Keep it simple

How complexity can introduce risks regarding Compliance, Support and Expensian

Harm van de Wetering
Manager ETS Netherlands
Characteristics ETS in NL

Tasks NEa:
Issuance of permits, allocation of allowances, validation of monitoring, check emission reports, management registry, on-site inspections, enforcement
An annually diminishing threshold for CO$_2$ emissions (cap) has been set on the basis of the reduction targets.
Simple basics...(trade)

**Emission allowance**

An emission allowance offers the right to emit 1 tonne of CO$_2$. All EU ETS companies must surrender one emission allowance for each tonne of CO$_2$ they have emitted over the course of the year.
Potential complexity

Know-your-customer checks based on risk of organized crime

Monitoring rules designed for the most complex installations

Allocation rules, based on historic production, with exceptions to increase or decrease

Exemptions in allocation rules regarding risk of carbon leakage
20% of all companies are responsible for 90% of the total Dutch CO2 emissions under the EU ETS scheme.
Risk 1

Complexity forms barrier to voluntary fulfillment of the requirements
Risk 2

Lack of user-friendliness...

..undermines support for the system
Simpler ETS = more future proof ETS
Report:

- 7 general simplification strategies
- 28 practical measures
- Based on input of 112 participants and own experience
- No significant reduction of robustness
- Changes needed in directive as well as regulations and guidelines
A SIMPLE AND EFFECTIVE EU ETS

Seven general strategies and numerous practical measures for simplifying the European Union Emissions Trading System

What's the problem?

Seven general simplification strategies

Main opportunities

For small companies in particular

About the NEa

Consultation

Conclusions

"We mustn't simply pay lip service to better regulation. We need concrete proposals for making the rules better and simpler"

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