



14 February, 2013

Dear Member of the European Parliament, Council, and Climate Change Committee,

The EU ETS was designed to be the most cost effective means to reduce greenhouse gas emissions in line with the EU's 2050 climate target, whilst at the same time, creating incentives for investments in low-carbon technologies by reinforcing a clear, long-term carbon price signal.

The effectiveness of the EU ETS has been undermined by a surplus of allowances. **The current carbon price (approximately 4-6 EURO/t) will not stimulate low-carbon investments or innovation.** Without agreement on the backloading proposal the price will fall further thus threatening the long term survival of the ETS.

A failure of the EU ETS would distort the internal market with the emergence of a patchwork of 27 different energy and climate measures ranging from regulations to taxation. Globally (Australia, China and South Korea) carbon markets are emerging in order to foster investments in low carbon technologies. **The EU has an opportunity to stimulate our own economy through the development of new, and low carbon,** industries while at the same time continuing to show global leadership on climate change issues. However, policy makers must act now to support the ETS.

As a group of 30 European companies and associations from a wide spectrum of industries, including energy intensives and technology developers, we are calling for urgent action. **Action is required to restore the credibility and relevance of the EU ETS.** We recognise the need for longer term structural reforms of the EU ETS but these will take time. We **urge the**

Environment Committee to vote in favour of amendments supporting back-loading and the Climate Change Committee to endorse the proposal as soon as possible so that the EU ETS as a whole remains the cornerstone of EU climate and energy policy.

This is a necessary and important first step paving the way for essential structural measures to ensure the integrity of the EU ETS.

We are happy to discuss this in further detail at your earliest convenience.

Yours faithfully,

3M

Acciona

Alstom

Areva

Carbon Capture and Storage Association

CEZ

Danish Energy Association

Dong Energy

Doosan Energy Systems

Électricité de France

EnBW

Energie-Nederland

E.On

EU Corporate Leaders Group

First Solar

GDF Suez

General Electric

Isofoton

KDF Energy

Kingfisher

Knauf Insulation

Otto Group

Shell

Statkraft

Statoil

Unilever

Verbund

Vertis Environmental Finance

Vestas

World Green Building Council Europe

Regional Network