EU ETS

Presentation April 2021

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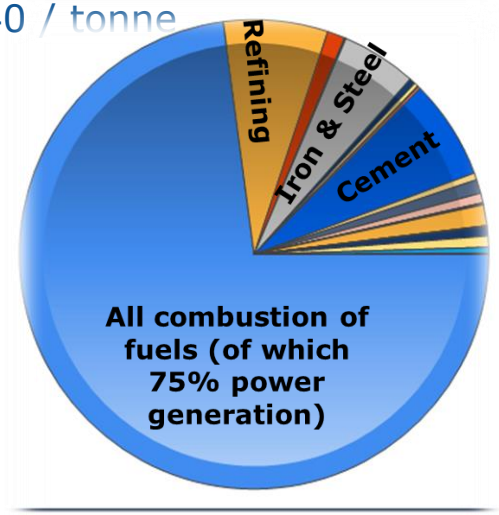
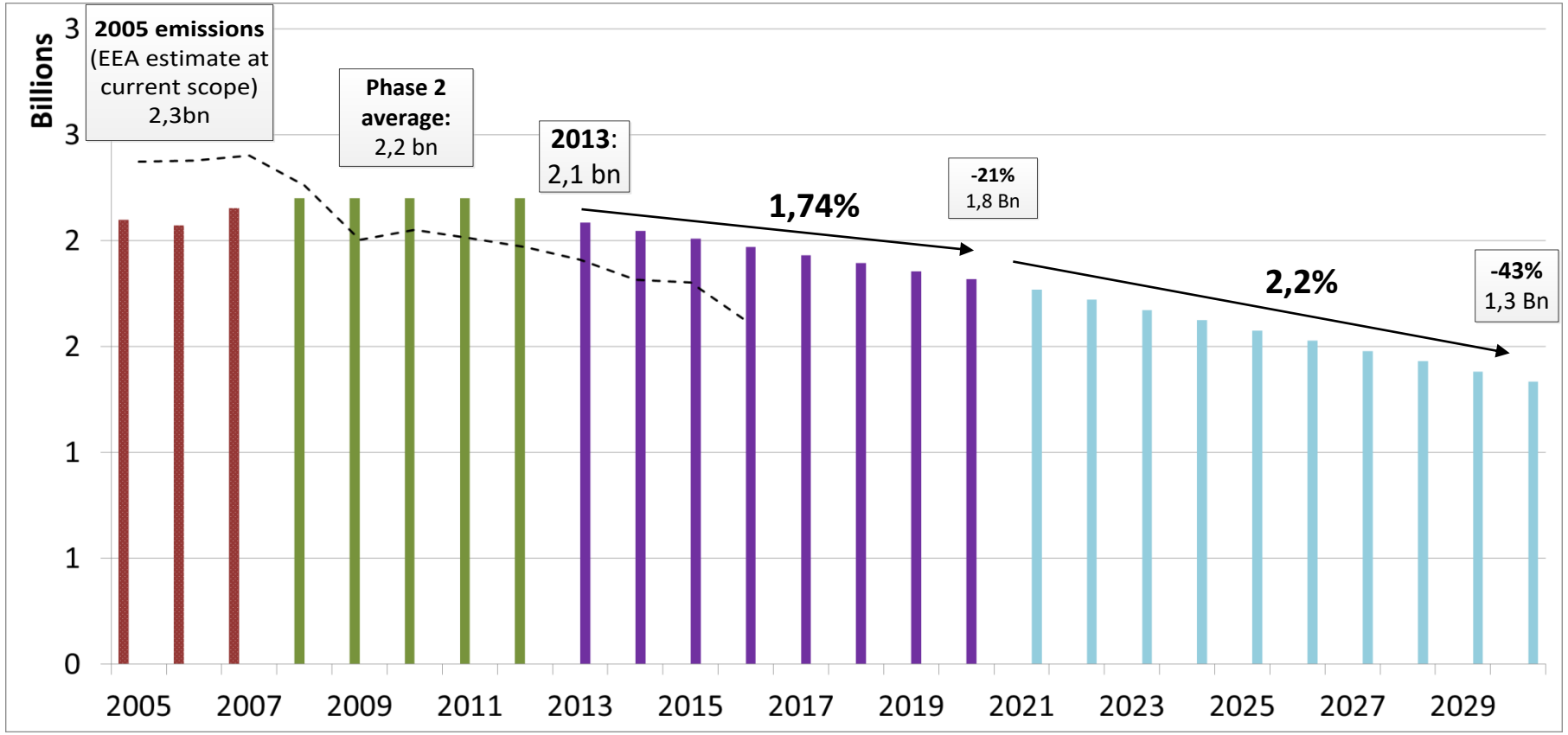
EU ETS in place since 2005

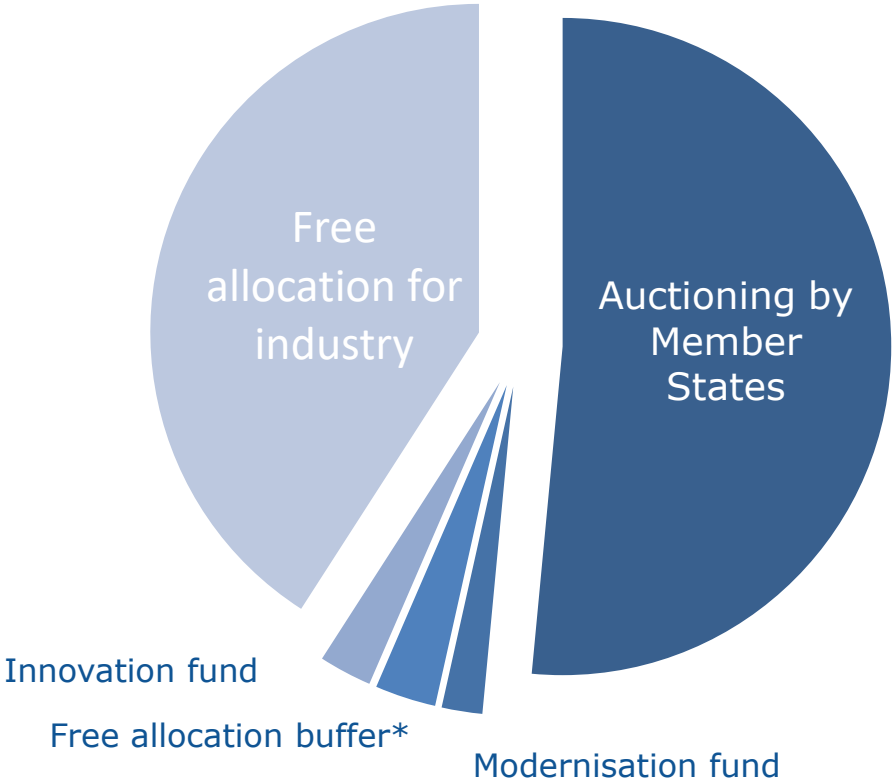
- **Certainty on emissions cuts**: ETS caps total emissions from >11,000 installations such as power, steel, cement, lime, chemicals, paper, aviation, in 31 countries
- **Flexibility for business** and efficiency- trading of allowances and choice in how to reduce emissions, and lower costs of cutting emissions, a large and liquid market
- 2019 data: emission reductions around 30% compared to 2005 levels (exceeding the 2020 target).
- ETS being revised to meet European Green Deal Ambition- contribute to -55% by 2030, possible extension to maritime, buildings and road transport
- Price signal strengthening since 2018- in recent weeks around €40 / tonne



Environmental certainty: Absolute cap with Linear Reduction Factor (2,2% from 2021- legislation ahead of Green Deal)



Structure of the EU ETS in 2021-30 ('phase 4')
(15.5 billion allowances, worth €387 billion at current prices)



- More than €42 billion auction revenue since 2013, Member States using 80% for climate action
- Modernisation and Innovation funds support transition to climate neutrality
- Free allocations across EU for industries, addresses risk of 'carbon leakage'

* Allowances dedicated for auctioning that may be converted

European Commission

Thank you!

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