



European Commission

DG Enterprise and Industry

Sectoral approaches and the EU carbon market

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Workshop on sectoral approaches

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EU carbon market (ETS)

- EU ETS Directive under revision
 - Incorporating experience gained with NAPs
- Cost effectiveness of emissions reduction
 - Promoting innovation and investment in low carbon solutions
- Allocation principles
 - Auctioning
 - Transitional free allocation
- Legal certainty and long term carbon price signal



Sectoral approaches

- Industry-led and cost-effective way to achieve emissions reduction at sectoral level
 - Transparency and common rules
 - Address anti-trust issues
 - Must be compatible with climate approaches in different regions
- Linking with EU ETS
 - Enforcement mechanisms
 - Methodologies for MRV – monitoring, reporting and verification
 - Impact on carbon price, supply and demand for emissions reduction credits



Key challenges

- Defining the factors that may lead to, and measuring the extent of, carbon leakage
- Assessing the capacity to pass carbon related costs along the value chain
- Assessing exposure to int'l competition



State of play

- Good cooperation with industry (energy intensive)
- Data gathering and analysis
- Validation of analysis

SA contribution to the EU ETS

- Inclusion of importers
- Establishing benchmarks
- Financing investment