



*** Press release for immediate release ***
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Growing glut of carbon allowances threatens EU climate ambition

New data arriving fresh on the heels of an alarming new IPCC report on the impacts of climate change finds EU climate policy under growing threat from a burgeoning stockpile of carbon allowances in the Emissions Trading Scheme (ETS).¹

New data released today covering 2013 emissions under the ETS suggests around 145million² excess carbon allowances were issued in 2013 as emissions fell by 1.1% relative to 2012.³ The ETS, which covers half of Europe's carbon dioxide emissions, is supposed to set a tight limit on emissions but has been plagued by oversupply issues since its inception, with surpluses growing to around 2.2 billion tonnes in 2012.⁴ A strict new cap on emissions put in place from 2013 was supposed to arrest and reverse this trend, but today's provisional data release lends weight to fears that surpluses will continue accumulating in the scheme until 2020, weakening incentives to reduce emissions for decades.⁵ New offset credits surrendered into the scheme are likely to swell these surpluses even further, but data on offsets is not due to be published until May.

Damien Morris, Head of Policy at Sandbag says, *"As the world's climate scientists call for an 'age of climate responsibility', Europe's climate efforts threaten to be sabotaged for decades by the mountain of spare carbon allowances that have accumulated in its Emissions Trading System. If Europe is to deliver on its responsibilities and fix the broken ETS, EU policymakers urgently need to cancel this growing surplus and agree ambitious new climate targets for 2030."*

ENDS

The Sandbag Climate Campaign is the NGO leading in research-led campaigning for effective emissions trading. Through expert analysis, hard hitting reports and targeted advocacy we aim to shine a light on what's working and what's not and campaign for changes that could save billions of tonnes of carbon emissions.

For further comment and information please contact:

Notes to Editors

¹ New data published on EUTL website here:

http://ec.europa.eu/clima/policies/ets/registry/docs/verified_emissions_2013_en.xls

2013 emissions data were published for 83.7% of ETS installations. Indicatively these accounted for 91.5% of emissions in the previous year.

² 2013 cap for stationary installations minus verified 2013 emissions (adjusted up to 1,907 Mt to account for incomplete data). Aviation has been excluded until there is greater clarity about the 2013 aviation cap.

³ Comparing like-for-like emissions across stationary installations with verified emissions in both 2012 and 2013 which are not closed. Including closed installations delivers a like for like change of 1.6%

⁴ This figure is for stationary installations. It takes the cap in the Phase 2 NAPs (10,530Mt), adds in early auctions from both the NER300 and "frontloading for power hedging (320Mt); adds in 1,048 offsets surrendered and subtracts verified emissions (9,709). Aviation emissions have been excluded until there is greater clarity about aviation scope.

⁵ A recently approved decision to postpone the release of several hundred million allowances will only temporarily allay this development.

