

The EU ETS is a major pillar of the European Union's climate policy and the first and largest greenhouse gas (GHG) emissions trading scheme in the world. This scheme regulates emissions in more than 13,000 European heavy energy consuming installations (e.g. power generation, industrial plants, manufacturing, etc.).

The EU ETS is based on the so-called ‘cap and trade’ principle. A cap (ceiling) is set on the total amount of certain greenhouse gases (e.g. carbon dioxide) that can be emitted by the installations covered by the system. A number of allowances equal to the annual cap are issued and distributed at the beginning of every year.

The regulated installations must report their emissions each year and surrender a number of allowances equal to their annual emissions. Allowances can be traded in the so-called ‘carbon market’.

The development of the EU ETS has gone through different phases. In 2009 there was a major revision of the EU ETS to be applied to the current phase III (2013-2020). In July 2015 the European Commission presented a legislative proposal to revise the EU ETS for phase IV (2021-2030).

www.lifesideproject.eu

 LifeSideProject





- Started on **1 September 2016**
- Co-financed by the LIFE Programme of the European Union
- Developed within the Florence School of Regulation Climate of the Robert Schuman Centre for Advanced Studies, European University Institute
- Duration: **September 2016 - July 2018**

GOAL AND OBJECTIVES

The goal of the LIFE SIDE project is to support European policymakers (such as politicians, civil servants, members of environmental agencies) with the design and implementation of the new EU ETS legislation.

Specifically, the project aims to:

1. Collect and disseminate empirical knowledge and information on the economic functioning of the EU ETS.
2. Establish a network of EU ETS experts.
3. Create a forum enabling interaction amongst policymakers, stakeholders and EU ETS experts.

ACTIVITIES

ECONOMIC ASSESSMENT OF THE EU ETS

The project is carrying out an economic ex-post assessment of the EU ETS, through the collection and analysis of all relevant existing empirical research. Feedback from stakeholders is also taken into account and gathered through the organisation of four workshops focused on the four areas of the assessment:

1. Free allocation of emission allowances.
2. Impact of the EU ETS on investment and innovation.
3. Interaction between energy policies and the EU ETS.
4. International dimension.

The final report of the assessment as well as all materials from the workshops will be available on the project website.



TRAINING COURSES & TARGETED EVENTS

Ad-hoc training courses and targeted events on the EU ETS are offered to policymakers and stakeholders to provide a comprehensive analysis of the functioning and regulation of the EU ETS and of its interaction with other European policies.

INVOLVING POLICYMAKERS

Three major events are organised in Florence and Brussels to stimulate interaction with policymakers on the design and implementation of the EU ETS legislation. This will lead to a set of recommendations to be made public on the project website.

EXPECTED RESULTS

- A state-of-the-art economic assessment of the EU ETS in its first 10 years of activity and a well-structured informative support system for EU policymakers.
- A deeper understanding by the targeted European policymakers of the economic issues associated with the implementation of the EU ETS with a particular focus on the four areas of the project assessment.
- Enhanced coordination amongst different policymakers and stakeholders in the design and implementation of the new EU ETS legislation.