

PODCAST on Emission Trading System

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VOICE 1

You're listening to the European Parliamentary Research Service podcast on the reform of the EU emissions trading scheme.

VOICE 2 (to introduce the topic)

To achieve the EU's climate targets, in 2015 the European Commission proposed a reform of its emissions trading scheme to introduce tighter emissions limits. The Parliament's Environment Committee has already adopted its position but will the plenary endorse it? We'll be right back...

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VOICE 1

Set up in 2005, the EU emissions trading scheme is the world's first and biggest international carbon market, covering 31 countries and more than 11.000 power stations and industrial plants, which together account for nearly half of EU emissions...

VOICE 2

It is also a key instrument for achieving the EU's 2030 climate targets, which is why in 2015 the European Commission proposed a reform of the system for the next decade, starting in 2021. So, what are the key points of this reform?

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Well, the first element is a steeper reduction in emissions allowances, from the current 1.7% per year to 2.2% per year from 2021, in order to achieve a 43% reduction in emissions in the ETS sector by 2030, compared to 2005 levels.

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It also proposes new rules for addressing carbon leakage -the relocation of production to countries with less ambitious climate policies-, and the setting-up of two new funds to support innovation and modernization in the energy sector.

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In December 2016, the Parliament's Environment Committee (which takes the lead on the proposal) adopted its position after considering over 650 amendments!

VOICE 2

It proposes to reduce the number of emissions allowances by 2.4% per year, -instead of the 2.2% proposed by the Commission- and to increase the amount of allowances that can be placed in the market stability reserve that was established to reduce the surplus of carbon credits available for trading.

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In line with the opinion of the Committee on Industry, Research and Energy,

-with which it shares competence on some aspects - the Environment Committee's report proposes to raise the number of free allowances for the most efficient companies and to beef-up resources for the Innovation Fund.

VOICE 2

While Member States are still making up their minds... the Parliament's plenary will take a look at the proposal during next week's plenary session in Strasbourg. We'll be there, watching the vote!

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