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# Smart Cash for the Climate: Maximising Auctioning Revenues from the EU Emissions Trading System <sup>1</sup>

## Summary

### Summary Report

#### Publication

[Report](#)

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Member States earned close to EUR 12 billion from auctioning in the EU Emissions Trading from 2013 to 2015 with over 80% of the money so far spent on climate action <sup>2</sup> most of it in the EU. The funding mainly went to renewables, efficiency and cross-cutting programmes. The national reports on the use of auctioning revenues, however, contain mistakes while there seems to be no frequent quality review at present. The summary report is available for download.

The revenues from auctioning were lower than anticipated due to structural surplus that has depressed the carbon price and reduced auction revenue. The new proposal for the EU ETS directive by the Commission represents an additional EUR 120 billion in lost revenue due to keeping free allocation.

Our recommendations:

1. Smarter spending: mandatory earmarking & a new EU International Climate Finance Fund  
Require earmarking of revenues and that vast majority goes to climate action; and create a sizable new EU International Climate Finance Fund to support developing countries in tackling climate change and its impacts.
2. Smarter rules: ETS reform could maximise auction revenues  
Reduce the level of free allocation, a higher linear reduction factor, a lower initial starting point for the cap and cancellation of surplus allowances and set a carbon floor price.
3. Smarter information: reduce deficiencies in the reporting of auctioning revenues and their use  
Improve the reporting template, provide specific details and additional information and install a quality review of the reports.

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Part B. How would reforms to the EU ETS affect auctioning revenues and use?

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NOTES

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