

To: MEPs, Environment Committee

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To ENVI Committee MEPs
From gareth.phillips@pd-forum.net
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Page 1/2
Subject ***Please vote in favour of backloading***

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Dear ENVI Committee MEP,

The PD Forum urges you to vote in favour of backloading.

- **The collapse in the carbon markets following the earlier rejection of the backloading proposal has confirmed that the policy objectives of the EU ETS are at risk without positive intervention from lawmakers.**
- **The forthcoming reform of the EU ETS will provide an opportunity to make significant changes to the EU ETS, but in the meantime, the market and its supporting infrastructure needs a clear signal of commitment from the Parliament.**

Backloading: Why do we need an adjustment of the EUA supply timeline?

Price fluctuation is an intrinsic element of markets, including those that seek to deliver environmental goods. This is welcome, as long as it is a result of the economic response to the underlying policy objectives. However, when fluctuations are generated by external shocks, adequate regulatory response is needed to re-establish equilibrium to a level where the market can work effectively. In the absence of such response market participants will lose confidence in the real commitment of policy makers to achieve the environmental goal in the future. As a consequence of the current EUA oversupply, GHG efficient energy assets which were built in response to past emission reduction demand signals are now suffering economic impairment as the current price levels do not allow them to compete with GHG intensive coal fired power plants. To address this issue the back loading of the EUA supply is urgently needed as a first step of a carefully designed structural reform of the EU ETS. In the absence of a positive back loading decision by the EU Parliament on 19 June, market participants will doubt the political commitment for more comprehensive reform in the future.

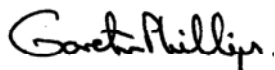
What is at stake?

- **EUROPEAN JOBS** - More than 20 million European jobs are already linked to the environment, with 2.8m expected in renewable energy alone by 2020ⁱ
- **EUROPEAN COMPETITIVENESS** - Functioning ETS will boost the low carbon economy and allow Europe to better compete in the global clean technology race
- **NATIONAL REVENUES** - Restricting carbon allowances will increase auction revenues for all EU member state by €107bn from 2013 to 2020ⁱⁱ
- **GLOBAL ACTION AGAINST CLIMATE CHANGE** – The EU has been a leader in the global efforts to curb climate change, but now many other developed and developing countries are taking promising actions and EU policies should keep the pace. A continued spike of EU GHG emissions which will damage the prestige of the block and compromise the essential process of raising ambitions for climate change mitigation by all parties.

PD Forum members have created and sustain **thousands of European jobs** in a new industry embracing environment, technology, finance, trading, audit and verification. We are companies which develop, finance and implement low carbon and clean technology projects around the world and **23 of our 52 members are European companies.**

Thank you for taking the time to read this. Your support is vital in order to sustain and create green jobs in Europe.

Yours faithfully,



Gareth Phillips
Chairman, Project Developer Forum

Project Developer Forum's Members

AES Climate Solutions ,Agrinergy, Blue World Carbon and Climate Change Global Services, Camco, Carbon Resource Management,Climate Bridge Ltd, Climate Change Capital, Climate Corporation Emissions Trading GmbH, Climate Focus, CVDT Consulting, EcoSecurities , Electrabel S.A./N.V. (GDF Suez), Emergent Ventures India, Enecore Carbon, Energy Changes Projektentwicklung GmbH, Energy Systems International, EQAO, FirstClimate, Gazprom Marketing & Trading Ltd ,Green Gas International, GreenStream Network Plc, MGM International, Mitsubishi Corporation, N.serve Environmental services, Sindicatum, South Pole Carbon Asset Management, Tricorona, UPM Umwelt-Projekt-Management GmbH, Atmosfair GmbH, CarbonSoft Corporation Ltd, Center for Environment and Economy, C-Quest Capital, Do-inc Business B.V., FS Carbon Consulting, Green Resources Limited, Inspiring Sustainability, Mabanaft Carbon B.V., Managing Emissions, Mavi Consultants, Mehr Renewable Energies Co. Ltd., Millenium Development Goals Carbon Facility , Nexus, Carbon for Development, Promethium Carbon (Pty) Ltd, Dr. Ralph Westermann, Consultant CDM/JI Projects and Emissions Trading, R&J International Ltd, Rough Climate, The Paradigm Project, Uganda Carbon Bureau.

ⁱ <http://www.pbl.nl/sites/default/files/cms/publicaties/PBL-2012-Evaluation-of-the-European-Commissions-proposal-to-set-aside-emission-allowances-500287001.pdf>

ⁱⁱ Department for Energy and Climate Change, *Impacts of back-loading or permanently retiring EU ETS allowances*, 2012