

The European Commission has announced that it will finalize “reference points” in February, which will set free licenses for industry for the period from 2021 to 2025. The European Carbon Market (ETS) stipulates that polluters must purchase permits for their emissions, but a number of permits are obtained free of charge by the industry in order not to relocate production outside Europe to avoid these costs.

The draft rule, which Reuters received for inspection, suggests that most industries would have free permits reduced as much as possible over the next five years, as the EU wants to reduce pollution and meet climate targets. That would cost the biggest polluters millions of euros.

The commission explained that it is still checking data from 11,000 factories and power plants covered by the carbon market, which will help draft the rules. When it completes this year, Member States will inform the EU how many free licenses they intend to give to their industries. If they plan to split too many, the Commission could apply a “corrective” mechanism and reduce the total number of free licenses by the same amount, before determining the final amount of licenses in the second half of 2021.

“The distribution of free licenses in 2021 will take place after the decision is adopted,” the commission said.

Companies will have to submit permits to the EU in April 2022 to cover emissions produced in 2021.

Source: seebiz.eu