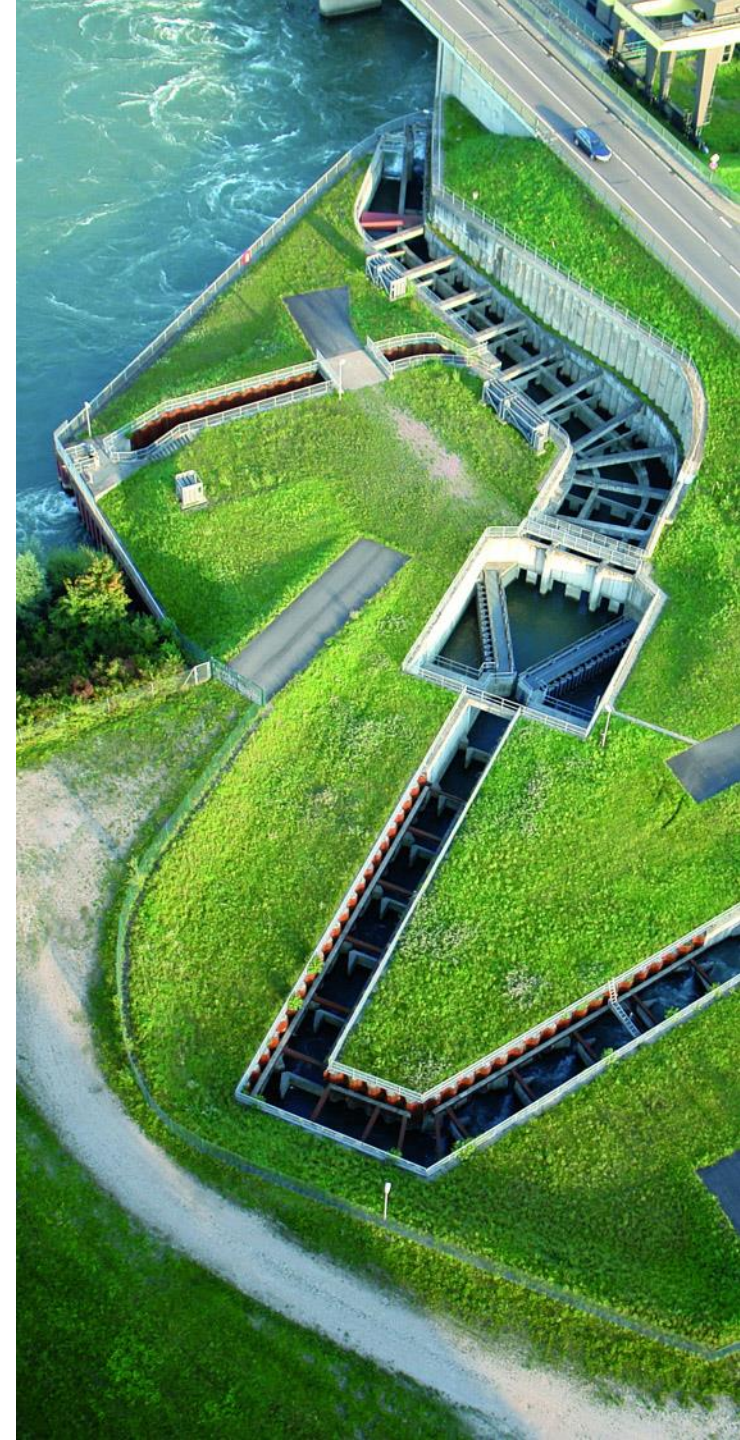




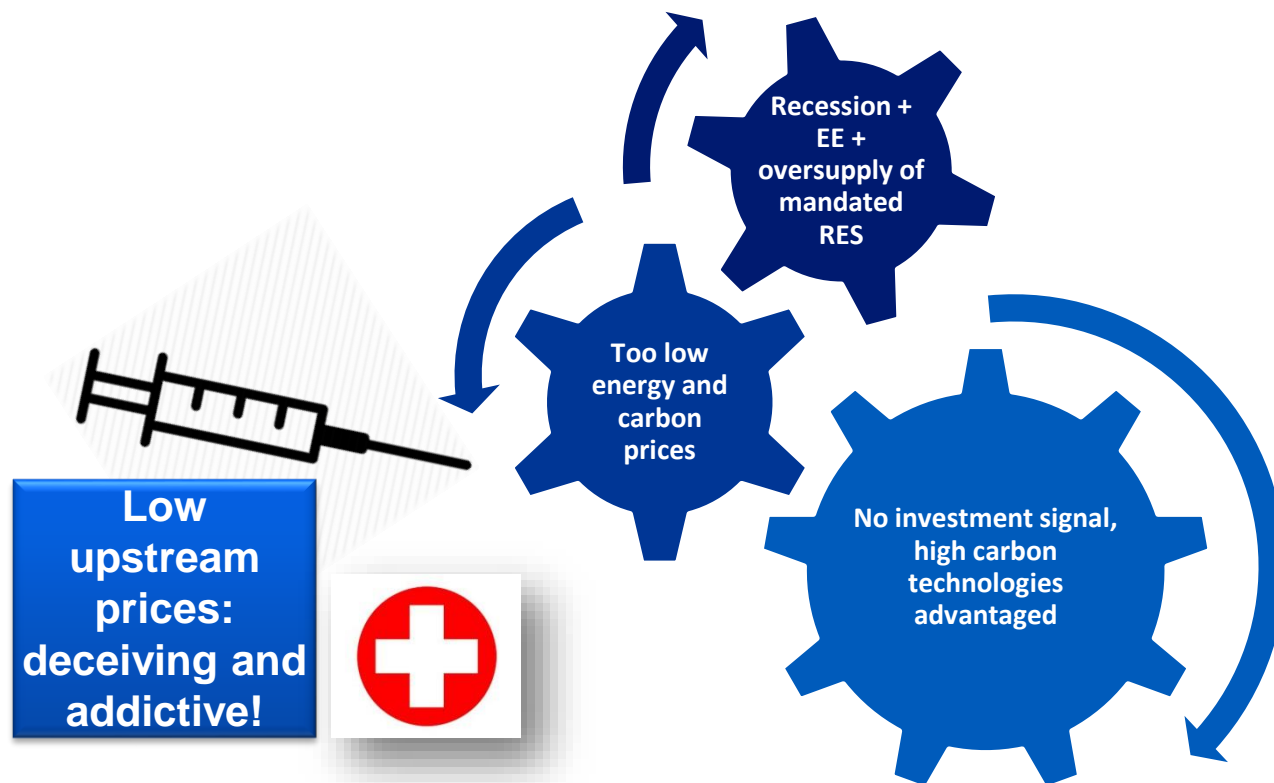
# CLIMATE POLICY: EFFICIENCY AND MARKETS ARE THE REAL INNOVATION!

Michel Matheu  
Head of EU Strategy

EPP Hearing  
September 28th, 2016



# WE ARE LIVING WITH JEOPARDIZED MARKETS – WE SHOULD NOT GET USED TO THEM!



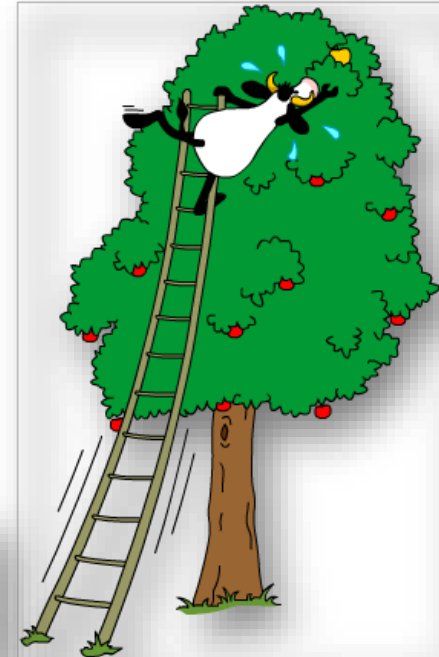
**It is difficult to break the vicious circle generated by over-supply**

# OUR DE-CARBONISATION PATHWAY IS NOT EFFICIENT ENOUGH

- We accept to **pick high-hanging fruits...**
  - ✓ regulation and conflicting policies pick winners (non mature RES, costly EE actions)
  - ✓ at a cost that may be much higher than 50 €/t<sub>CO2</sub> abated

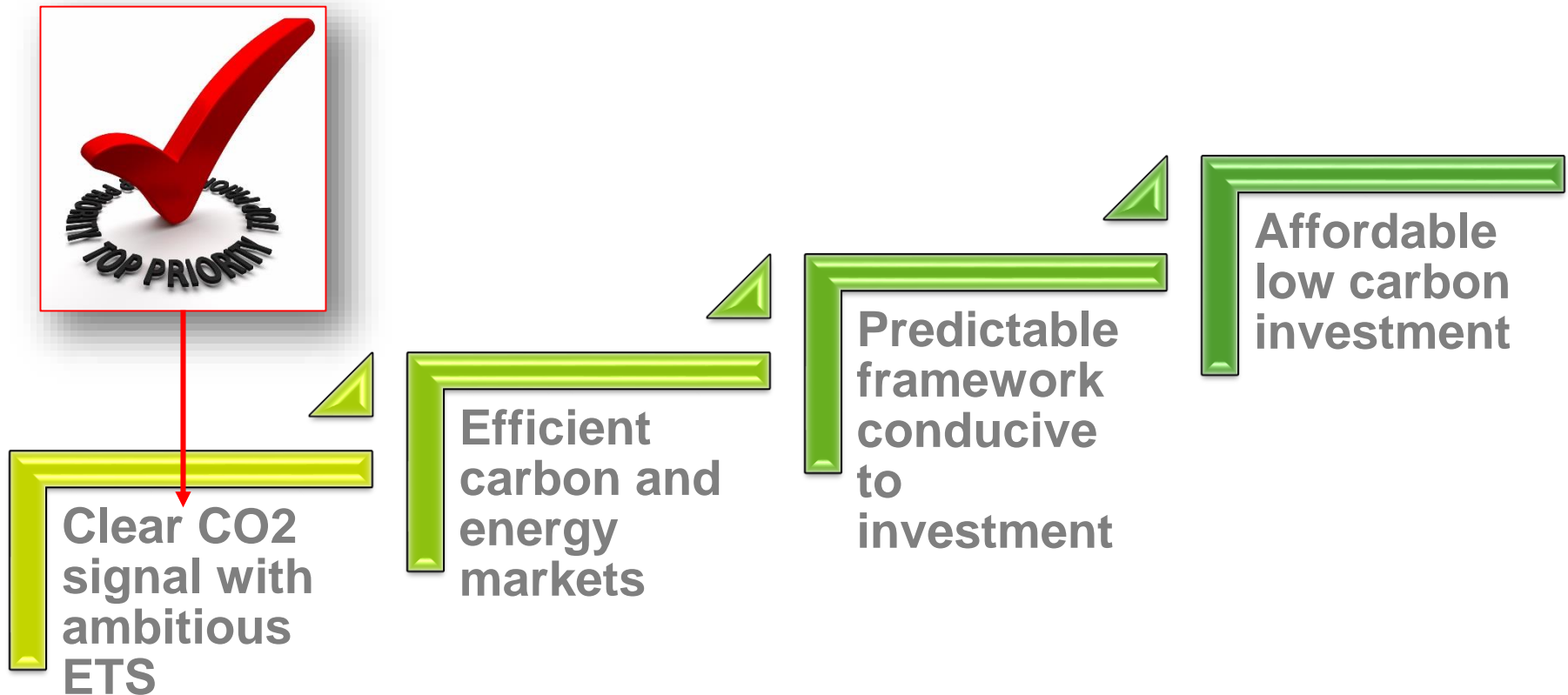


**LOW WS PRICES,  
HIGH RETAIL PRICES**



- ...while we **give up low-hanging fruits**
  - ✓ that markets would discover: investments worth 5 to 30 €/t in different ETS sectors

# THE WAY TO SOUND MARKETS IS LONG BUT PRACTICABLE – FIXING THE ETS IS PRIORITY N°1



**Innovation means “back to basics” – Markets are the natural tool for cost-effective decarbonisation**

# THANK YOU