

Decision to raise no objections to draft Commission regulation amending Regulation (EU) No 1031/2010 in particular to determine the volumes of greenhouse gas emission allowances to be auctioned in 2013-2020

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The European Parliament decided by 306 votes to 276, with 14 abstentions, **not to raise objections** to draft Commission Regulation (EU) No.../... amending Regulation (EU) No 1031/2010 in particular to determine the volumes of greenhouse gas emission allowances to be auctioned in 2013-2020.

To recall, Commission Regulation (EU) No 1031/2010 provides the volumes of allowances to be auctioned each year, after deducting the allocation given free of charge from the Union-wide quantity of allowances issued in the same year.

A deviation from this time profile has also been decided in Commission Regulation (EU) No 1210/2011 to determine a volume of allowances to be auctioned early, prior to 2013, with corresponding reductions in the 2013 and 2014 auction volumes, with the foremost objective to ensure a smooth transition from the second to the third trading period, taking due account of the hedging needs for compliance in the early years of the third trading period. These annual volumes were decided based on the factors determining supply of and demand for allowances at the time of the assessment and assumption of an ongoing economic recovery.

At the start of the third trading period (2013-2020), the EU Emissions Trading System (ETS) was characterised by a surplus of around 2 billion allowances. The current imbalance in the EU ETS is primarily due to the economic crisis and a large inflow of international credits at the end of phase 2 in view of restrictions on the use of certain credits introduced in phase 3.

The presence of a large surplus is a problem as it is expected to lock the EU into high carbon capital and investment.

As a short term measure to mitigate the effects of this problem in the context of additional temporary imbalances caused by regulatory changes linked to the transition to phase 3, the Commission proposed to back-load the auctioning of 900 million allowances in the beginning of phase 3 (2014, 2015 and 2016).