Setting Caps in the EU-ETS
Example: Germany

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Dr. Dirk Weinreich
Head of Emissions Trading Division
Federal Ministry for the Environment,
Nature Conservation and Nuclear Safety
Germany
Cap Setting in the EU-ETS

• 1. and 2. Trading Period (TP) (2005 -2012):
  - National Allocation Plans (NAPs) (COM)
  - Criteria for setting up in the ETS Directive
  - Control by EU Commission

• 3. TP (2013-2020):
  - EU-wide Cap
  - Reduction path: -1.74 %/year
1. and 2. Trading Period

- **Basis:** Reduction Commitments in the Kyoto Protocol and EU-wide Burden Sharing Agreement
- **Germany:** Caps were set to achieve target within Burden Sharing Agreement in 1. Kyoto Commitment Period

- **1. Trading Period (1. TP) = Pilot Phase**
  - Cap according to path towards 1. Kyoto Commitment Period
  - COM accepted Member States’ NAPs with minor corrections
- **2. Trading Period (2. TP) = 1. Kyoto Commitment Period**
  - As consequence of over allocation in 1. TP many NAPs were significantly reduced and revised by COM
Data Collection in the 1. Trading Period

- Data basis for emissions 1990-2002 in various sectors: National GHG Inventory and National Energy Balance data
- Analysis of emissions declarations as per law on air pollution control by the Federal States
  - Information on air pollutants relevant for CO₂-emission
  - Information on activity rates of installations
  - Energy and process related CO₂-emissions
- Deliberations with and clearance by Commission
  - top down approach combined with bottom up elements
Process of Cap Setting

1. Trading Period in Germany

EU-Burden-Sharing-Target
► 1.CP 2008/12: 962m t/a
► Pilot 2005/07: 982m t/a

= CO2 859m t/a + Other GHG 123m t/a

Energy + Industry
503m t/a

Energy + Industry within ETS 499m t/a

Energy + Industry outside ETS 4m t/a

Free Allocation for Energy + Industry 494.5m t/a

Special Allocations 1,5m t/a

Reserve for New Entrants 3m t/a

Prognosis

other sectors 356m t/a
Stakeholder Involvement in Germany

- Scientific support by German research institutes
  Currently 65 members – representatives of companies, trade associations, environmental NGOs, trade unions, parliamentary factions of political parties, federal states and agencies
- Subcommittee “Emissions Trading” of the Working Committee of Federal Government and States
- High-level closed door consultations with CEOs of leading companies in Germany
Conclusions

• Use reliable Data
• Aim at comparable effort in trading and non-trading sector
• Take into account indirect effects of other instruments
Thank you for your attention

Dr. Dirk Weinreich
Head of Emissions Trading Division

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
Germany