

Meeting on CBAM with EDF – 15 January 2021

Participants:

ENER

EDF

Summary of main points raised

After inquiring about the state of the process, EDF raised several points. EDF is not one of the main actors concerned by CBAM, but nevertheless cares about it as it can have impact on its customer base, especially in industry. There are several issues of concern

1. One of the options in the public consultation contained the inclusion of imports into the EU ETS framework. That could lead to unforeseen consequences, destabilize the market. It is important for all investors to have price stability and this would not serve to increase it.
2. The form of the measure. One of the options in the public consultation hinted at the possibility of imposing a carbon tax, and thereby burdening the final consumer directly. That would be very dangerous as far as public perception is concerned. These kinds of measures were the main bone of contention for the yellow vest protest movement in France.
3. Inclusion of electricity is not problematic. It can be done relatively easily. However, if electricity is covered so should be other energy carriers such as natural gas or hydrogen. Hydrogen produced in Morocco from the local grid is going to have a much larger carbon footprint than hydrogen produced in the EU. All fuels are in competition in the EU energy market.

ENER replies:

- A. All options are still on the table. COM is aware of the problems and risks associated with each of them. COM is interested in making the EU ETS work and sending the right price signal.
- B. All options are still on the table. COM is aware of the problems and risks associated with each of them.
- C. All options regarding the sector choice are still on the table. The list that will be published in June does not have to be final. Sectors may be added at a later stage. Hydrogen transportation projects across EU borders have so far not been detected as an imminent threat of carbon leakage. The technology is not available yet and may not be for years, if not decades.