Greenhouse gas emission allowance trading: timing of auctions

2012/0202(COD) - 25/07/2012 - Legislative proposal

PURPOSE: to amend Directive 2003/87/EC clarifying provisions on the timing of auctions of greenhouse gas allowances.

PROPOSED ACT: Decision of the European Parliament and of the Council.

BACKGROUND: Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC does not specify how volumes of greenhouse gas emission allowances to be auctioned are to be distributed over the trading period.

One of the features of the change from the phase 2 (period from 2008 to 2012) into phase 3 (period from 2013 to 2020) and the implementation provisions adopted so far is that the supply of allowances and international credits is expected to temporarily increase significantly in the short term. This exacerbates the already significant, unforeseen impact of the macro-economic developments, due to which emissions have decreased considerably and are not expected to increase significantly in 2012 and 2013. This combination of increased net supply and reduced demand increasingly affects the orderly functioning of the European carbon market in the transition to phase 3.

In the light of such exceptional circumstances, **the Commission is currently reviewing the need for a further change of the auctioning timetable** and will invite experts in the Climate Change Committee to consider a draft for a future amendment to Commission Regulation (EU) No 1031/2010 and indicate their view on the appropriate action to be taken before the end of this year. The Commission also invites any other interested stakeholders to express their views on this draft and will actively engage with them in this regard.

Meanwhile, the legislative process to **clarify the scope of the Commission's powers** by means of the present proposal should proceed swiftly and independently of the result of consultations with the Climate Change Committee.

Finally, the Commission reaffirms its commitment, as stated in the context of the agreement on the Energy Efficiency Directive, to urgently examine and present options for action with a view to adopting further appropriate structural measures to strengthen the ETS during phase 3, and make it more effective.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 192(1) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: for the purposes of legal certainty, it should be clarified that, in order to ensure an orderly functioning of the market, the Commission is able to adapt the auction timetable laid down in Commission Regulation (EU) No 1031/2010. The proposed amendment would expressly provide such clarification in the relevant provision of the EU ETS Directive.

BUDGETARY IMPACT: this measure does not have any impact on the Union’s budget.