

Expanding the EU Emissions Trading system and making it more efficient!

Statement of the bvek concerning the proposals of the EU Commission on the further development of EU ETS after 2012

The German Emissions Trading Association (bvek) welcomes in principle the proposals of the EU Commission from January 2008 for the further development of the EU system for tradeable greenhouse gas emission rights. The proposals represent a step in the right direction, but they do not go far enough, either in terms of expansion or of the improvements.

The bvek supports in particular:

1. The replacement of national budgets for emission allowances by a joint EU budget and its continual annual reduction including the differentiation of the national emission reductions by 30 % until 2020 in the probable case that a follow-up agreement to the Kyoto Treaty is concluded, or by only 20 % in the unlikely case that no such agreement is concluded,
2. The transition to the full auctioning of all emission allowances,
3. The much reduced opportunity to use emission credits from international climate protection projects (CDM/JI projects) in the event the national emissions allowances are reduced by only 20 %,
4. The inclusion in the system of the capture of CO₂ from combustion flue gases and their storage in geological formations (CCS).

However, bvek pleads for:

5. The introduction of full auctioning of the emission allowances already from 2013 not only for the field of electric power generation, but for all emitters falling under the system, including the other industrial sectors,
6. Allowing auctions to be carried out not by the national governments but centrally by the EU Commission, with the revenues being paid out in full to the member states. The sole key for the distribution of the revenues should be the number of EU citizens in each country,
7. Also, in the unlikely event that no follow-up agreement to the Kyoto Treaty is agreed, there should be no deviation from the full auctioning of emission allowances. Instead, a compensation system should be introduced in order to prevent leakage to countries outside the EU of emissions from energy-intensive production plants which are particularly exposed to international competition. For the import of relevant products into the EU, emission allowances should be given up (imported amount x product-specific emission factor), for the export of relevant products, special export certificates should be issued which entitle EU producers to correspondingly reduce their obligation to give up emission allowances (exported amount x product-specific emission factor), with the product-specific emission factors being identical in both cases.

The bvek also presents for discussion:

8. That the possibilities for using emission allowances from international CDM/JI projects should not be subject to blanket limitations, but that a staggered system of discounting should be introduced for crediting CERs, if this is not otherwise regulated by an appropriate reform of the CDM from 2013 within the framework of the follow-up agreement to the Kyoto Protocol.

Furthermore, bvek reiterates its basic position of August 2005 that sectors which are not yet covered by the system should in future also be included, whereby the obligation to hold emissions credits should lie with those bringing fossil fuels onto the market. For the pending decisions about the extension of the system through to 2013, in particular terrestrial transport should be included. To this end:

9. The fuel-producing refineries and the companies importing fuel into the EU should be obliged to hold special accounts for their plants with the national emissions registers and to draw up annual reports about the fuel production and/or imports and to have these audited, as well as to submit emission allowances corresponding to the CO₂-emissions generated by this fuel, like the other plant operators who fall under the system,
10. The EU budget of emissions allowances should be increased by the volume previously allowed in the national budgets for the transport sector. These additional emissions allowance should be auctioned together with the other allowances.

This extension of the system to include terrestrial transport can also be carried out at any time, and not necessarily from the beginning of 2013.

Finally, in the opinion of bvek, the examination and verification of the emissions reports should be regulated in a binding form throughout the European Union, and the national authorities should no longer be allowed to exercise their discretion in the examination regulations for the emissions reports.

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