

Press Release

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EU ETS: more must be done to decarbonise Europe's economy

On 27 February, the revision of the EU Emissions Trading System (EU ETS) for its next phase (2021-2030) has been approved by the Council of the European Union. FORATOM welcomes the reform as it strengthens the functioning of the system. At the same time, more should be done if the EU wants to restore confidence in the EU ETS as its main driver for decarbonising the European economy in an affordable way.

“The revision of the EU ETS is a step in the right direction as it should enhance cost-effective emissions reduction. However, it may not be enough to boost the development of all low-carbon technologies in the EU or fully align the system with the conclusions of the Paris Agreement. The EU ETS should be spearheading the switch from fossil fuels to low-carbon energy sources, including nuclear energy. If the necessary investments are to be incentivised, the carbon price needs to increase significantly, starting now. Without it, the EU will fall short of fulfilling its climate goals,” said Yves Desbazeille, FORATOM Director General.

FORATOM welcomes the doubling of the Market Stability Reserve (the mechanism which absorbs excess permits from the market) up to 24% for the first four years as of 2019. Nevertheless, the allowances should be cancelled upfront, as originally proposed by the European Parliament. Furthermore, FORATOM would have liked to see the overall number of emission allowances decline at an annual rate of 2.4% from 2021 onwards, rather than 2.2% as has now been agreed (the current Linear Reduction Factor is 1.74%). Finally, the revised EU ETS does not prevent some Member States from misusing free emission permits and using them to subsidize lignite and hard coal plants.

In FORATOM's opinion, the European Commission should ensure that there are no overlaps with other EU and national climate policies when introducing the revised EU ETS. Priority should be given to the EU ETS and overlapping policies discouraged. In addition, the new Energy Union governance framework needs to play a key role. It is crucial to guarantee that the revised EU ETS becomes the key EU instrument for decarbonising the EU's economy, and that this is not undermined by overly-ambitious renewable energy or energy efficiency targets that suppress the carbon price.

Nuclear energy accounts for 27.5% of electricity in the European Union and almost half of its low-CO₂ electricity – it is an essential contributor to the EU's energy and climate goals. Providing large scale reliable low-carbon baseload electricity, it ensures security of supply across the EU.

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