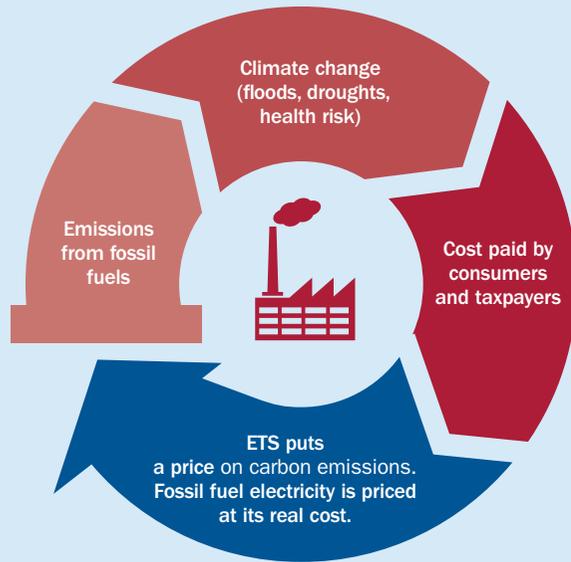




FIX THE EMISSIONS TRADING SYSTEM

The patient - the ETS

Emissions from fossil fuel power plants and heavy industry cause climate change. The Emissions Trading System (ETS) puts a price on carbon emissions and prices fossil fuel electricity at its real cost.



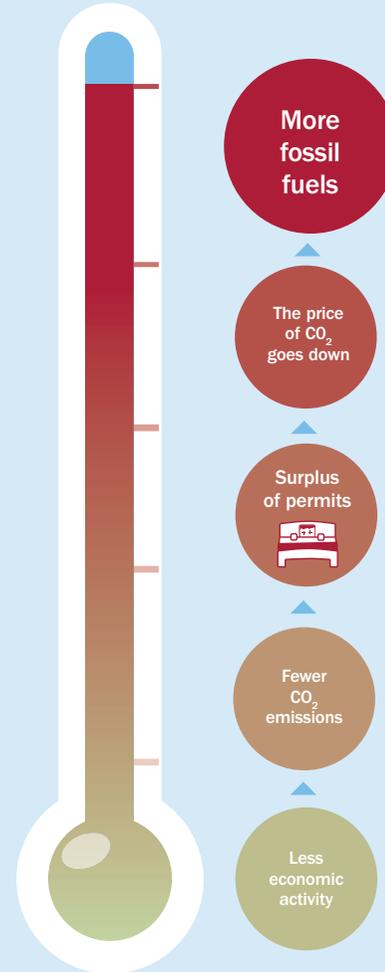
How does the ETS work?

The **cap** sets a limit on the total amount of carbon that can be emitted by the power and industrial plants in the system; the cap goes down over time. Permits are received for free or auctioned.

Companies can **trade** permits to emit carbon with one another. If a company reduces its emissions, it can keep the spare permits to cover its future needs or sell them to another company.

The illness - surplus permits

The economic crisis has undermined the ETS by bringing about a surplus of emissions permits. How?



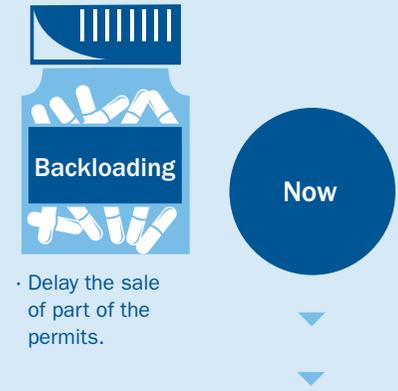
Why backloading?

Backloading means postponing the auctioning of 900 million permits out of the 2,000 million surplus. Fewer permits being available should push the carbon price back up. Alongside a binding renewables targets, a higher carbon price can help push investments in renewable sectors like wind energy that are creating jobs (248,000 EU jobs in 2011).

Backloading is a push for both climate action and economic growth.

The treatment - backloading

A short-term lowering of the supply of permits is needed to save the carbon market.



The cure - structural measures

Only a long-term reduction of the supply of permits will cure the flooded ETS market.

