

Brussels, 28th February 2013

**Response to the Commission Consultation
on structural options to strengthen the ETS**

TOTAL S.A. Transparency Register ID: 1849405799-88

TOTAL considers that the EU Emissions Trading Scheme (ETS) is a key instrument for the EU energy and climate policy, to be continued and clarified for the post 2020 period, on the long term.

In response to the Commission's consultation on the six options for "structural" reform described in the Carbon Market Report, TOTAL would like to stress the following points:

We call for a stable, clearly defined on the longer term, EU energy and climate policy able to provide a secure, competitive, and sustainable energy to the EU society.

To control and to reduce GHG emissions, at optimized costs and maintaining the EU economy competitiveness, should be the ultimate objective. Therefore, the EU GHG reduction efforts shall be agreed on the long term (post 2020, 2030, and further) based on a defined trajectory of GES emissions for all sectors, ETS and non ETS.

We would like to underline also that, for the climate change fight to be successful, the EU reduction target and the EU effort should be part of a global, international effort.

The EU industry shall be absolutely protected from the carbon leakage risks, failing such international agreement securing equitable competition grounds.

Unfortunately, the Carbon Market Report and its six proposed options do not actually address the issue of really structural policy measures, which would indeed be presently needed to clarify on the long term the ETS framework, to be defined together with the broad EU energy and climate policies on the whole EU economy.

Consequently TOTAL is not favourable to any of the six options at it would be only short term regulatory intervention with uncertain effects, not properly addressing the current need for clarification of a stable EU long term energy and climate policy on the whole EU economy.

We look forward to the Commission green paper, expected in April, which would certainly address all relevant issues and open the necessary public debate on the post 2020 EU energy and climate policies.

Please find below our more specific comments on the proposed options:

Option a: Increasing the EU reduction target to 30% in 2020

The EU has already decided not to increase its target unilaterally in absence of similar commitments from other developed countries and efforts from advanced developing

countries. The EU should carefully elaborate its best strategy in the international climate negotiations in order to achieve some international agreement by 2015.

Option b: Retiring a number of allowances in phase 3

We believe the only relevant issue is to set the post 2020 EU energy and climate policy framework. In absence of clarification of long term policy, any short term measure will be unproductive.

Option c: Early revision of the annual linear reduction factor

This option is again in contradiction with the EU decision not to unilaterally increase its commitments pre 2020. In addition with such option the additional contribution of the ETS sector would not be proportionate.

Option d: Extension of the scope of the EU ETS to other sectors

We agree that other sectors shall bring their full contribution, but we see difficulties to successfully extend the ETS rules to different sectors.

Option e: Limit access to international credits

TOTAL supports the use of international offsets in EU ETS, for established reduction validated by proper monitoring. International credits enhance international participation to GHG emissions reduction, facilitating further coordination and easing the way to international agreements.

Option f: Discretionary price management mechanisms

TOTAL is absolutely opposed to any discretionary price management, which would be contradicting the fundamentals of the ETS principles. The ETS is, and shall remain, volume based.

end