Institutional Arrangements

Example: Germany

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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

- 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
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)
Thank you for your attention

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