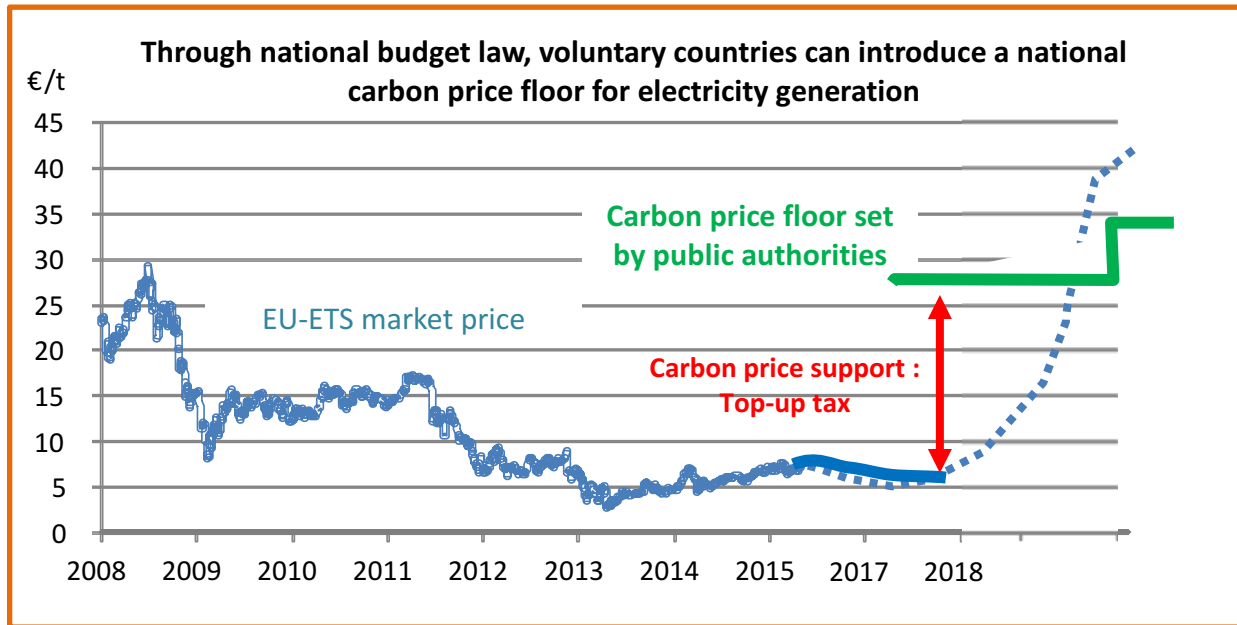


# **Carbon Price Support in Member States: what can we expect?**

# The purpose: a market-based power sector and a quick and cost-effective decarbonisation



**A tool in complement to ETS**



## **Promoting cost-efficient decarbonisation driven by price-oriented instruments**

- Immediately dispatch more low carbon generation
- Foster the market development of efficient technologies in the mid-term

# What is at stake: if introduced at European level a 30 €/t carbon price floor would drastically change dispatch

Net impacts : EU perimeter  
Horizon 2020

- 165  
TWh  
per year

## Coal generation

(Oldest and CO<sub>2</sub>-intensive plants)



## Gas generation

(recent plants with much lower emissions)

+165  
TWh  
per year

+ 10-15  
bn€  
per year

*Available revenue for MSs*

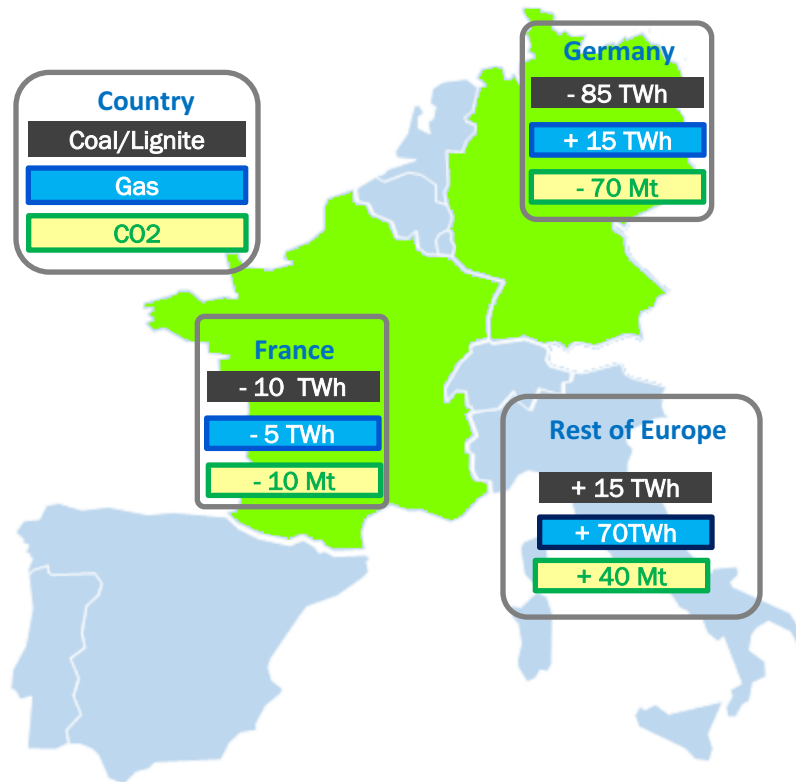
- 100  
Mt CO<sub>2</sub>  
per year

*Annual net reduction of CO<sub>2</sub> emissions from the power sector*

Source: EDF internal study

# What is at stake: with just a French-German CPF major changes could be induced in Germany where emissions reduction is slow

## National Carbon Price Support for power generation in Germany and France



CO2 reduction with no delay and investment

**- 70  
Mt CO<sub>2</sub>  
per year**

A significant contribution to German climate targets

Source: EDF internal study

# Additional revenue can mitigate social and economic impacts

## Additional tax revenues to the budget of MSs

e.g. > 4 bn€ per year in Germany



## Possible costs of mitigation



Compensation scheme for power-intensive industrials



Financing just transition (coal sector, local communities)

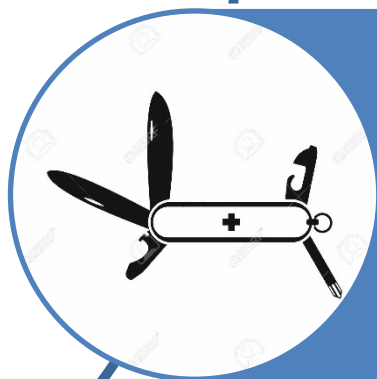
➔ Resources for impact mitigation

## Available studies suggest main features of an appropriate design



### A ROBUST DESIGN...

- Applied to electricity generators
- Transitional
- Impact on rest of Europe can be neutralised



### ...ADAPTED TO DIFFERENT NEEDS

- Recreates decarbonisation incentives
- Contributes to reducing subsidies to RES
- Adapted to States that want to reduce emissions in the power sector cost-effectively (creates revenues to mitigate impacts)