

**Ergeht per Themenmonitor an:**

- 1) alle Wirtschaftskammern
- 2) alle Bundessparten

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**Consultation on the preparation of a legislative proposal on the effort of Member States to reduce their greenhouse gas emissions to meet the European Union's greenhouse gas emission reduction commitment in a 2030 perspective**

Sehr geehrte Damen und Herren!

Nachstehend übermitteln wir Ihnen die Antwortvorschläge zu den Fragen der EK, mit der Bitte um Anmerkungen und Ergänzungen.

**1. How can the availability and use of the two existing internal flexibility instruments under the ESD be enhanced to ensure cost-effectiveness of the collective EU-effort in 2021-2030:**

- a) for banking and borrowing; and
- b) for AEA transfers among Member States, respectively?

Should the emissions of a Member State exceed their annual emission allocations (AEAs) for a certain year, the current 5% threshold for borrowing from the next year should be expanded. The current regulation is too restrictive and flexibility could be enhanced. This reflects the idea in conclusions of the October European Council and would also lead to increased cost-effectiveness. While this threshold should certainly be higher, scrapping it altogether could even be envisaged.

Suggestions to increase cost-effectiveness by making transfers among Member States more flexible and simple are also welcome.

**With respect to the latter, is there need for more transparency in how Member States engage in AEA transfers? Could the current rules be further enhanced through more transparent reporting, the use of trading platforms, project-based mechanisms, auctioning,**

or through other means? Are there examples from other areas that could provide useful experience in designing a post-2020 transfer system?

Any suggestion to increase transparency is welcome.

2. On the basis of experience with the present set of rules on reporting, monitoring, and corrective actions, which aspects should be maintained and which should be changed after 2020?

Please select one of the following:

- a) Keep it as it is: Annual reporting and annual compliance checks with existing corrective action (explain your reasons);
- b) Annual reporting with biennial compliance checks with existing corrective action (explain your reasons);
- c) Biennial reporting with biennial compliance checks and enhanced corrective action (explain your reasons and possible additional corrective actions); or
- d) Other (with explanation).

Please explain your selection:

3. How can cost-effectiveness be reflected in a fair and balanced manner in adjusting individual ESD targets for Member States with a GDP per capita above the EU average? What can be the role of the one-time reduction through a limited amount of ETS allowances in achieving these Member States' ESD targets, while preserving predictability and environmental integrity?

It is true that, as the European Commission points out, realising cost-effective mitigation potentials to reach the GHG emission reductions in ESD sectors is very difficult for higher-income Member States, whose domestic potential for making such reductions is relatively limited and very expensive. We strongly believe that Austria's non-ETS target will be very difficult and very expensive to achieve - irrespective of how exactly the targets for the Member States with a GDP per capita above the EU average will be relatively adjusted to reflect cost-effectiveness.

However, it is absolutely crucial to make sure that cost-effectiveness is greatly reflected when adjusting the targets of Member States with a GDP per capita above the EU average. Cost-effectiveness - and not GDP per capita - must therefore be the dominant criteria when determining the ESD targets for these Member States.

Most importantly, it must not be the case that ETS allowances are used to aid Member States in achieving their national ESD, regardless of how ambitious these are. We are very concerned about the future of the ETS, especially its ability to prevent carbon leakage and a loss of competitiveness for even the most efficient energy-intensive industries.

The ETS sectors are currently and will continue to remain overburdened when compared to the ESD sectors. Member States should not be allowed to pass more and more of the costs regarding CO<sub>2</sub>-reduction onto their industries. On the contrary, it must be ensured that Europe remains an attractive business location for industry, especially energy intensive industries. Member States should instead focus on sectors such as buildings and agriculture, where large untapped and cost-effective potentials continue to exist.

Furthermore, measures that would further decrease the planning and investment security of ETS installations must be avoided. Therefore, it is absolutely crucial that allowances intended for

ETS industries remain available for these sectors only. If, however, Member States insist on a one-time reduction through the use of a limited amount of ETS allowances in achieving these Member States' ESD targets, this must be very, very restrictive and these allowances must be taken from the Market Stability Reserve only.

**4. Do you have studies on:**

- the implementation of the ESD at the level of Member States and at regional level;
- how the ESD incentivises greenhouse gas reductions in the different sectors concerned;
- good practices of policies and measures that are of particular interest for sharing with other Member States; and
- other benefits apart from greenhouse gas emission reductions

that you think the Commission should be aware of?

In your view, what are the key lessons learned of these studies relevant for the European Commission and other Member States, and what other benefits does ESD implementation bring (e.g. in terms of job creation, energy security, health benefits, ...)?

**5. Is the current scope of EU-wide action and legislation OTHER than the ESD to support Member States' emission reductions in ESD sectors sufficient, or should it be enhanced?**

- a) The current scope is sufficient; or**
- b) The current scope should be enhanced.**

**Please explain your selection:**

The EU must resist the temptation to overregulate in the field of climate and energy policy. On one hand, this "enhancement" would likely increase the administrative burden and the cost of compliance for businesses, while at the same time decreasing their ability to choose which reduction measure is best suited for their respective circumstances.

On the other hand, incoherent and overlapping policies have often had unwanted and adverse effects. For example, the widespread introduction of renewables and energy efficiency measures has led to a decrease in ETS CO<sub>2</sub> prices - which has, in turn, led to various unwelcome measures to raise the price of allowances (backloading, early introduction of the MSR).

In the interest of better regulation and in line with the respective initiatives of Commission President Juncker and Commission Vice-President Timmermans, the aim must be to reduce the administrative burden, simplify the regulations and avoid incoherent, overlapping policies.

However, regarding renewables policy, a robust new governance mechanism will be necessary to ensure that every Member State contributes fairly to the EU-wide renewables target of 27% set by the October European Council.

6. Is there a need for additional EU action in terms of capacity building and similar support targeted at the regional and local level to facilitate national policies and measures under the ESD after 2020?

a) Yes

b) No

If you selected answer a), what kind of additional support do you have in mind?

The current scope is sufficient. However, it must be ensured that support is given especially to Member States whose cost-effective potentials are lower.

Freundliche Grüße

Eli Widecki