



Brussels, 24 February 2015

Dear Members of the European Parliament,

An economic recovery based on strong and competitive low-carbon growth is fundamental for Europe. To deliver this, action is urgently needed to reform the EU Emissions Trading Scheme, the cornerstone of EU climate policy, with a view to moving to a carbon price that is relevant to the operational and capital investment decisions that companies are making today.

In this respect, starting the proposed Market Stability Reserve in 2021 would be far too late as it would fail to produce a material impact on the existing allowances surplus until well into the middle of the next decade. Without action there is a high risk that the ETS will be progressively replaced with more expensive national carbon reduction measures.

The undersigned European businesses and associations **therefore strongly urge EU policy-makers in Council and the European Parliament to rapidly enter into negotiation and reach an agreement on the MSR, ensuring that the mechanism starts in 2017 and that the 900 million backloaded allowances are immediately transferred into the reserve. Establishing an MSR now, whilst bringing forward the Phase IV EU-ETS proposals right after MSR adoption, including further plans for appropriate carbon leakage protection post 2020, is sound industrial policy.**

Yours faithfully,

Signed by:

Acciona, Agder Energi, Aguas de Portugal (ADP), Aldersgate Group, Alpiq, ALSTOM, ARTI ENERJI, Assoelettrica, BDEW, BT plc, CEZ, Dansk Energi, DONG Energy, Doosan Power, DSM, ECOVER, EDF, ELECPOR, Electricity Authority of Cyprus, EnBW, Eneco, Enel, Energie-Nederland, Energy Management Institute, Energi Norge, Energy UK, E.ON, EURELECTRIC, Eurogas, EWE, FEBEG, Ferrovial, Finnish Energy Industries, Fortum, Foundation 2°, Gas Natural Fenosa, GDF Suez, General Electric (GE), GlaxoSmithKline (GSK), Grundfos, IBERDROLA, Institutional Investors Group on Climate Change (IIGCC), Interface, Kingfisher, Latvenergo AS, Latvijas Elektroenerģētiku un Energobūvnieku Asociācija (LEEAA), Lietuvos energija, Mirova, Nacionalinė Lietuvos Elektros Asociacija (NLEA), Rockwool – Otto Group, RWE, Shell, SE, SSE, Stadtwerke München (SWM), Statkraft, Surovina, Svensk Energi, Swiss Re, Tesco, Thames Water, The environmental industries commission, The Prince of Wales's Corporate Leaders Group (CLG), UNESA, Unilever, Union Française de l'Electricité (UFE), Vattenfall, Velux, Verbund, WSP