



## Open letter to EU Environment Ministers on the revision of the EU ETS

Dear Environment Minister,

Ahead of the Environment Council we, the undersigned, representing 31 networks and organizations from 30 countries, would like to urge you to ensure that the low-carbon funding 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, old and inefficient coal power plants in Europe will have to be closed down.

We therefore call on you to support proposals that:

### 1. Exclude investments in coal power under both Art 10c and the Modernisation fund through a strict emission performance standard.

Both article 10c and the Modernization Fund are transitional mechanisms aimed to support transformation and diversification of energy systems. However, in the current phase of the ETS a large majority of up to €12 billion investments through article 10c financed the expansion of fossil fuel capacity in Central and Eastern Europe (CEE), including hard coal and lignite. Allowing to continue using these to subsidize coal/lignite plants will have detrimental impacts on public health and the environment. Furthermore, it will hinder the transition to renewable-energy based and energy efficient economies. Instead, the Modernization fund and article 10c should be used to shift investments to energy efficiency and renewable energy sources.

**2. Secure strong governance of the Modernisation Fund with a balanced role for all Member States (both beneficiary and non-beneficiary) in setting out investments guidelines for projects.**

As the Modernisation Fund comes from a collective funding basis that represents European resources, it must be properly managed. The European Investment Bank should have a decisive role in the selection of projects to benefit from the Fund. Day to day management must be in the hands of an independent management committee, with expertise on project development and finance. Strict monitoring tools should be put in place, and deterring penalties for countries manipulating the Fund should be foreseen.

**3. Leave the base year for eligibility to 10c at 2013**

Greece tries to gain access to free emission allowances in order to subsidize the operation of 2 new lignite plants that are scheduled to operate after 2020. These plants will not be economically viable without free emission allowances as even the president of the Public Power Corporation has recently admitted in public. Greece's efforts to become eligible for an article 10c derogation, via a change of the base year from 2013 to either 2014 or 2015 have twice been rejected both in the Environment Committee and the Plenary vote of the European Parliament. Since the subsidization of new lignite plants is certainly not in line with the scope of the ETS, it is very important to keep the base year for any article 10c derogation at 2013.

**4. Support establishing a Just Transition Fund**

Some communities and regions will need support to transition away from coal. It is therefore essential to support the establishment of a Just Transition Fund, to ensure that no one is left behind in the transition to a safe, clean and mutually prosperous Europe.

We hope that you will support the above at the upcoming council.

Yours Sincerely,

**Networks:**

Climate Action Network (CAN) Europe,  
representing 130 organisations in more than 30  
European countries

Bond Beter Leefmilieu, representing 140  
organisations, Belgium

BUND/FoE Germany, representing 500

**Organisations:**

WWF Belgium

Frank Bold Society, Czech Republic

EKOenergy, Finland

WWF Greece

WWF Italy

organisations, Germany

CEE Bankwatch Network, representing 16 organisations in 14 countries

Clean Air Action Group, representing 26 organisations, Hungary

CNCD-11.11.11, representing 90 organisations, Belgium

European Environmental Bureau (EEB), representing more than 150 organisations

Fundacja "Rozwój TAK - Odkrywki NIE", representing 15 organisations, Poland

Health and Environment Alliance (HEAL), representing 75 organisations

Iceland Nature Conservation Association, representing 2000 organisations, Iceland

SEE Change Net, representing 17 organisations, Bosnia and Herzegovina

ASTM - Action Solidarité Tiers Monde, Luxembourg

Mouvement Ecologique, Luxembourg

NGO Green Home, Montenegro

ClientEarth Prawnicy dla Ziemi, Poland

Foundation "„Development YES – Open-pit mines NO", Poland

Fundacja GAP Polska, Poland

Instrat Foundation, Poland

Society for the Earth, Poland

Stowarzyszenie Ekologiczne EKO-UNIA, Poland

Towarzystwo dla Natury i Człowieka, Poland

Quercus- National Association for Nature Conservation, Portugal

Instituto Internacional de Derecho y Medio Ambiente (IIDMA), Spain

WWF Sweden

Sandbag, UK

E3G, UK