8 September 2015

Input to public consultation on the revised EU ETS Directive; COM(2015)337/F1

Euro Chlor is an affiliate of Cefic - EU Register ID Number 64879142323-90

The European Council in October 2014 concluded that carbon leakage risk prevention needs to be the first priority of the ETS revision and that both direct and indirect carbon costs will be taken into account, in line with the EU state aid rules so as to ensure a level-playing field. In order to maintain international competitiveness, the most efficient installations in these sectors should not face undue carbon costs leading to carbon leakage.

Euro Chlor, the federation of the European chlor-alkali industry, fully supports this conclusion. We also recognise that the Commission in its ETS reform proposal has made improvements, but we believe the proposal does not yet sufficiently address the issue of indirect carbon costs.

We believe that the ETS reform should be such that the most efficient installations should not face additional, undue costs (direct or indirect carbon costs) and receive full free allocation/financial compensation at the level of realistic benchmarks, namely at the 'best 10% performance level'.

We have provided input throughout the 2014 stakeholder consultations both at sector and company level, and also through the Alliance of EU's Energy-Intensive Industries. The current EU ETS reform proposal needs a significant upgrade to ensure reconciling EU's growth and climate agendas so that energy intensive industries including the EU chemical industry have a future in Europe.

For Euro Chlor it is fundamental that the ETS reform includes an EU wide harmonised solution to fully compensate for indirect CO2 emission costs passed through in electricity prices at the level of the benchmark.

- The current proposal brings an improvement as member states "should" provide financial support rather than "may", but it still leads to an arbitrary compensation system which does not provide a level playing field across the EU. Euro Chlor calls for an EU wide harmonised solution to fully compensative for indirect CO2 emission costs.
- The proposal does encourage member states to use auctioning revenues to fund financial measures to compensate for such costs, which is an improvement, but again this will lead to different implementation across the EU.

The current proposal does not sufficiently address the specific situation of electro-intensive industry and it does not provide regulatory certainty or sufficient support for the competitiveness of these sectors. We will continue to contribute our industry's views and expertise during the further development of this legislation.

D Van Wijk, Euro Chlor Executive Director