,

The Rotterdam Climate Initiative, a coalition of the Port of Rotterdam, the City of Rotterdam, employers' organisation Deltalinqs, and DCMR Environmental Protection Agency Rijnmond is aiming to achieve a 50% CO<sub>2</sub> reduction target in Rotterdam by 2025 as compared to 1990. This ambition is based on the conviction that Rotterdam, largest port of Europe and one of the main industrial clusters in the world, has the obligation, as well as the opportunity, to make an extra effort in mitigating climate change. Rotterdam wants to be a global hub for energy and CO<sub>2</sub>, and the most modern and sustainable chemical and energy complex of Europe; competing on a world scale through its cluster advantages and energy-efficiency. With a transition to a sustainable and carbon neutral energy supply in full swing. We now experience that this transition is seriously being slowed down by the historically low CO<sub>2</sub> price in the EU-ETS.

Last year, in our reaction to the set aside, we already mentioned that permanent measures are needed to increase and stabilise the EU-ETS at a price level that will promote sustainable developments. We applaud your endeavours to take permanent measures in order to create a higher more stable CO<sub>2</sub> price within the EU-ETS. Permanent measures that in our opinion are very much needed. It is in the interest of the European business community as well as of the member states that the EU-ETS will operate as one well functioning European system to reduce CO<sub>2</sub> emissions. As opposed to a variety of national instruments being implemented.

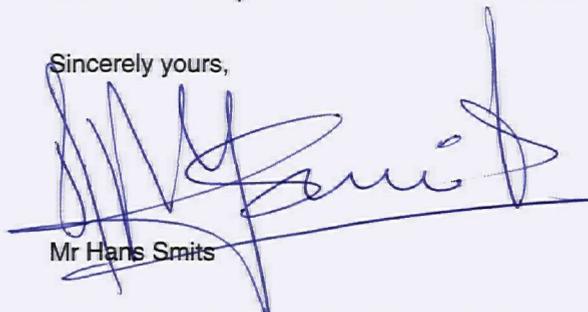
You asked for opinions on six structural measures for improvement of the EU-ETS. In our opinion all proposed measures are important. We feel that retiring a number of allowances in phase 3 and an early revision of the annual linear reduction factor are the most feasible ways to proceed. The number of allowances to retire should even be stretched to the maximum possible level. This sends

a clear and unambiguous signal to the industry and power sector and provides parties with the needed long term perspective. An increase in the EU reduction target to -30% in 2020 would underline this even further. We would advise to be very careful with a choice for discretionary price management mechanisms. In our opinion this is as an ultimate measure only to be implemented if the system is not structurally improving.

A transparent and well functioning EU-ETS system, without exceptions and in line with ambitious European climate mitigation targets, will help to keep Europe's front runner position on sustainable development. This will contribute to improve innovations and modernisation of our economy.

On behalf of the partners of the Rotterdam Climate Initiative.

Sincerely yours,



Mr Hans Smits

Vice-Chair of the Rotterdam Climate Initiative  
President of the Rotterdam Port Authority