

Plant-related carbon costs in phase IV of the EU Emissions Trading System – FAQ

The following FAQ refer to the VIK-Study on „Plant-related carbon costs in phase IV of the EU Emissions Trading System“.

FAQ 1: *On what assumption is the carbon price increase of up to 30 Euro per ton by 2030 based?*

A precise prediction of what the price for EU allowances will amount to by 2030 – just like any other prediction – is not possible. However, scientists and other experts expect a price increase of this magnitude by 2030. Various institutions which amongst others were consulted during an expert hearing of the European Commission regarding the introduction of the market stability reserve and for analyses commissioned by the Federal Ministry for Economic Affairs and Energy in 2015 predicted a price increase of 30 Euro per CO₂ emission allowance. The credibility of this price assumption is further strengthened taking into consideration the proposals for amendment of the Council and the European Parliament on the reduction of the certificates available in the market for example by doubling the intake rate of the market stability reserve to up to 24 %.

FAQ 2: *Why does the study contain a disclaimer that rules out any immediate conclusions to other companies or sectors.*

Such a disclaimer is essential in accordance with the requirements of scientific accuracy. As the study is based on selected case studies, immediate conclusions cannot be derived for other companies and sectors. However, the plants that were examined for this analysis are typical for their sectors and, thus, the study has a certain representative validity.

FAQ 3: *Why were distortion factors used for this study?*

Distortion factors were used to increase the anonymity of the plant-related data. For compliance and competition concerns, conclusions to particular companies are not acceptable. Distortion factors are evenly applied to all essential plant-related parameters such as emissions and production data.

FAQ 4: *Why does the study include virtual plants in addition to real plants?*

Due to the above described competition concerns, virtual plants were considered whenever case study data did not allow for adequate anonymisation to secure publication. The virtual plant-based case studies are based on representative data provided by industry associations and companies. As such, the virtual plants are comparable to real plants that are characteristic of the specific sector.

FAQ 5: *Why does the data for the two virtual plants not include any information on the financial burden for 2015?*

For all real plant-based case studies, actual data regarding the financial burden was considered for the year 2015. However, for the virtual plants, this kind of data does not exist and, therefore, cannot be specified.