

From: CMIA Administrator [mailto:info@cmia.net]

Sent: Monday, February 27, 2012 8:19 PM

To:

Subject: Tri- lateral statement in support of the compromise amendment on the set aside from The German Emiss

Tri- lateral statement in support of the compromise amendment on the set aside from The German Emissions Trading Association (BVEK), Project Developers Forum (PDF) & the Climate Markets & Investment Association (CMIA)

The PDF, BVEK & CMIA feel that it is strongly in the environmental and economic interests of Europe that the ITRE committee of the European Parliament vote in favour of the proposed compromise text allowing for a set aside.

The implementation of the Energy Efficiency Directive [Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC (2011/0172 (COD) of 22.6.2011)] will have a material impact upon the emissions which were anticipated at the time that the Phase II cap was set.

As a result the anticipated shortage of allowances will be further transformed into a surplus of allowances that will be carried into the third phase of the EU ETS. The situation has not been helped by the economic downturn.

Europe is currently in the process of aiming for a circa 80% emissions reduction by 2050. If this huge transition is to take place business and industry needs clear financial signals to justify the required investment. The surplus of emissions allowances is currently preventing the EU ETS from sending a sufficiently clear signal. According to current projections from Deutsche Bank, Barclays Capital and Thomson Reuters Point Carbon the surplus will continue to until at least 2020.

Europe cannot afford to wait until 2020 before it begins to vigorously pursue its ambitious emissions reduction targets. Failure to invest in low carbon technology today will increase the year on year burden for the future. The rationale for the EU ETS cap declining year on year from 2013 is to produce a smooth and predictable downward emissions trajectory. The allowance surplus will obscure this until it is used up and then suddenly around 2020 produce a shortage of allowances that European industry is unprepared for.

To avoid this outcome and set Europe back onto its agreed low carbon pathway we strongly urge the members of the ITRE committee to vote in favour of the set aside amendment.

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About the CMIA:

The Climate Markets & Investment Association (CMIA) is an international trade association representing firms that finance, invest in, and provide enabling support to activities that reduce emissions. CMIA's membership account for 75 per cent of the global carbon market .

Composed of businesses at the cutting edge of the services sector that work to reduce emissions through the market mechanisms of the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, CMIA was created to ensure that the progressive business voice is heard, and to promote market-friendly climate change policy. Our members provide highly-skilled jobs and add value to the economy through services to, and capital injections into, the growing global carbon market.

CMIA distinguishes itself from other trade associations by providing an industry grouping that solely represents organisations whose business model is focused on environmentally positive outcomes. Our membership does not include any entities with compliance obligations under cap-and-trade schemes.

CMIA's membership comprises over 60 companies including financial institutions, asset managers, investment and carbon funds, project developers, lawyers, accountants, verifiers, emissions brokers, and IT firms.