



To: Members of the European Parliament

13 February 2017
Ref. number: 19/2017

Subject: Your vote on the EU ETS funding mechanisms for low-income member states (articles 10c and 10d)

Dear Member of the European Parliament,

On February 15th you will vote in the Parliament on the reform of the EU Emission Trading System (ETS). This reform urgently needs to align EU policies with the Paris Agreement. The report from the Environment Committee offers a small first good step to increase ambition in the ETS, but more is needed.

On behalf of Climate Action Network Europe and WWF we urge you to ensure that the ETS mechanisms dedicated to help lower-income Member States transform their energy systems (article 10c and the Modernization Fund)) are robust and well-designed to truly support the development of renewable energy and energy savings instead of subsidizing coal plants. If the EU wants to be coherent in its commitments made in Paris, then, over time, coal power plants will have to close in the whole of Europe.

We therefore call on you to:

Vote for the ENVI report including all amendments referring to article 10c and the Modernization Fund (article 10d): AM89-114

And vote against the following newly tabled amendments:

Vote against AM 152 and AM 153 – *that remove emission performance standards and therefore would allow further [subsidizing of coal](#) through art.10c and Modernization Fund.*

Both article 10c and the Modernization Fund are transitional mechanisms to support diversification and modernization of energy systems. Allowing these to subsidize coal plants would be a clear contradiction of the Paris Agreement and EU's long-term emission decarbonisation objectives. Furthermore, it will contribute to the lock-in energy systems into fossil fuels and hinder the transition to renewable-energy based and energy efficient economies.

Vote against AM 147 and AM 162 – *that change the base year which determines which Members States would be eligible for support through article10c.*

The sole purpose of these amendments is to [render Greece eligible](#) for free emission allowances, which would be used to subsidize the operation of [2 new lignite plants](#). This will reverse the positive developments for the Greek power sector, as 2016 was the first year that renewables surpassed lignite's share in the electricity mix. In addition, 40% of much needed public revenue from allowances' auctioning, which could foster renewable energy growth and support the transition of lignite-dependent communities, will be lost.

We count on your support towards a strong ETS that will help Europe move to a more socially just, low-carbon society and a more sustainable economy.

Please don't hesitate to contact us in case you need any clarification on these issues.

Yours sincerely,

Nikos Mantzaris, Head of Climate & Energy Policy Department, WWF Greece

Joanna Flisowska, Coal Policy Coordinator, Climate Action Network Europe