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Public questionnaire for the revision of the Emission Trading System (ETS) State aid Guidelines

Fields marked with * are mandatory.

Introduction

In 2005 the European Union Greenhouse Gas Emission Trading Scheme (EU ETS) was introduced to reduce CO2 emissions in a cost-effective way and combat climate change. Directive 2009/29/EC[1] amending Directive 2003/87/EC[2] ("ETS Directive") improved and extended the EU ETS in the third trading period 2013-2020 (phase 3). Phase 3 of the EU ETS is based on a stricter and single EU-wide cap, the allocation of allowances are made on transitional fully harmonised EU-wide basis and wider auctioning of allowances have been progressively introduced.

Article 10a(6) of the ETS Directive foresees that Member States may adopt financial measures in favour of sectors determined to be exposed to a significant risk of carbon leakage due to costs relating to greenhouse gas emissions passed on in electricity prices ('indirect emissions costs'), in order to compensate for those costs and where such financial measures are in accordance with State aid rules.

On that basis, the Commission adopted in 2012 the Guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post-2012 ("2012 ETS Guidelines") allowing Member States to compensate some electro-intensive undertakings active in a sector exposed to international trade, for part of the higher electricity costs expected to result from the EU ETS in the period 2013-2020.

The ETS Directive has been revised for its next trading period 2021-2030 (phase 4), with the adoption of Directive (EU) 2018/410[3], to enable it to achieve the EU's 2030 emission reduction targets. The new ETS Directive states in its recitals that "[i]t would be desirable that Member States partially compensate, in accordance with State aid rules, certain installations in sectors or subsectors which have been determined to be exposed to a significant risk of carbon leakage because of costs related to greenhouse gas emissions passed on in electricity prices […]."[4]

Under the revised Directive, Article 10a(6) now foresees that "Member States should adopt financial measures […] in favour of sectors or subsectors which are exposed to a genuine risk of carbon leakage due to significant indirect emissions costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices, provided that such financial measures are in accordance with State aid rules, and in particular do not cause undue distortions of competition in the internal market. Where the amount available for such financial measures exceeds 25 % of the revenues generated from the auctioning of allowances, the Member State concerned shall set out the reasons for exceeding that amount. Member States shall also seek to use no more than 25 % of the revenues generated from the auctioning of allowances for the financial measures referred to in the first subparagraph. […] Those measures shall be such as to ensure that there is adequate protection against the risk of carbon leakage, based on ex-ante benchmarks for the indirect emissions of CO_2 per unit of production. Those ex ante benchmarks shall be calculated for a given sector or subsector as the product of the electricity consumption per unit of production corresponding to the most efficient available technologies and of the CO_2 emissions of the relevant European electricity production mix".

At their expiry on 31 December 2020, the 2012 ETS Guidelines will therefore need to be updated, reflecting the new provisions of the ETS Directive 2003/87/EC, as revised by Directive (EU) 2018/410.

The abovementioned provisions of the ETS Directive are based on the premise that financial support for indirect emissions costs can be highly distortive, if it is not properly targeted to sectors that are at significant risk of carbon leakage due to CO_2 costs passed on in electricity prices and limited to the additional cost stemming from ETS Phase 3 for the most energy efficient firms. Otherwise, aid would introduce economic distortions within the EU

economy and have a detrimental impact on the efficiency of the EU ETS.

Therefore, the primary objective of State aid control in the context of the implementation of the EU ETS is to ensure that State aid measures will address the risk of carbon leakage due to indirect emissions costs (thus resulting in a higher overall level of environmental protection) and to ensure that the positive effects of the aid outweigh its negative effects in terms of distortions of competition in the internal market, while preventing overcompensation and ensuring a level playing field across the EU.

The information collected through this consultation will be used by the Commission to prepare the evaluation of the 2012 ETS Guidelines and the impact assessment for the future ETS Guidelines. The questionnaire is available in the Commission three working languages (English, French and German) and replies can be submitted in all official EU languages.

A summary report of the public consultation will also be published in Summer 2019 on the official public consultations page of the European Commission (https://ec.europa.eu/info/law/better-regulation/have-your-say_en). The final report will be published early 2020 on the same website.

About you

*Language of my contribution

- ○ Bulgarian
- ○ Croatian
- ○ Czech
- ○ Danish
- ○ Dutch
- ◉ English
- ○ Estonian
- ○ Finnish
- ○ French
- ○ Gaelic
- ○ German
- ○ Greek
- ○ Hungarian
- ○ Italian
- ○ Latvian
- ○ Lithuanian
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- ○ Polish
- ○ Portuguese
- ○ Romanian
- ○ Slovak
- ○ Slovenian
- ○ Spanish
- ○ Swedish

*I am giving my contribution as

- ○ Academic/research institution
- ◉ Business association
- ○ Company/business organisation
- ○ Consumer organisation

- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

*First name

Michele

*Surname

Governatori

*Email (this won't be published)

michele.governatori@axpo.com

*Organisation name

255 character(s) maximum

European Energy Retailers

*Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

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*Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino

- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- (•) Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- Former Yugoslav Republic of Macedonia
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- North Korea
- Northern Mariana Islands
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Swaziland
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago

- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czech Republic
- Democratic Republic of the Congo
- Denmark
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Lesotho
- Liberia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
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- Paraguay
- Peru
- Philippines
- Pitcairn Islands
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- Portugal
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- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Saint Martin
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

* Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- **Anonymous**
  Only your type, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.
- **Public**
  Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

☑ * I agree with the personal data protection provisions

Please describe the main activities of your company/organisation/association, if applicable:

1000 character(s) maximum

Network of Independent Energy and Solution Providers

Please indicate your sector of activity (NACE code), if applicable:

1000 character(s) maximum

Please specify whether you have received indirect emissions cost compensation in the past (if applicable):

- [ ] Yes
- [x] No
- [ ] I don't know

If you replied yes to the question above, please specify the amount per year:

	Amount of compensation received (EUR in millions)
2012	
2013	
2014	
2015	
2016	
2017	
2018	

Please also specify how the share of indirect emissions costs over the total energy and operating costs of your undertaking has evolved since 2012 (if applicable).

1000 character(s) maximum

Please indicate in which Member State(s) you operate (if different from your location indicated above):

1000 character(s) maximum

Section A: Evaluation questions

According to the ETS Directive, the beneficiaries eligible for aid for indirect emissions costs should be those sectors that are exposed to a genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices.

The 2012 ETS guidelines define "carbon leakage" as the prospect of an increase in global greenhouse emissions when companies shift production outside the European Union, because they cannot pass on the cost incurred by the EU ETS to their customers without significant loss of market share.

Financial support should therefore be limited to those electricity intensive sectors which are unable to pass through the electricity cost increase stemming from the CO2 price to their customers into product prices without significant loss of market share and which are likely for this reason to relocate to less carbon-constrained zones outside the EU.

The objective of the following questions is to gather evidence to establish whether the 2012 ETS Guidelines adequately targeted sectors exposed to a carbon leakage risk due to indirect emissions costs

and whether the aid amount was adequately set to prevent carbon leakage without undermining cost-effective decarbonisation of the economy and creating undue competition distortion. The following questions are therefore only backward looking and only concern Phase 3 of the EU ETS, and should be answered taking into account the situation under Phase 3, in particular with the CO_2 prices experienced during that period.

1. Are there sectors (at NACE 4 level[5]) and subsectors (at Prodcom 8 level[6]) which, according to you, were included in the list of eligible sectors for indirect emissions cost compensation (c.f. Annex II of the 2012 ETS Guidelines[7]), but were not exposed to carbon leakage, as defined above?

- ☐ Yes
- ☐ No
- ☐ I do not know

If you replied "yes" to question above, please list those sectors and subsectors and substantiate your answer:

1000 character(s) maximum

2. Are there sectors (at NACE 4 level[8]) or subsectors (at Prodcom 8 level[9]) which, according to you, were exposed to a carbon leakage risk, as defined above, but were not included in the list of eligible sectors for indirect emissions cost compensation (c.f. Annex II of the 2012 ETS Guidelines[10])?

- ☐ Yes
- ☐ No
- ☐ I do not know

If you replied "yes" to question above, please list those sectors and subsectors and explain what makes them susceptible to carbon leakage:

1000 character(s) maximum

3. Can you identify any concrete example of carbon leakage due to indirect emissions costs?

- ☐ Yes
- ☐ No
- ☐ I do not know

If you replied "yes" to question above, please indicate which companies were involved:

1000 character(s) maximum

4. In case you identified any concrete example of carbon leakage due to indirect emissions costs under question 3, and based on your experience, please specify the main reasons that triggered this decision of shifting production outside the EU.

Please rate from 1 to 5, 1 being very minor reason and 5 being very important reason:

	1	2	3	4	5	I do not know
Limited possibility to pass on indirect emissions costs to final customer	○	○	○	○	○	○
Absence of indirect emissions cost compensation scheme in the Member State	○	○	○	○	○	○
Other reasons. Please rate and specify in the field below	○	○	○	○	○	○

Please explain the reasons for your rating and where possible provide figures:

1000 character(s) maximum

5. Based on your experience, has a compensation of indirect emissions costs, as defined by the 2012 ETS guidelines, been sufficient to prevent such carbon leakage?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

6. Based on your experience, has a compensation of indirect emissions costs created market distortion?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

7. Has the amount of compensation of indirect emissions costs undermined the incentive for cost-effective decarbonisation of the economy?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

8. Please specify which of the following reasons prevented carbon leakage.

Please rate from 1 to 5, 1 being very minor reason and 5 being very important reason:

	1	2	3	4	5	I do not know
The undertakings were able to pass on most if not all the indirect emissions costs to their customers	○	○	○	○	○	○
The indirect emissions cost compensation granted was effective	○	○	○	○	○	○
Other support measures such as the allocation of free allowances, reductions from levies financing support to renewable energy sources or reductions on electricity taxation outweighed the higher costs linked to electricity consumption	○	○	○	○	○	○
The level of CO_2 price	○	○	○	○	○	○
Other reasons. Please rate and specify in the field below	○	○	○	○	○	○

Please explain the reasons for your rating and where possible provide figures:

1000 character(s) maximum

9. The 2012 ETS Guidelines set the formulas to be used to calculate the maximum aid amount payable per installation for the manufacture of products within the sectors eligible for indirect emissions cost compensation[11]. Do you consider these calculation formulas adequate or do you consider that they do not effectively compensate the indirect emissions costs paid by the undertakings concerned?

- ☐ Yes, the calculation formulas are adequate
- ☐ No, the calculation formulas are not adequate

Please substantiate your answer:

1000 character(s) maximum

10. How do administrative costs incurred by the aid application compare with the actual amount of compensation received?

Please rate from very low (administrative costs representing less than 1% of the actual amount of compensation received) to very high (administrative costs representing more than 20% of the actual amount of compensation received):

	Very low (less than 1%)	Low (between 1% and 5%)	Intermediate (between 5% and 10%)	High (between 10% and 20%)	Very high (more than 20%)	I do not know
Proportion of administrative costs in total actual amount of compensation received						

Please explain the reasons for your rating:

1000 character(s) maximum

11. Which benefits for society did the 2012 ETS Guidelines create in your view?

Please rate from 1 to 5, 1 being very minor benefit and 5 being very important benefit:

	1	2	3	4	5	I do not know
Improved wellbeing of individuals						
Energy Efficiency improvements						
Reduced greenhouse gas emissions						
Wider macroeconomic benefits (GDP improvements, productivity enhancements, greater employment rates, improved job quality…)						
Other non monetisable benefits (protection of fundamental rights, social cohesion, reduced gender discrimination, international and national stability)						
Other. Please rate and specify in the field below						

Please explain the reasons for your rating and where possible provide figures:

1000 character(s) maximum

12. Which costs for society did the 2012 ETS Guidelines create in your view?

Please rate from 1 to 5, 1 being very minor cost and 5 being very important cost:

	1	2	3	4	5	I do not know
Regulatory charges (fees, levies, taxes…)	○	○	○	○	○	○
Substantive compliance burdens (costs to comply with substantive obligations or requirements contained in the 2012 ETS Guidelines)	○	○	○	○	○	○
Administrative burdens (costs resulting from administrative activities performed to comply with information obligations included in the 2012 ETS Guidelines)	○	○	○	○	○	○
Hassle costs (waiting time, delays, redundant legal provision…)	○	○	○	○	○	○
Other. Please rate and specify in the field below	○	○	○	○	○	○

Please explain the reasons for your rating and where possible provide figures:

1000 character(s) maximum

13. Point 11 of the 2012 ETS guidelines states that “in case of electricity supply contracts that do not include any CO2 costs, no State aid will be granted”. Has this rule affected the potential for producers of renewable energy to sell their output through Power Purchase Agreements?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

14. In your view, was it useful to have ETS State aid Guidelines compared to the counterfactual scenario where - in the absence of ETS State aid Guidelines - national measures to compensate for indirect emissions costs would have had to be designed by Member States without any guidance from the Commission?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

15. Are there any other observations or comments as regards both the eligibility criterion and/or the formula used in the 2012 ETS Guidelines that you would like to make?

1000 character(s) maximum

Section B: Impact Assessment questions

The following questions aim at providing the Commission with relevant data and information necessary to define and potentially revise (i) the sectors at risk of carbon leakage due to the cost of indirect emissions costs they bear, and (ii) the amount of compensation that should be granted to avoid such carbon leakage without undermining the incentive for cost-effective decarbonisation of the economy and without undue distortion of competition in the internal market. Contrary to section A, these questions are forward-looking and respondent should answer them in view of the expected market circumstances during the next trading period (i.e. Phase 4).

B1 Sectoral Eligibility

16. How should the list of eligible sectors be established for the next trading period?

- ☐ The list should remain the same as the one currently applicable under the 2012 ETS Guidelines
- ☐ The list should be identical to the Carbon Leakage List for the period 2021-2030
- ☐ The list should follow the same methodology as the Carbon Leakage List for the period 2021-2030 but only considering indirect emission intensity
- ☐ The list should be established through an adaptation of the quantitative criteria used to determine the Carbon Leakage List for the period 2021-2030
- ☑ Other
- ☐ I do not know

Please justify your choice:

1000 character(s) maximum

There should not be any list of eligible sectors for indirect ETS costs. This is an infringement of the “polluter pays principle” and this support measure is a strong disincentive to improve electro-intensive industries’ energy efficiency and green procurement in contrast with the Clean Energy Package 2030.

17. In your view, should the compensation be made conditional on?

- ☐ The energy efficiency achieved (volume of production/MWh)
- ☐ The reduction of energy consumption (reduction of MWh)
- ☐ The participation in a national energy efficiency programme, where such programme exists
- ☐ It should not be made conditional
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

B2 Level of Support

Aid intensity

18. Based on your experience, what should be the aid intensity at the beginning of the next trading period?

- ☐ 75%, as it is today
- ☐ Lower than 75%
- ☐ Higher than 75%
- ☐ A variable aid intensity depending on trade intensity and/or the beneficiary's Gross Value Added (GVA), as defined in Annex 4 of the Guidelines on State aid for environmental protection and energy 2014-2020[12]
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

Degressivity

The 2012 ETS Guidelines states that the aid granted to compensate indirect emissions costs must be reduced over time.

19. Based on your experience, should the aid intensity be degressive over the next trading period?

- ☐ Yes
- ☐ No
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

20. How should the degressivity trend evolve in the next trading period?

- ☐ It should remain the same as in Phase 3 (i.e. flat in years #1,#2 and #3, -5% in years #4, #5 and #6, -5% in years #7 and #8)
- ☐ The trend should be less degressive
- ☐ The trend should be more degressive
- ☐ The aid intensity should remain stable over the period, but the electricity consumption efficiency benchmarks should be updated more frequently to maintain the incentive to achieve cost-effective decarbonisation of the economy
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

Electricity consumption efficiency benchmarks

The calculation formula defined under the 2012 ETS guidelines refers to electricity consumption efficiency benchmark in order to establish the level of aid that can be granted to compensate indirect emission costs. These benchmarks represent the product-specific electricity consumption per tonne of output achieved by the most electricity-efficient methods of production for the product considered.

21. How in your view should the efficiency benchmarks be updated in order to incentivise energy efficiency investments by beneficiaries?

Please substantiate your answer:

1000 character(s) maximum

22. How often should the efficiency benchmarks be revised?

- ☐ Never, they would be defined only once in the beginning of the trading period
- ☐ Every year
- ☐ One mid-term review in 2025
- ☐ I do not know
- ☐ Other option: please specify

Please substantiate your answer:

1000 character(s) maximum

CO_2 emission factor

The CO_2 emission factor corresponds to the CO_2 emissions per MWh of electricity generated. The question is what CO_2 factor to use as a basis for calculating the compensation.

23. Which type of CO_2 emission factor should be used for the next trading period?

- ☐ An EU-wide CO2 emission factor
- ☐ A regional CO2 emission factor
- ☐ A national CO2 emission factor
- ☐ I do not know

Please substantiate your answer:

1000 character(s) maximum

24. In case of a regional CO_2 emission factor, how should the relevant regions be established?

- [ ] Based on market coupling
- [ ] Based on bidding zones
- [ ] On another basis
- [ ] I do not know

Please substantiate your answer:

1000 character(s) maximum

25. Do you consider appropriate and feasible to improve the current simplified marginal cost approach and determine the CO_2 factor not by referring to the general electricity mix of a given area but by analysing who has been the actual marginal power plant in the relevant electricity market as observed over the entire year t-1? If so, which data sources should be taken into account?

- [ ] Yes, it would be appropriate and feasible
- [ ] No, it would not be appropriate nor feasible
- [ ] I do not know

Please substantiate your answer:

1000 character(s) maximum

26. Are national energy regulators always able to identify the marginal power plant in the relevant price setting area for all relevant timeframes?

- [ ] Yes
- [ ] No
- [ ] I do not know

Please substantiate your answer:

1000 character(s) maximum

CO_2 price

27. Currently, the maximum amount of compensation is calculated inter alia on the basis of the forward price of the European Union Allowances (EUA) in the year t-1. Do you consider this an appropriate proxy or should alternatives be considered?

- [ ] Yes, this is an appropriate proxy
- [ ] No, this is not an appropriate proxy and alternatives should be considered
- [ ] I do not know

Please justify your answer:

1000 character(s) maximum

Baseline output

28. What type of data should be used to determine the baseline output in the calculation formula?

- ☐ Historical output determined *ex ante* over a sufficiently long and representative reference period
- ☐ Actual output determined *ex post*
- ☐ Historical output corrected by the average of the actual output of the last 2 years, as established by Article 10a) of the ETS Directive for the allocation of free allowances
- ☐ Other
- ☐ I do not know

Please justify your answer and specify which reference period should be considered:

1000 character(s) maximum

Final comments and document upload

29. If there anything else you would like to say which may be relevant for the evaluation and impact assessment of the ETS Guidelines, feel free to do so.

1000 character(s) maximum

- Compensation for indirect ETS costs causes negative effects to the EU climate policy.
- It is not in line with the “polluter pays principle”.
- Eligible energy intensive sectors for indirect ETS costs are mostly already compensated with free allowances.
- Both measures undermine the incentive for a cost-effective decarbonisation of the economy and weaken the Clean energy Package targets.
- As a consequence of most COP 24 subscribers taking a position against climate change, the risk of carbon leakage should strongly decline during the 4th ETS period.
- The fact that MS are free to decide whether to implement the compensation for indirect ETS costs creates a clear effect of distortion in the internal market.
- Indirect ETS costs compensation reduces the incentive to procure energy from RES through PPA that are a not eligible for compensation.

In conclusion, compensation for electro-intensive sectors for indirect ETS costs for period 2021-2030 should be discarded.

If you wish to attach relevant supporting documents for any of your replies to the questions above, please feel free to do so:

The maximum file size is 1 MB
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Please indicate whether the Commission services may contact you for further details on the information submitted, if required.

- [x] Yes
- [ ] No

THANK YOU FOR RESPONDING TO THIS QUESTIONNAIRE.

Footnotes

[1] Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community, OJ L 140, 5.6.2009, p.63.

[2] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96 /61/EC, OJ L 275, 25.10.2003, p. 32.

[3] Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015 /1814, OJ L 76, 19.3.2018, p. 3.

[4] Recital 13 of Directive 2018/410.

[5] According to NACE rev.1.1: http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_CLS_DLD&StrNom=NACE_1_1&StrLanguageCode=EN&StrLayoutCode=HIERARCHIC

[6] Production Communautaire list, available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Industrial_production_statistics_introduced_-_PRODCOM

[7] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2012.158.01.0004.01.ENG&toc=OJ:C:2012:158:TOC

[8] According to NACE rev.1.1: http://ec.europa.eu/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_CLS_DLD&StrNom=NACE_1_1&StrLanguageCode=EN&StrLayoutCode=HIERARCHIC

[9] Production Communautaire list, available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Industrial_production_statistics_introduced_-_PRODCOM

[10] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012XC0605(01)

[11] See in particular point 27 of the 2012 ETS guidelines: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52012XC0605(01)

[12] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2014.200.01.0001.01.ENG&toc=OJ:C:2014:200:TOC

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