

# EU ETS POST 2020 REVIEW



TO ANCHOR



THE SYSTEM



IN SECTORAL REALITIES



TO RECONCILE



WITH COST EFFECTIVE EMISSION REDUCTIONS



INDUSTRIAL COMPETITIVENESS

## 1 QUANTITATIVE ASSESSMENT SHOULD BE POSSIBLE AT DISAGGREGATED LEVEL (PRODCOM 8)

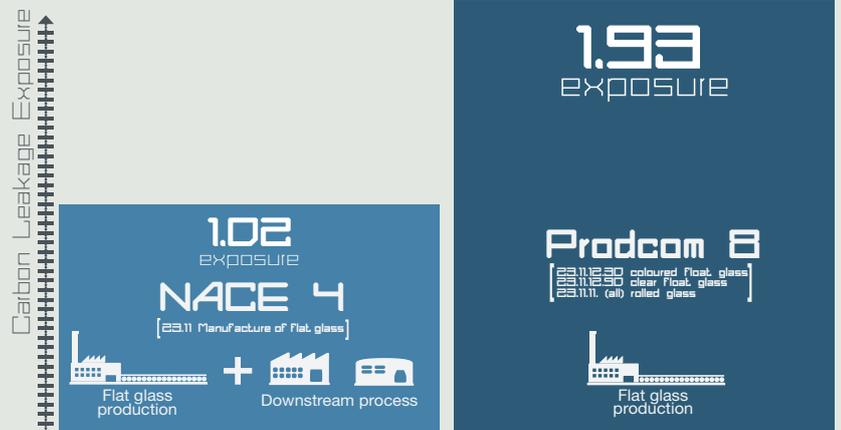
Assessment at disaggregated level should be possible regardless of any threshold.

In the flat glass sector,

☞ **NACE 4** includes some downstream activities not covered by EU ETS: coated glass enter calculation when it should be restricted to unprocessed flat glass.

☞ **Prodcom 8** is the statistical level to properly assess risk of carbon leakage with focus on unprocessed flat glass products.

### CARBON LEAKAGE EXPOSURE AT NACE 4 VS PRODCOM 8\*



\* New carbon leakage metrics = 1.02 based on EC 2014 assessment at NACE 4  
1.93 is industry's calculation using Prodcom 8 data



**AT NACE 4 LEVEL, THE RISK OF CARBON LEAKAGE IN THE FLAT GLASS SECTOR IS DANGEROUSLY UNDERESTIMATED.**

**2 THE LIST OF SECTORS EXPOSED SHOULD BE ESTABLISHED FOR THE ENTIRE TRADING PERIOD.**

CERTAINTY, LONG-TERM VISIBILITY AND PREDICTABILITY ARE NEEDED TO PLAN MAJOR INVESTMENTS.



**A float plant is highly capital intensive**

70 to 200 million

Investment to build a new float

30 to 50 million

Cost of a rebuild after 16 years



24/7/365  
For at least 16 years

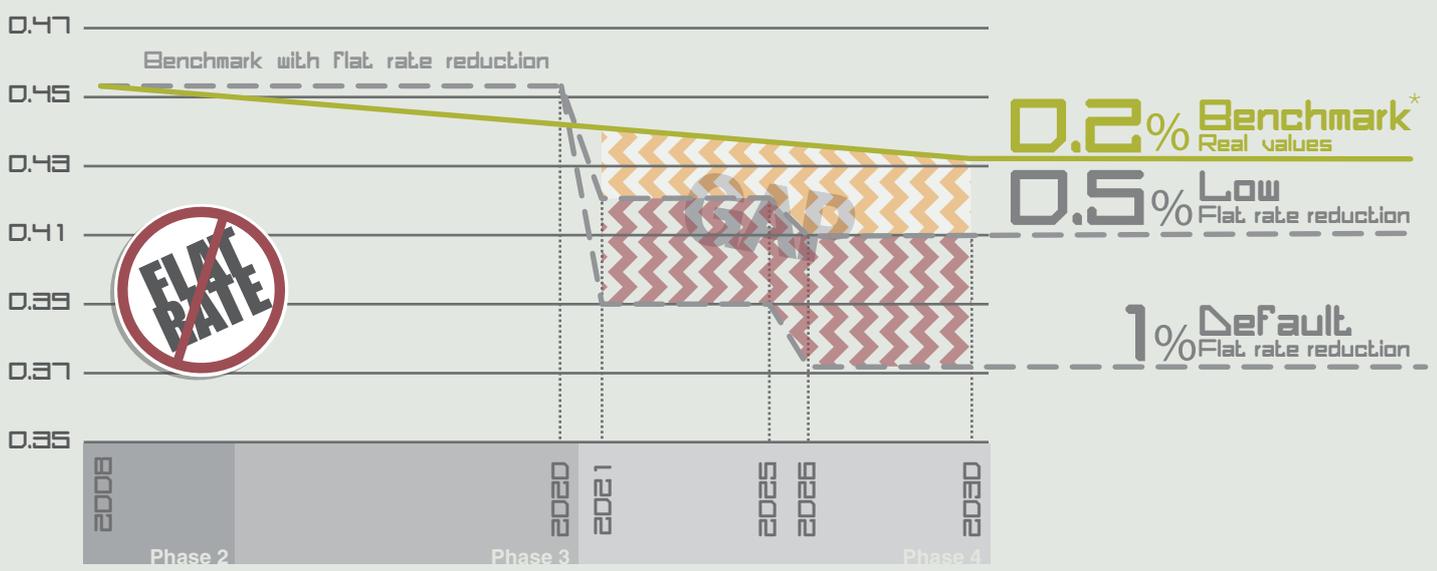
Lifetime of a float glass plant

CARBON LEAKAGE

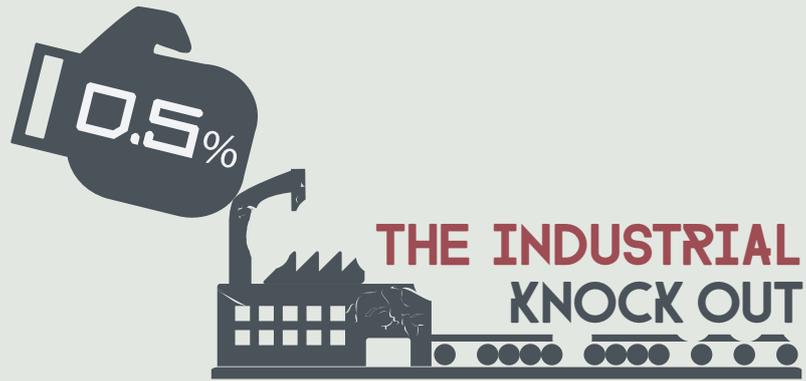
**3 BENCHMARKS MUST REMAIN BASED ON REAL AND VERIFIED DATA.**

**THE FLAT GLASS CASE**  
**BENCHMARK LEVEL**  
**-0.2% ANNUALLY** / **EXPECTED DECREASE OF BENCHMARK**

Available solutions to reduce emissions have been largely deployed in the previous phases, hence, we observed a 3% reduction in GHG/tonne of float glass in the last four years. However, benchmark is not expected to decrease at a faster pace than **0.2%\* annually** because of current knowledge in thermodynamic science and realities of raw material use and infrastructures' production cycles.



**FLAT RATE REDUCTION 0.5% VS BENCHMARK REAL VALUES 0.2%**



**BENCHMARK REDUCTION**  
**x 2.5**  
**EVERY YEAR FOR 20 YEARS**

**BENCHMARK WILL BE DISCONNECTED FROM REALITY AND ACT AS A NEW CORRECTION FACTOR GENERATING HIGHER PRODUCTION COSTS.**

\*Reduction in benchmark observed between 2008 and 2012.