



Press release – November 22, 2016

## **European energy companies urge EU policymakers to take action for a robust carbon price signal on the European carbon market**

**Today, Chairmen and CEOs from six major European energy companies – Centrica, CEZ, ENGIE, Fortum, Iberdrola, Innogy – representing the Magritte initiative<sup>1</sup>, gathered at the European Parliament in Strasbourg to call for a higher level of ambition in the reform of the European carbon market (Emissions Trading Scheme, “EU ETS”). They organised a public hearing with members of the European Parliament.**

The companies welcomed the ratification of the Paris agreement and its entering into force before the COP22. This shows once again the leadership of the European Union in the fight against climate change. The EU must now turn its long term climate commitments (80-95% of greenhouse gas emission reductions compared to 1990 by 2050) into concrete measures in order to align the EU ETS with the objectives agreed in Paris.

The reform proposed by the European Commission, whilst welcome, will not be sufficient to live up to Europe’s ambitious low-carbon agenda and to secure the shift to low carbon technologies. A functioning EU ETS is critical to make the energy transition possible in a cost effective way while providing the private sector with clear and robust price signals to invest in low carbon and carbon free technologies.

According to the International Energy Agency (IEA) investments of almost USD 2.5 trillion are required in the EU’s power sector over the period 2015-2040 to reach its climate goals. The energy sector accounts for almost 60% of greenhouse gas emissions covered by the EU ETS.

Policymakers must go beyond measures taken so far to strengthen ETS (“backloading”/ Market Stability Reserve) and the current proposal under discussion. The negotiations of its “4<sup>th</sup> phase” (2021-2030) provide a unique opportunity to fix the European carbon market.

In this context, a combination of short and long term measures to fix the EU ETS is needed, no single measure being able to do that alone. Therefore, new initiatives must go beyond the current texts under discussion with the aim of:

- Strengthening the structure of the carbon market and restoring the investors’ confidence by providing visibility and predictability;
- Fostering robust price signals on the market – a significant increase in CO<sub>2</sub> prices is necessary to unlock the full decarbonisation potential of the power sector in the future.

Measures adopted at EU level should be preferred over uncoordinated national initiatives that undermine the ETS and disrupt the level-playing field in the European Union.

These proposals must go hand in hand with efficient carbon leakage provisions to protect the competitiveness of European industries exposed to international trade.

---

<sup>1</sup> Since its launch in May 2013, the Magritte Group has offered its assessment of the energy and climate situation in Europe. The CEOs of the ten companies that make up the group aim to contribute to the debate by offering constructive proposals, in particular concrete solutions to revitalize Europe’s energy and climate policy.