

Consultation on revision of the EU Emission Trading System (EU ETS) Directive

Fields marked with * are mandatory.

Introduction

On 24 October 2014, the European Council agreed on the 2030 framework for climate and energy [1], including a binding domestic target for reducing greenhouse gas (GHG) emissions of at least 40% in 2030 as compared to 1990. To meet this target, the European Council agreed that the emissions in the EU Emission Trading System should be reduced, compared to 2005, by 43%. A reformed EU ETS remains the main instrument to achieve the emission reduction target. The cap will decline based on an annual linear reduction factor of 2.2% (instead of the current 1.74%) from 2021 onwards, to achieve the necessary emission reductions in the EU ETS. The European Council furthermore gave strategic guidance on several issues regarding the implementation of the emission reduction target, namely free allocation to industry, the establishment of a modernisation and an innovation fund, optional free allocation of allowances to modernise electricity generation in some Member States.

The strategic guidance given by European leaders on these elements will be translated into a legislative proposal to revise the EU ETS for the period post-2020. This constitutes an important part of the work on the achievement of a resilient Energy Union with a forward looking climate change policy, which has been identified as a key policy area in President Juncker's political guidelines for the new Commission.

The purpose of the present stakeholder consultation is to gather stakeholders' views on these elements. This consultation focuses on issues not yet addressed in the consultations recently conducted for the 2030 Impact Assessment[2], the Impact Assessment for the carbon leakage list for 2015-2019[3] and the consultation conducted on post-2020 carbon leakage provisions[4].

In order to take stock of the EU ETS (established by Directive 2003/87/EC) as a policy measure, this consultation also contains questions concerning the general evaluation of this policy measure. The questionnaire consists of 7 chapters. You are invited to answer questions on the chapters which are relevant to you.

0. Registration

0.1. What is your profile?*

- Business
- A small and medium enterprise
- Trade association representing businesses
- SME business organisation
- Government institution/regulatory authority
- Academic/research institution
- Non-governmental organisation
- Citizen
- Other

0.2. Please enter the name of your business/organisation/association etc.:

Energi Norge

0.3. Please enter your contact details (address, telephone, email):*

Pb 7184 Majorstuen, 0307 OSLO, +4793864018, kk@energinorge.no

0.4. If relevant, please state if the sector/industry you represent falls under the scope of the EU

ETS:*

- yes
- no
- not relevant

0.5. If relevant, please state what sector your represent.:

- Energy-intensive industry
- Energy sector
- Other

0.6. The results of this stakeholder consultation will be published unless stated otherwise. Can we include your replies in the publication?*

- yes
- no
- partially

0.7. Register ID number (if you/your organisation is registered in the Transparency register):

1. Free allocation and addressing the risk of carbon leakage

The European Council has concluded that free allocation to prevent the risk of carbon leakage should not expire as foreseen in the current legislation, but should continue also after 2020 as long as there are no comparable efforts to reduce emissions in other major economies.

Extensive stakeholder consultation was already carried out on the post-2020 carbon leakage provisions, as well as on aspects related to innovation support. The process included three full-day stakeholder meetings (June, July and September 2014) and a written consultation conducted for 12 weeks (8 May – 31 July, 2014). The written consultation covered 23 multiple choice questions with space for motivations, and a question allowing respondents to bring up any other issue they felt was important or insufficiently covered.

The documents and minutes of the meetings, as well as the submissions and the analysis thereof in the case of the written consultation, are available on the Commission website.

Information from the stakeholder meetings:

http://ec.europa.eu/clima/events/articles/0090_en.htm

http://ec.europa.eu/clima/events/articles/0095_en.htm

http://ec.europa.eu/clima/events/articles/0097_en.htm

Replies and summary of the written consultation:

http://ec.europa.eu/clima/consultations/articles/0023_en.htm

The results of the above mentioned public consultation are being taken into account in the preparation of the legislative proposal. In order to reduce the administrative burden for stakeholders and the Commission, the present consultation focuses on issues not already covered in this recently finalised public consultation. Respondents are nevertheless invited to add to the replies provided in the earlier consultations if deemed necessary in the light of the conclusions of the European Council in this area.

1.1 The European Council called for a periodic revision of benchmarks in line with technological progress. How could this be best achieved in your view and, in particular, which data could be used to this end? How frequently should benchmarks be updated, keeping in mind administrative feasibility?

4,500 character(s) maximum

Industrial customers are key for the electricity sector and their competitiveness has to be secured. As long as the EU's main international trading partners do not make equivalent efforts to price CO2 in order to reduce GHG-emissions, carbon leakage remains an important issue. Therefore, the EU should not impose additional requirements that would further disadvantage having electro-intensive industry production with the world class carbon footprint in Europe. Full compensation is absolutely necessary in order to preserve the competitive position of Europe as location for energy-intensive industries.

1.2 The European Council has defined guiding principles for the development of post-2020 free allocation rules which provide inter alia that "both direct and indirect costs will be taken into account, in line with the EU state aid rules" and that "the most efficient installations in these sectors should not face undue carbon costs leading to carbon leakage" while "incentives for industry to innovate will be fully preserved and administrative complexity will not be increased" and while "ensuring affordable energy prices". Do you have views how these principles should be reflected in the future free allocation rules?

4,500 character(s) maximum

The system of free allocation must be maintained until international trading partners make equivalent efforts. The final objective for the EU should be an international agreement and linking of emissions trading systems in order to achieve a global price on carbon, which makes carbon leakage measures unnecessary.

Compensation of indirect costs is currently not uniformly addressed, nor harmonised, throughout Europe. It is further deemed to constitute State Aid subject to limitations in State aid regulations and guidelines which can be unpredictable as it is exposed to budgetary constraints and annual decisions in the Member States. This is valid both for direct costs, based on historical output and reduction factors. Recalling energy intensive industry's long investment horizons that last up to 25-50 years, unpredictable and inadequate compensation reduces incentives to operate and invest, eventually increasing the risk of carbon leakage.

To obtain that "the most efficient installations do not face undue carbon costs"

leading to carbon leakage (The European Council October 2014), the compensation for indirect costs should be significantly more predictable and

the parameters deciding the compensation level (direct and indirect costs)

should be harmonized throughout Europe.

1.3 Should free allocation be given from 2021 to 2030 to compensate those carbon costs which sectors pass through to customers? How could free allocation be best determined in order to avoid windfall profits?

4,500 character(s) maximum

Free allocation of CO2 allowances should be given to companies clearly exposed to the risk of carbon leakage from after 2020.

To avoid windfall profits the carbon leakage list should be based on the industries' level of exposure to global competition (ability to pass-through cost to customers) and on the total direct and indirect carbon costs exposure. Installations meeting both criteria at significant levels would fall in the most exposed category of the carbon leakage list and therefore must be treated specially due to their degree of global competitive risk exposure.

1.4 Are there any complementary aspects you would like to add to the replies given to the previous written consultation in the light of the European Council conclusions?

4,500 character(s) maximum

Shortly after the entry into force of the MSR decision, the Commission should make a proposal to review the ETS Directive in view of effectively protecting the competitiveness of EU industries at genuine risk of carbon leakage, introducing a more accurate allocation of allowances and incentivizing carbon-efficient growth without contributing to the over-supply of allowances. The Commission should take into account the conclusions of the European Council of 23 and 24 October 2014, in particular with regard to carbon leakage provisions, and the continuation of free allocations, better reflecting changing production levels and incentivizing the most efficient performance[...] and consider an EU harmonized mechanism to compensate for indirect carbon costs resulting from this Directive so as to ensure a global and EU level playing field.

A binding international agreement leading to global pricing of emissions and more equal CO2 cost situation, with no further distorting of global international competition for different sectors, seems further away than previously expected. In this situation, compensation for direct and indirect effects should be maintained until a global level playing field, meaning until a critical mass of industry competing with European industry is exposed to a similar climate cost level.

2. Innovation fund

The European Council has concluded that 400 million allowances in 2021 to 2030 should be dedicated for setting up an innovation fund to support demonstration projects of innovative renewable energy technologies, carbon capture and storage (CCS) as well as low carbon innovation in industrial sectors. To make this fund operational, a legal basis has to be created in the EU ETS Directive while further implementation modalities can be set out in secondary legislation. The work can build on the experience with the existing "NER300" programme which made available 300 million allowances for CCS and innovative renewable energy technologies[1].

With regard to establishing a legal basis for the innovation fund as part of the revision of the EU ETS Directive, the Commission seeks feedback on the following questions:

2.1 Do you see reasons to modify the existing modalities applied in the first two calls of the NER300? Are there any modalities governing the NER 300 programme which could be simplified in the design of the innovation fund? If you see the need for changes, please be specific what aspects you would like to see changed and why.

4,500 character(s) maximum

2.2 Do you consider that for the extended scope of supporting low-carbon innovation in industrial sectors the modalities should be the same as for CCS and innovative renewable energy technologies or is certain tailoring needed, e.g. pre-defined amounts, specific selection criteria? If possible, please provide specific examples of tailored modalities.

4,500 character(s) maximum

The modalities of use of resources should be the same for industrial sectors as well as for the electricity sector. No technologies should be determined for further development by administrative decision or regulation. Only objective and general conditions under which any innovative technology can apply for support should be defined. All EU legislative acts should be technologically neutral in terms of supporting different sources.

In order to improve long-term competitiveness of the EU and companies it is thus crucial to continue to allocate funding on the basis of competitive calls and using excellence as the decisive selection criteria.

2.3 Are there any complementary aspects regarding innovation funding you would like to add to the replies given to the previous written consultation in the light of the European Council conclusions?

4,500 character(s) maximum

Technologies in industry to meet the 2050 reduction targets are not yet available or even invented. It is therefore crucial that R&D is strengthened. All ETS auctioning revenues should be used cost-effectively and efficiently to assist the de-carbonization of European industry without impairing its international competitiveness. The monetisation mechanisms under the funding should be designed to avoid price distortions for allowances, including timing and predictability of inflow of allowances to the market. The timing of inflow of these NER400 allowances into the market should also be made predictable for market parties.

It is generally important to avoid that more funds with the same/similar purpose are established in order to keep the ETS as simple and transparent and predictable instrument. It is important to clarify the exact role of the Innovation Fund (NER400) and the proposed new NER 300 as part of the MSR decision. There should be one innovation fund with all allowances bundled.

In order not to undermine the MSR (and functioning of the ETS), it is important that the Innovation Fund (NER400) is fed by phase IV allowances, and that unallocated allowances from phase III go directly to the MSR.

3. Modernisation fund

The European Council has concluded that 2% of the total EU ETS allowances in 2021 to 2030 should be dedicated to address the particularly high investment needs for Member States with GDP per capita below 60% of the EU average. The aim is to improve energy efficiency and to modernise the energy systems of the benefitting Member States. The fund should be managed by the beneficiary Member States, with the involvement of the European Investment Bank (EIB) in the selection of projects. To make this fund operational, a legal basis has to be created (in the EU ETS Directive), while further implementation modalities can be set out in secondary legislation.

With regard to establishing a legal basis for the modernisation fund as part of the revision of the EU ETS Directive, the Commission seeks feedback on the following questions:

3.1 Implementation of the modernization fund requires a governance structure: What is the right balance between the responsibilities of eligible Member States, the EIB and other institutions to ensure an effective and transparent management?

4,500 character(s) maximum

3.2 Regarding the investments, what types of projects should be financed by the modernisation fund to ensure the attainment of its goals? Should certain types of projects be ineligible for support?

4,500 character(s) maximum

3.3 Should there be concrete criteria [e.g. cost-per-unit performance, clean energy produced, energy saved, etc.] guiding the selection of projects?

4,500 character(s) maximum

3.4 How do you see the interaction of the modernisation fund with other sources of funding available for the same type of projects, in particular under the optional free allocation for modernisation of electricity generation (see section 4 below)? Would accumulation rules be appropriate?

4,500 character(s) maximum

Accumulation rules should definitely apply.

100% coverage of investment costs should never be exceeded.

It is important that the Modernization fund does not support projects that would undermine cross-border trade and regional approaches or otherwise impede the internal market.

3.5 Do you have views how the assessment of the projects should be reflected in the forthcoming 2030 governance process (e.g. national climate programmes, and plans for renewable energy and energy efficiency)?

4,500 character(s) maximum

The assessment of projects should be done in a separate procedure, but the overall results should be included in the national reporting programmes and their contribution included in overall European CO2 mitigation, renewable and energy efficiency target compliance.

3.6 Should the level of funding be contingent on concrete performance criteria?

4,500 character(s) maximum

4. Free allocation to promote investments for modernising the energy sector

The conclusions of the European Council provide for the continuation after 2020 of the mechanism foreseen in Article 10c of the EU ETS Directive, which allows some Member States to opt to hand out free allowances to power plants in order to promote investments for modernising the energy sector. The current Article 10c modalities, including transparency, should be improved to promote investments modernising the energy sector, while avoiding distortions of the internal energy market.

With a view to reviewing and improving the current modalities as part of the revisions to the EU ETS Directive, the Commission seeks feedback on the following questions:

4.1 How can it be ensured that investments have an added value in terms of modernising the energy sector? Should there be common criteria for the selection of projects?

4,500 character(s) maximum

4.2 How do you see the interaction of the free allocation to energy sector with other sources of funding available for the same type of projects, e.g. EU co-financing that should be made available for the projects of common interest under the 2030 climate and energy framework? Would accumulation rules be appropriate?

4,500 character(s) maximum

4.3 Do you have any views how the assessment of the projects should be reflected in the forthcoming 2030 governance process (e.g. as regards improving transparency)?

4,500 character(s) maximum

4.4 The maximum amount of allowances handed out for free under this option is limited. Do you think eligible Member States should use the allowances for a period of time specified in advance (e.g. per year), or freely distribute them over the 2021-2030 period? (Please explain your motivation.)

4,500 character(s) maximum

4.5 Should there be priorities guiding the Member States in the selection of areas to be supported?

- yes
- no

4.6 How can improved transparency be ensured with regard to the selection and implementation of investments related to free allocation for modernisation of energy? In particular regarding the implementation of investments, should allowances be added to auctioning volumes after a certain time period has lapsed in case the investment is not carried out within the agreed timeframe?

4,500 character(s) maximum

5. SMEs / regulatory fees / other

In order to allow taking stock of the EU ETS aspects beyond those examined by the European Council, respondents are also invited to provide feedback on certain other questions.

The Commission ensures that better regulation principles govern all of the policy work, including that the specificities of small and medium sized enterprise (SMEs) are taken into due consideration. Member States can exclude certain small installations from the EU ETS in the current trading period (2013-2020) if taxation or other equivalent measures are in place that will cut their emissions. If such a possibility was to be reviewed, a legal basis would have to be created in the EU ETS Directive.

The accurate accounting of all emission allowances issued is assured by a single Union Registry with strong security measures. The operations were centralised in a single Registry operated by the Commission, following a revision of the ETS Directive in 2009. This has replaced Member States' national Registries. Despite the considerable resources from the EU budget required for maintaining the EU Registry, as does supporting work on auctioning, the Commission does not have the possibility to charge any fees. However, Member States administrators may still charge Registry fees to account holders administered by them. There are discrepancies in fees across different Member States.

5.1 Are there any EU ETS administrative requirements which you consider can be simplified? Do you see scope to reduce transaction costs, in particular for SMEs? If yes, please explain in detail.

4,500 character(s) maximum

5.2 Member States had the possibility to exclude small emitting installations from the EU ETS until 2020. Should this possibility be continued? If so, what should be the modalities for opt-out installations to contribute to emission reductions in a cost-effective and economically efficient manner? Should these be harmonised at EU level?

4,500 character(s) maximum

5.3 How do you rate the importance of a high level of security and user-friendliness of the Union Registry? Do you think the costs for providing these services should be covered via Registry fees?

4,500 character(s) maximum

**5.4 Do you consider discrepancies in Registry fees in different Member States justified?
Should Registry fees be aligned at EU level?**

4,500 character(s) maximum

5.5 Under the current EU ETS Directive, at least 50% of the revenues generated from the auctioning of allowances should be used by Member States for climate-related purposes. For the calendar year 2013 Member States have reported to have used or to plan to use 87 % on average to support domestic investments in climate and energy. Do you consider the current provisions regarding the use of the revenues adequate for financing climate action? If not, please explain why?

4,500 character(s) maximum

6. General evaluation

6.1 How well do the objectives of the EU ETS Directive correspond to the EU climate policy objectives?

How well is the EU ETS Directive adapted to subsequent technological or scientific changes?

4,500 character(s) maximum

Energy Norway members are committed to delivering electricity based on renewable energy, and to ensuring a competitively priced, reliable electricity supply throughout the integrated European energy market. We believe that it is essential that EU climate policy supports competitiveness by promoting reductions of greenhouse gas emissions in a cost-effective manner through the use of an ETS market mechanism. For this reason, Energy Norway supports a strong ETS because we see this as the best way to provide affordable, reliable, and sustainable electricity to the EU economy.

Europe is the first region in the world to implement carbon constraints policies in such a comprehensive way, based on the ETS. Success requires sufficient mechanisms to prevent carbon leakage until a critical mass of industry competing with European industry is exposed to a similar climate cost level.

Reinforcing the international competitiveness of European industry is of paramount importance. To this end, establishing predictable framework conditions and promoting industrial investments should be a main focus. Unintended direct and indirect effects correspond neither to industrial growth nor climate targets the EU has set itself and could lead to global emission growth.

The EU ETS is a flexible, technology neutral instrument that incentivizes different abatement options when needed - dependent on market parameters, commodity prices, technological development, etc. In this sense, no specific considerations concerning technology development needs to be done.

The mechanism must however be urgently strengthened in order to balance the carbon market better by swiftly adopting the Market Stability Reserve (MSR) proposal and ensuring its entry into force by 2017 including the 900 million allowances that have been backloaded.

Furthermore the European Commission should quickly propose legislation that strengthens the linear reduction factor to 2, 2 in order to achieve the 43% reduction target compared to 2005 by 2030 in line with the 2030-package. Legislation will contribute to investor confidence and strengthen the carbon market whilst reducing the need for national additional measures.

In the longer run, the ETS should be extended to other CO₂ emitting sectors provided the incentive structure for reducing emissions in those sectors, in particular transport, is not weakened.

Energy Norway has noted the flexibility foreseen in the 2030 package paragraph 2.12 when achieving targets: "for Member States with national reduction targets significantly above both the EU average and their cost effective reduction potential as well as for Member States, that did not have free allocation for industrial installations in 2013 - will be established through a limited, one-off, reduction of the ETS allowances, to be decided before 2020, while preserving predictability and environmental integrity". The mechanism should be analysed in a transparent manner clarifying the benefits and costs for market operators. Preserving the integrity of the ETS is a main concern whilst at the same time it should be the aim to extend the ETS to other sectors in the longer run and converge mitigation costs across sectors.

6.2 What are the strengths and weaknesses of the EU ETS Directive? To what extent has the EU ETS Directive been successful in achieving its objectives to promote emission reductions in a cost-effective manner compared to alternatives, e.g. regulatory standards, taxation?

4,500 character(s) maximum

The EU ETS is cost-effective, technology-neutral and fully compatible with the EU internal energy market. A common price in Europe would not have been possible any other way. With linking possibilities existing already, this common carbon price could be extended to other regions than Europe, which is very good from a competitiveness point of view.

Furthermore, with energy and climate policies today trending national through the uncoordinated operation of hundreds of different renewables support schemes, debates on and implementation of national capacity mechanisms, the UK carbon floor price, the Dutch coal tax, the recently announced German emission reduction plans, and several additional discussions on creating national carbon taxes, there is a serious risk that a non-ETS approach to decarbonisation will not only further distort, but also fragment, the internal energy market. A non-harmonised approach and purely domestic policies to curb emissions could even work against each other, leading to significantly higher overall energy costs.

The two main defects of the current system are first the inability to respond to economic cycles and reduced demand, which could be rectified by the on-going MSR reform. The Market Stability Reserve proposal, which allows adjusting the supply and demand of ETS allowances through an automated, non-discretionary mechanism, is indeed a sound approach to resolving the current oversupply of allowances and the need to make the EU-ETS more resilient to future demand shocks (just as in any other market where supply should adjust to demand).

Secondly, the ETS has suffered from lack of coordination with other EU targets and measures, in particular targets for renewable energy and energy efficiency. National measures to achieve these targets interfere with the carbon price and distort the market. In principle, the carbon price should allow the market to choose between energy efficiency, CCS, nuclear and renewables. From 2020 the new target structure adopted in the 2030-package should facilitate a better co-ordination of policies. This should again lead to additional measures being concentrated on non-ETS sectors like transport and buildings. Robust cost/benefit analysis of subsidies and technical requirements to improve energy efficiency measures or introduce renewable energy to the market is a key to restore the carbon market and improve public spending on climate policies.

Without an international agreement laying the foundation for a global carbon price and securing a level playing field by imposing comparable efforts and costs on industry in major competing economies, insufficient carbon leakage measures hinder new investments and lead to carbon leakage. Current compensation of direct and indirect effects should be strengthened. Current indirect compensation granted nationally as State Aid is unpredictable. The carbon leakage list should be better structured, differentiating the compensation level based upon the different level of exposure to the carbon leakage risks

6.3 To what extent are the costs resulting from the implementation of the EU ETS Directive proportionate to the results/benefits that have been achieved, including secondary impacts on financing/support mechanisms for low carbon technologies, administrative cost, employment impacts etc.? If there are significant differences in costs (or benefits) between Member States, what is causing them?

4,500 character(s) maximum

6.4 How well does the EU ETS Directive fit with other relevant EU legislation?

4,500 character(s) maximum

Energy Norway welcomes the European Council agreement on the 2030 energy and climate framework, notably the decision to set a binding target of at least 40% domestic reductions in greenhouse gases and to rely firmly on the EU-ETS to deliver this objective. The agreed framework is a sound basis for cost effective decarbonisation, and the implementation, including the governance framework should ensure that competitiveness, security of supply and sustainability are achieved simultaneously. Within the governance process the relationship between 2030-targets and market developments including national capacity remuneration mechanisms (CRM) and regional cooperation through interconnectors is essential. Europe can only achieve a successful decarbonisation of the economy if the electricity sector becomes investable again in an efficient market with a functioning price signal.

In general, it is important that the EU ETS keeps its status as a simple, transparent and predictable market instrument, enabling market

participants to analyse and estimate future carbon prices. Therefore, a clear governance structure should be defined, especially on the background of the new funds to be established. The reform should also address how to deal with unallocated allowances at the end of any trading period, and we recommend that such unallocated allowances are transferred directly to the reserve (MSR) at the end of any trading period.

The binding carbon reduction target of 40% should remain the centrepiece of the framework. We believe that with a reformed and strengthened EU ETS, energy efficiency and renewable energy will contribute substantially to reaching the decarbonisation target and at the same time also contribute to other objectives in society. The indicative 27% EU level target on energy efficiency and binding 27% EU level target on renewables should be primarily conceived as instruments to achieve the overarching emissions reduction target.

Additional measures to promote these targets should therefore be minimised within the ETS sectors, and specific national (and regional) actions to promote renewable energy and energy efficiency are needed in particular in sectors remaining outside the ETS, in particular in the transport sector (see also above).

Experience from the 2020 framework shows that different targets can interact in ways that reduce the framework's overall effectiveness and this must be avoided: the role of the renewables and energy efficiency targets is to indicate what approximate levels that are needed to reach decarbonisation. The coherence of the three targets must be ensured.

In addition, we also see that EU ETS, energy taxation directive and state aid guidelines are not fully compatible. In our view, it is particularly important to follow up the new guidelines for state aid strictly and ensure technology neutral state aid.

Further, lack of adequate and predictable compensation need to correspond to European targets for industrial growth. This could otherwise have a reverse effect and worsen Europe's total carbon footprint due to increased imports of goods from countries with substantially higher carbon footprint.

The October 2014 Council conclusions stated that "industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas and be part of impact assessments in view of getting a stronger industrial base for our economy". Likewise, in parallel with the 2030 package, the Commission in January 2014 launched its communication about "industrial renaissance". In this, we find a clear commitment to strengthen industry and inter alia its ability to compete globally.

6.5 What is the EU value-added of the EU ETS Directive? To what extent could the changes brought by the EU ETS Directive have been achieved by national measures only?

4,500 character(s) maximum

EU ETS provides the basis for a level playing field and the completion of the internal energy market, by putting a single, European wide price on carbon.

A harmonized approach towards climate change is essential on a common European electricity market. This would not have been possible with national measures and a non-harmonized approach. A harmonized approach is more efficient both in terms of costs and in terms of emissions reductions.

6.6 Do you have any other comment on the revision of the EU ETS Directive that you would like to share?

4,500 character(s) maximum

In the conclusions from the European Council on 23-24th of October 2014, a flexibility mechanism between the trading and non-trading sector is outlined. This should be further elaborated in the revision of the Directive (see also above).

As stated above Energy Norway believes that the MSR needs to start already in 2017 and that the 900 million backloaded allowances should be put in the reserve instead of returned to the market.

Further, it is important to keep the system together in order to ensure cost-effective emission reductions. Energy Norway also welcomes additional sectors in the system in the long term, but this should be based on robust analysis. The professional part of the road transport sector would be a natural starting point.

Energy Norway also believes that the possibilities for linking to other trading schemes needs to remain open and we certainly hope that the domestic target of 40% does not shut the door for further linking. International cooperation is essential in climate change policy.

Contact

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