

EU court rejects Polish challenge to CO2 emissions system

March 7 2013



Night view of the Belchatow power plant on September 28, 2011. A top EU court rejected Thursday a challenge by Poland, heavily dependent on coal, to the bloc's controversial greenhouse gas trading system.

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The General Court said the European Union's allocation of free carbon

dioxide credits for 2013 was fully in keeping with EU law and that the Polish complaint had no basis.

The EU [Emissions Trading](#) System for CO₂, the greenhouse gas widely blamed for global warming, first allocates an amount of pollution credits free to companies.

If they exceed this level, they can either buy more credits through the ETS or longer-term, invest in new technology to reduce their [CO₂ emissions](#), which in turn may result in their having credits to sell to others.

Poland, which relies on coal for 90 percent of its energy needs, said the way the pollution credits were calculated and allocated breached EU law, as well as being disadvantageous for its companies.

If Poland seeks to appeal, it would have to go one step up to the European Court of Justice.

The ETS has so far not lived up to promises that it would encourage companies to curb their [greenhouse gas emissions](#) because prices are so low, giving them little incentive to invest in new, less polluting technology.

Brussels plans to freeze about 900 million tonnes of pollution credits in 2013-2015 in an effort to boost prices and so get the market functioning as intended.

Current prices for carbon of around 4.0 euros a tonne are a long way short of the mid-20s judged necessary by analysts to put the ETS back on track.

The European Commission called for the freeze on the grounds that the

[economic slump](#) had resulted in less demand for [carbon credits](#).

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