Being serious about the Paris Agreement: Stop the ETS funding coal, Start a meaningful carbon price

This Agreement [...] aims to [...] making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

Paris Agreement, Article 2(1)c

We, the undersigned, urgently appeal to Representatives of European Parliament, Council and the European Commission to ensure that European power and industry are put on the right track to rapidly and cost-effectively reduce their carbon emissions. The European Union was instrumental in designing the Paris Agreement. Now it must implement it. On 8th November, the aforementioned decision-makers will discuss final changes to the EU Emissions Trading System (ETS) for the post-2020 period. It is vital that these changes enable the ETS to help deliver the Paris commitments. The recently published UNEP report underlines the urgency to act now in order to ensure that the 1.5°C target remains attainable[1].

One important discussion topic will be the design of the ETS funds. It is crucial that **ETS funds stop subsidizing coal plants**. We are glad to see that the European Parliament as well as seven Member States[2] have called for ending this misuse of funds. To reach the "well below two degrees" goal agreed at Paris, the International Energy Agency's (IEA) modelling shows that unabated coal in Europe must fall to zero by 2030: This means that the ETS must no longer fund this obsolete and polluting technology and needs to accelerate a socially just transition instead.

The second crucial topic is how **to ensure a meaningful carbon price that drives decarbonisation throughout the 2020s and beyond**. This can only happen if the cap on the ETS emissions continues to tighten in line with the Paris climate goals, and is adjusted downwards to account for progress. Without this change, the EU carbon market will remain on an inadequate decarbonisation trajectory and risks another decade of irrelevance, leaving the EU lagging behind on green growth and innovation.

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[1] Under current trends, it is expected that in 2030 global efforts to remain on a 1.5°C pathway are 16 to 19 GtCO2 off track. UNEP (2017). The Emissions Gap Report 2017. Available here.

[2] Non-paper by Denmark, France, Germany, Luxembourg, the Netherlands, Sweden and the UK

Fundamentally, the EU ETS must ensure a meaningful carbon price in line with the Paris climate goals, while at the same time stop subsidizing high-carbon intensity technologies such as coal.

We count on your support.

Kind regards,

Carbon Market Watch

CEE Bankwatch Network

Center for Transport and Energy

Change Partnership

Climate Action Network (CAN) Europe

EfdeN Romania

Sandbag

WWF EPO

Young European Federalists

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