

Scheme for greenhouse gas emission allowance trading within the Community. EU Emissions Trading System (EU ETS) Directive

2001/0245(COD) - 10/10/2002 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution based on the report by Jorge MOREIRA DA SILVA (EPP-ED, Portugal) on emission allowance trading. (Please refer to the document dated 10/09/02.) Parliament asked that Member States ensure that direct mechanisms to reduce carbon dioxide such as combined heat and power generation, receive consideration in national allocation plans. It went on to state that: - policies and measures should be implemented at Member State and Community level across all sectors of the EU economy, and not only within the industry and energy sectors, in order to generate substantial emission reductions. Member States should ensure that the choice and substance of policies do not, within a particular sector, result in competition distorting unequal treatment of undertakings which is not objectively justified, such as advantages and disadvantages in terms of policy on climate. -any agreement for mutual recognition of allowances between the Community greenhouse gas emission allowance trading schemes and other trading schemes will be limited to the trading of emission reduction allowances. The use of carbon sinks within this scheme will not be permitted. -credits from clean development mechanism and joint implementation projects under the Kyoto Protocol will not fall within the scope of this directive in the first period beginning in 2005. The trading of allowances may only be linked to credits from clean development mechanism or joint implementation projects that do not involve carbon sinks or nuclear energy sources. Instead of allocating allowances free of charge as provided in the commission's proposal, Parliament provided that, until 2013, Member States will allocate 15% of the allowances against payment and the remaining part free of charge. When selling part of the allowances, Member States must try and avoid any increase in the overall financial burden for operators, notably where energy taxes are applied, in order to achieve neutrality.