Tim Yeo MP
Chair, Energy and Climate Change Committee, UK Parliament
UK Parliament Energy and Climate Change Committee

• Previous work on emissions trading

• Highlighted problems with EU ETS
Current Inquiry on Linking Emissions Trading Systems

• Concept of eventual global ETS

• Market instrument drives global carbon price and removes need for other policies

• Long term goal whose achievement will be slow and difficult
Emerging emissions trading systems have differing characteristics

• All face similar challenges and pressures

• Emitters fear impact on their businesses

• Caps tend to be set too high
These differences may create barriers to linking with other systems

- Need for trust in the integrity of the systems with which links are proposed
- And confidence that policy elsewhere will be consistent and sustained
Opportunities for linking now emerging as emissions trading spreads

• As the oldest ETS the EU has the opportunity to lead the linking process

• Priority is ensuring the environmental integrity of potential partners
Way forward is close collaboration between EU, China, USA and others

• Must ensure that Paris CoP at least does not obstruct this and may promote it

• Bottom up not top down

• Overcome hostility to use of market instrument from some quarters
Conclusions

• As bigger proportion of global emissions are included in an ETS critical mass develops

• 100% coverage not necessary for benefits to be felt

• Merely need to incentivise investment in low carbon technologies by high emitting industries