EU reveals energy plan of action

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He said Europeans wanted "a vision and a plan of action" against climate change and the measures would cost 3 euros (£2.10) a week for every citizen.

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Addressing business critics who have complained that the proposals might drive industry away from the European Union, the commission president said energy-intensive industries would be given emission allowances free of charge.

He told MEPs the package was "not in favour of the environment and against the economy".

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**Carbon allowances**

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The commission’s proposals would see the Emissions Trading Scheme (ETS) extended to include more industrial sectors in the years between 2013 and 2020.

Apart from a few exempt industries, the power sector would lose the right to free emission allocations and have to buy all its permits at auction from 2013. Aviation and other industries would move gradually to a full auction.

Companies’ carbon allowances would be decided at European level, replacing the current system where nations submit bids to the commission.

The aim would be to reduce allowances so that by 2020, emissions from the sectors included would be about 21% below the level they were when the ETS started in 2005.

For emissions not covered by the ETS, such as transport, buildings and agriculture, the commission has proposed national targets.

Richer nations would have to cut their emissions: the target for
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Carbon savings

Each country has been given a national target for renewable energy. The UK's is 15%. Sweden which already has a thriving renewables industry has been given a tougher figure of 49%.

Countries would be allowed to trade investment in renewables facilities.

The target of powering 10% of Europe's road transport with biofuels has been retained.

But the Commission has drawn up a set of criteria designed to ensure the fuels used bring carbon savings of at least 35% compared to petrol or diesel, without causing other environmental problems.

Before the commission's proposals are adopted, they will have to be endorsed by MEPs and member states. The final package might not come into force before the end of 2009.