



Position paper of the Alliance

# STRATEGIC CHOICES FOR ETS POST-2020:

## ALLOW ENERGY INTENSIVE INDUSTRIES TO BE COMPETITIVE AND GROW IN EUROPE

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# The Alliance of Energy Intensive Industries

The Alliance of Energy Intensive Industries represent over 30.000 European companies and 4 million jobs.

Consisting of following federations:



## Alliance Position Paper – April 2015

**Proposal on carbon leakage protection, free allocation principles and competitiveness under ETS Phase IV to ensure simple, fair, predictable and effective rules i.e.:**

- Carbon leakage protection needs to be **the first element of the ETS revision** based on **the same criteria and assumptions** as under Phase III, as well as on **technically and economically achievable benchmarks**;
- An **EU-wide harmonized system** must be put in place, which **fully off-sets direct and indirect costs at the level of the most efficient installations in all Member States**; therefore, no cross-sectoral correction factor should be applied to free allocation;
- Allocation methodology must be closely aligned with **real/recent production levels**;
- **Innovation support** must be extended **to industrial sectors**;

**This is fully compatible with  
the March and October 2014 European Council Conclusions**

## Alliance Position Paper – April 2015

**Creating a reserve for growth:** To ensure sufficient availability of allowances for free allocation for industry, a reserve for growth would be needed. This reserve for growth would act as a buffer to ensure predictable access to both free allocation and auctioned allowances.

There are several ways to operate this proposed reserve for growth:

- It can be **filled with unused free allowances** due to lower production in phase III, back-loaded allowances, un-allocated allowances from New Entrants Reserve. Then it can provide allowances for growth in case of higher production.
- In addition, the **Market Stability Reserve** could also be used as the source for granting such allowances, if it would be designed as a sink for unused allowances from which allowances could be released for said purpose.