

Brussels bids to rescue carbon-trading scheme

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EU commissioner for Climate Action Connie Hedegaard speaks on July 11, at the EU headquarters in Brussels. The European Commission made a bid Wednesday to fix the EU's sickly Emissions Trading Scheme, calling for a delay in the auction timetable over 2013 to 2020 in order to prop up prices.

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"Is it wise to continue to flood an already oversupplied market? Clearly not," said Europe's energy commissioner Connie Hedegaard on twitter. "That's why (we) propose to change the auction time profile."

The ETS scheme, a centrepiece of EU [climate policy](#) aimed at spurring renewable [energy output](#), is in trouble thanks to oversupply of carbon

allowances in recessionary times.

Prices Wednesday were at seven euros a tonne in comparison to the 24 to 30 euros needed to invest in renewables.

As the scheme widens and goes into its third trading period in 2013, some 8.5 billion tonnes of carbon allowances are to be put up for auction between then and 2020.

Hedegaard see three options, from a small freeze of 400 million tonnes to a medium freeze of 900 million or a more significant intervention affecting 1.4 billion tonnes.

The [European Parliament](#), which is involved in the decision-making, favours the steepest option, which would bring the price up to 14 or 15 euros.

Hedegaard said the change in the timing for auctions was "a short term measure" to improve the functioning of the market.

"If the political will is there all the necessary decisions can be taken before the next auctioning phase starts at the beginning of 2013."

Under the ETS system, member states each year allocate two billion tonnes of [carbon emissions](#), or around half of the [CO2 emissions](#) produced across the 27-nation bloc, in sectors such as steel, chemicals and energy.

Eleven thousand companies in the 27 EU states and three others buy some of the certificates, the remainder currently being handed out free of charge and traded if unused.

But from 2013 none of the certificates will be free as the EU sticks to a

pledge to bring emissions from industrial installations down to 21 percent of their 2005 levels.

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