

European climate policies and the EU ETS – lessons learnt

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16. November 2007

European climate policies



EU Targets - 2020

- -30 % greenhouse gases
- +20 % energy efficiency
- 20 % renewable energy
- 10 % biofuels

The Emission Trading Scheme (ETS)

two periods	2005/2007 and 2008/2012
plants	11.000 power plants and production plants involved
sectors	electricity, refineries, glass, cement, paper, ceramics, lime, coke, steel
emissions	45 percent of all CO ₂ emissions
allocation	national level with European approval free grandfathering, up to 10 percent auctioning

source: Cologne Institute for Economic Research

A fair market price for CO₂? Crashing allowance prices...

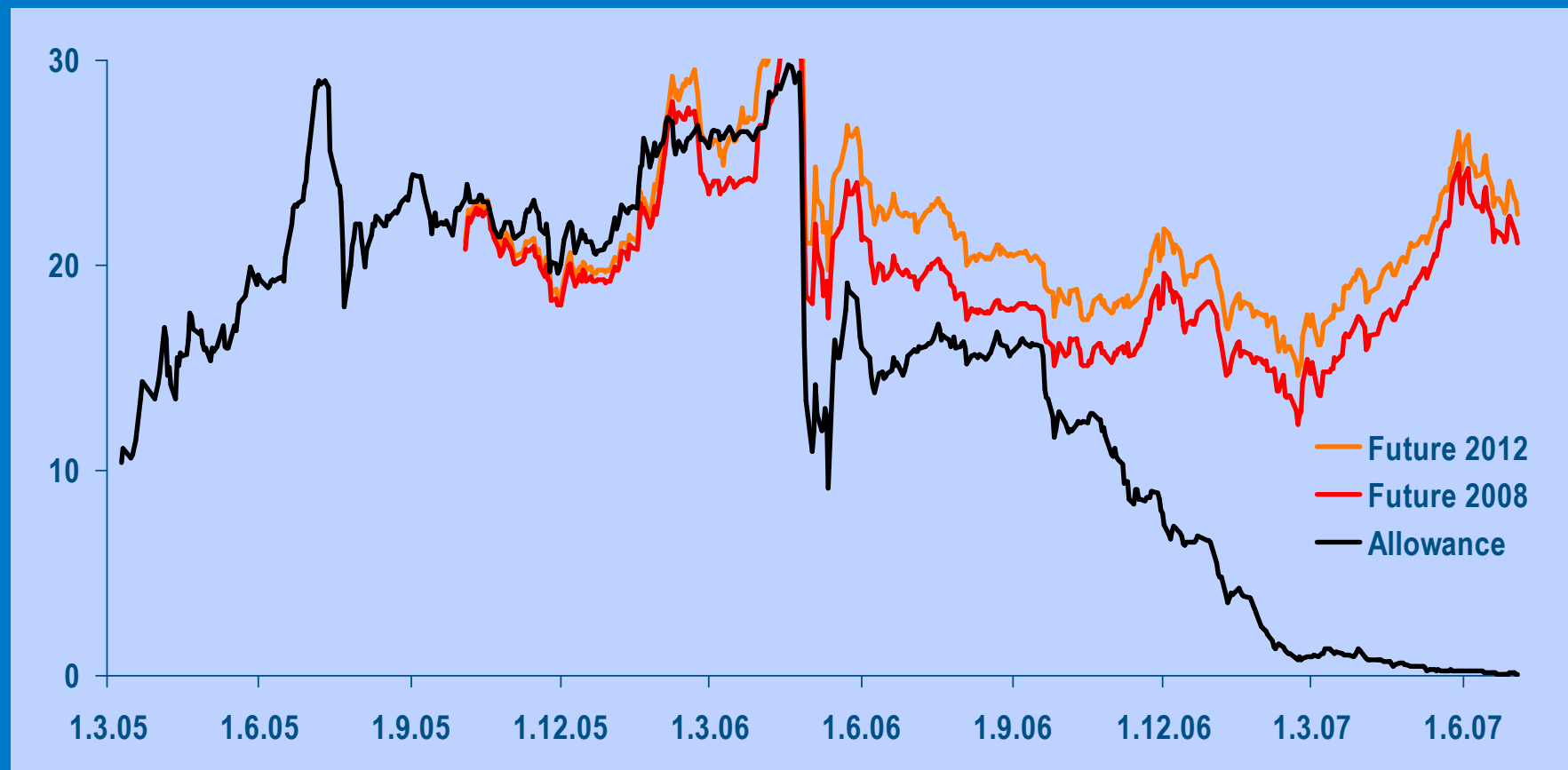
price of CO₂ emissions allowances 2005-2007



source: European Energy Exchange

... but stable future prices!

price of CO₂ emissions allowance 2005-2007 and futures (December 2008/2012)



source: European Energy Exchange

ETS – net cost increase (incl. revenue increase)

Power Generation	< 0
Refining	< 0
Steel	0.6 – 1.7 %
Cement	0 – 3.8 %
Pulp & Paper	0 – 6.2 %
Aluminum	0.5 – 11.4 %

source: EU Commission, McKinsey, Ecofys

Emissions Trading after 2012?

possible developments and political initiatives

- **stricter caps**
- **less grandfathering, more auctioning of allowances**
- **inclusion of further sectors (transport, airlines)**
- **allocation done by the European Commission, not by the member states**
- **extension on other greenhouse gases like methane**
- **inclusion of other regions**

Thank you for your attention!