

Should we ditch the EU Emissions Trading Scheme or drop all other over-lapping climate policies?

Neither, argues [a new report](#) from Sandbag published today, but we do need a better policy framework.

The EU's Emissions Trading Scheme is 10 years old this year. Climate campaign group Sandbag has today published a new report, placing it in the context of other climate and energy policies and exploring the impact of external events that have occurred over the last decade.

[Webinar discussing the report at 11am BST](#). Ask questions with the hashtag #ETSinContext

On July 15th we are expecting a significant ETS reform package to be published, that will spark considerable debate about its future role and how it relates to other EU ambitions and policies. This report is intended to inform that debate.

Sandbag have consistently highlighted the mismatch between the scheme's cap and actual emissions, which are falling fast. Unambitious caps, a recession and generous offsetting provisions have all created a massive surplus of allowances, which we estimate will grow to over 4bn tonnes by 2020.

The obvious failings of the ETS to keep pace with reality and price carbon appropriately have led some to call for it to be scrapped. Others would rather continue with just the ETS and scrap all other climate policies.

This report concludes that neither scenario is likely and that rather than engage in a polarised debate we acceptance that the broad-based ETS will always exist alongside other more targeted climate policies and it must therefore be designed to take into account this reality.

Our key findings are:

- The ETS is plagued by oversupply problems, caused by multiple factors including policy interactions and exogenous factors, which include the deployment of renewable energy, economic instability, 'frontloading' offsets, power efficiency and industrial decline.
- A portfolio approach is best, on the grounds that it will best overcome non-price barriers, it will support new technologies, and address high carbon lock-in.
- For the EU's 2030 package, it is crucial that the role of the ETS must be clearly communicated, is resilient to the factors which have caused current problems in the ETS, and contributes to the European Commission's ambition for an EU industrial renaissance.

Director of Sandbag **Baroness Bryony Worthington** commented,

"For the last seven years Sandbag has been closely tracking the ETS, opening it up to public scrutiny and illustrating how it has been performing. This year we took a step back and looked at the policy in context. It has become clear to us that the EU's climate and energy package of 2020 was flawed and we cannot run the risk of making the same mistakes in the 2030 package. There is much we can learn from 10 years of operating a cap and trade policy alongside supporting policies – we need the next set of policy reforms to implement those lessons."

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Notes to Editor

The report can be found here: <https://goo.gl/YgEQfu> (PDF)

The report will be launched during a live a webinar at 11am BST on Thursday 25th June where Director of Sandbag Baroness Bryony Worthington will be joined by Matt Gray, co-author of the report, and Ben Garside from Carbon Pulse.

To join please visit bit.ly/1dfCHwA Ask questions with the hashtag #ETSinContext