

European Parliament says no to „backloading“

ETS further undermined, a backlash for Europe’s energy transition

Today, the plenary of the European Parliament voted against a report changing the auction time profile in EU Emission Trading System (ETS) – the so-called “backloading”. With this vote, the European Parliament misses to send a positive short-term signal for the carbon price to increase again, stimulating investments in sustainable low-carbon technologies.

The European Parliament denied setting the legal basis to temporarily withhold 900 million emission allowances from auctioning, as proposed by the European Commission. Due to a large surplus of ca. 2 billion allowances in the system, caused by over-allocation of free allowances to industry and the lasting economic downturn, the price is currently at €4 per ton of Co₂. At this price, the ETS does not deliver the much needed investment signals for renewable energy projects and prevents a fuel switch from coal to gas. With gas being pushed out of the merit order, the operation of highly-efficient and flexible gas and cogeneration plants remains an uneconomic business.

“The voting result further undermines the ETS and seriously threatens the EU’s declared objective of 80-95% emission reductions in 2050. It’s a harsh backlash for the European energy transition and for local energy companies, which are actively promoting sustainable low-carbon technologies for generation and distribution but depend on clear investment signals” said Gert De Block, Secretary General of CEDEC.

CEDEC had actively supported the report by MEP Matthias Groote, which had limited the possibility of “backloading” to one single intervention until 2020 and thereby increased predictability for stakeholders. This would have given the time to prepare for necessary structural measures such as an increase of the European emission reduction target for 2020 and a permanent retirement of allowances to restore the long-term credibility of the ETS.

CEDEC Background information

CEDEC represents the interests of local and regional energy companies.

CEDEC represents 1500 companies with a total turnover of 100 billion Euros, serving 75 million electricity and gas customers & connections, with more than 350.000 employees. These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, electricity and gas distribution grid & metering operators and energy (services) suppliers.

The wide range of services provided by local utility companies is reliable, environmentally compatible and affordable for the consumer. Through their high investments, they make a significant contribution to local and regional economic development.