

# Main points and appropriate schedule to get the best implementation of the new ETS regime

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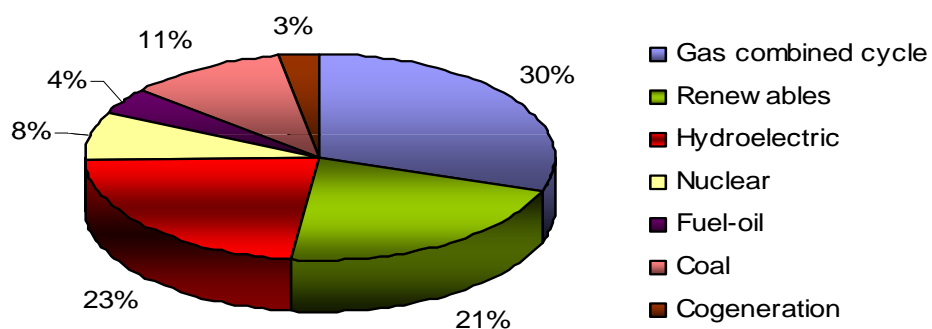
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# Installed capacity and future investments

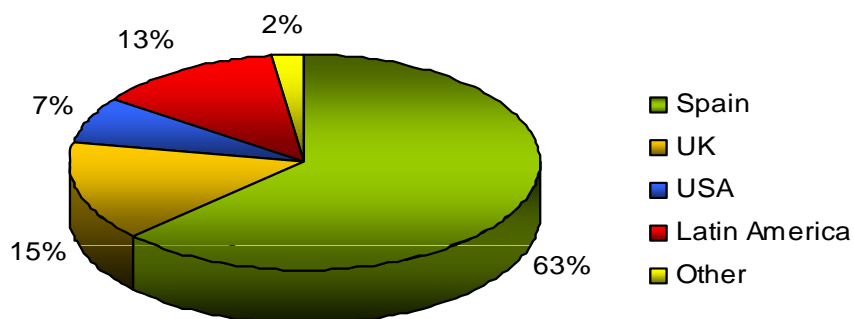


## Total Installed capacity 2008 (43.311 MW)

### By technology

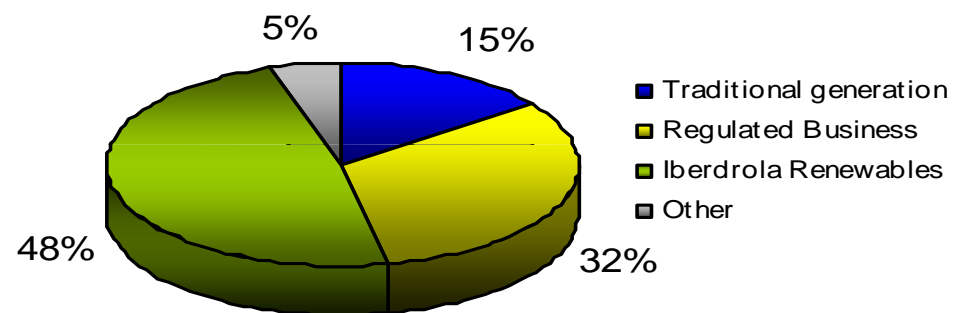


### By geographical area

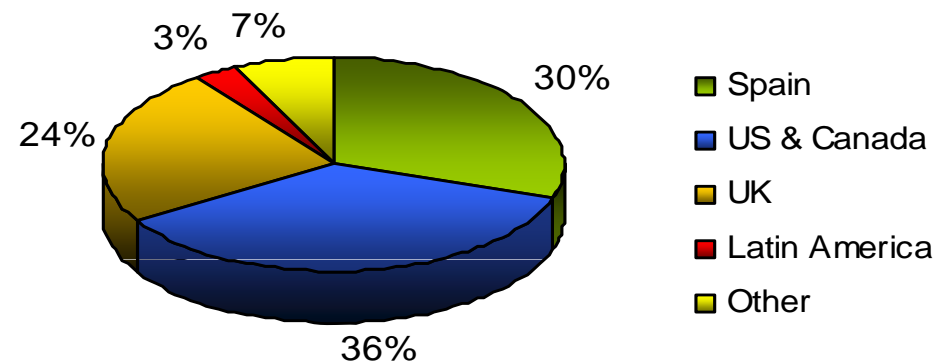


## Strategic plan 2008-10 (EUR 24,2 Bn in 3 years)

### By business



### By geographical area



# The ETS



Flexible mechanism to help comply with the reduction of emissions of different agents trading allowances to emit GHG

*Serves in theory to comply with the particular objectives of the different agents at minimum costs....*

*In practice, signal (costs of allowances) is key for suppliers:*

- *operations and operational planning (fuel purchases)*
- *Investments (e.g. in new capacity)*

*And for consumers:*

- *It can increment the costs of goods*
- *It can drive energy savings or energy efficiency actions*
- *It can affect the competitiveness of industries*

*Some transitional measures (free allowances) can be applied to mitigate this effect*

*Final reduction of emissions depends on other variables and measures (reduction must take place in the non ETS sectors)*

# The new ETS



New ETS has improved substantially the provisions in the former Directive of ETS

*NAPs were very heterogeneous. Single allocation for the sectors that take part in the Scheme will correct this effect. More visibility on the cap on GHGs allowed.*

*Auction is the default method in particular for the electricity sector. Some exceptions and transitional periods are still allowed.*

*Limits to the JI/CDM used in the Scheme must be kept so that still domestic action is required to reduce emissions*

*More systematic definition of the sectors exposed to carbon leakage*

*Reserve to new entrants to be used for other purposes (CCS and research in renewables)*

## Schedule of the new ETS

Rapid approval of the New ETS has left more time to agree on different subjects prior to the final implementation of the new ETS (1/1/2013)

*Auctions are probably the more critical area in the case of electricity sectors. Member States must not affect the development of these auctions (let the market work).*

*Directive is too focused in current objective of reduction (20%). An international agreement is of course desirable, but it will launch a new codecision procedure that can make Member States to reopen agreed issues, in particular in the presence of a tighter objective.*

*Europe must promote the application of other ET schemes, but the linkage among the EU ETS and these other schemes must be technically compatible and politically acceptable.*

*Allocation has proved to be key in the former ETS and must be solved promptly (rules for auctioning and for free assignments). In particular, if an international agreement is reached, auctioning should be the way to go*

## Conclusions

- The new ETS has improved substantially from the first ETS Scheme. In particular, harmonization of assignment of allowances was necessary
- Allowance assignment (both auctioning and the determination of allowances for the sectors exposed to carbon leakage) is the more urgent task
- Price of allowance is key, in particular for technology switch. Do not interfere the market.
- Search for international agreements to reduce GHG and support other Trading Schemes. Link them whenever is technically and politically suitable



***Thank you  
very much for  
your attention***