



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

# **Institutional Arrangements**

## **Example: Germany**

**PMR Technical Workshop ETS**  
**Shenzhen, 13 March 2012**

**Dr. Dirk Weinreich**  
**Head of Emissions Trading Division**  
**Federal Ministry for the Environment,**  
**Nature Conservation and Nuclear Safety**  
**Germany**



# Unique Elements (I) Legislation

## **Transformation of EU Emission Trading Directive into national law:**

- **Greenhouse Gas Emissions Trading Act**  
**Legal Framework for the whole process**
- **Allocation Act and Allocation Ordinance**  
**Separate Acts for 1. Trading Period (2005-2007) and 2. Trading Period (2008-2012)**  
**EU-wide harmonized rules starting from 3. Trading Period (2013-2020)**
- **Data Collection Ordinance to prepare allocation**
- **Emissions Trading Auctioning Ordinance**  
**Germany started to auction part of the allowances already in the 2. Trading Period**



## Unique Elements (II) Administration

- **Tasks are divided between States and federal level**
  - **States issue licence for emissions trading participation and were involved in the monitoring process**
- **All other tasks (allocation, monitoring and sanctions, registry) are handled by the German Emissions Trading Authority (DEHSt)**

**Department of the Federal Environment Agency under guidance of the Federal Environment Ministry**

**Total Staff: ~140 employees including part time jobs**

**Costs: ~ 10m €/a – about 50 % for IT**
- **All communication between the DEHSt, operators and verifiers is done electronically**
  - **streamlines administration, reduces effort by operators, enables DEHSt to check data and compliance**



## Unique Elements (III) Verification

### Verification Bodies:

- **Independent verifiers**
- **Building on existing systems:  
Organisations that had already been accredited as  
environmental verification organisations or  
as business inspectorates for ETS-sectors**
- **In comparison to other States relatively small companies or  
even single verifiers**
- **From 2013 harmonized Accreditation in EU to prove expertise  
as well as independence**



# Key Lessons Learned

## **During development of institutional arrangements:**

- **Building up on existing institutions and regulations makes implementation easier.**
- **Keep allocation rules simple – no special rules for subsectors.**

## **During operation of the ETS:**

- **Monitoring is better placed in one central institution.**
- **Implementation of an efficient control system for verifiers is important.**
- **A pilot-phase is helpful for all participants.**
- **Early and continuous stakeholder involvement facilitates acceptance.**



# International Institutions - ICAP

- **Perspective of Linking needs early preparation and preliminary discussions**
- **ICAP: Partnership of countries and regions actively pursuing the development of cap and trade systems**
- **Forum to discuss relevant questions on design of emissions trading systems and compatibility for linking**
- **32 Members and Observers from Europe, North America, Asia/Pacific**
- **Regular meetings, internal workshops and public conferences and summer schools (capacity building ETS for emerging economies)**



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# Thank you for your attention

**Dr. Dirk Weinreich**  
**Head of Emissions Trading Division**

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Nature Conservation and Nuclear Safety  
Germany**