EU ETS, MRAV the broad picture

Imre Csikós

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Extreme climate events – first quarter 2014

Warmest 3 january ever - Netherlands

Winter 2013- 2014: Only 10 days with frost (normally 40 days with frost)

Warmest March ever (average 2ºC above normal)

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Extreme climate events – Second Q 2014

9 June 2014, East of Utrecht

26 June 2014, Ameland

19 May 2014, first tme > 30 Degrees in 2014

22 April 2014, 30 km east of Utrecht

9 June 2014, Panic at Pink Pop festival

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Extreme climate events – third quarter 2014

August second wettest month ever recorded (record was in 2006)

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Extreme climate events – fourth quarter 2014

2 and 3 November warmest month ever recorded

3 November was 22,3 °C

October warmest month ever recorded (until to date)

18 October was 24,1 °C

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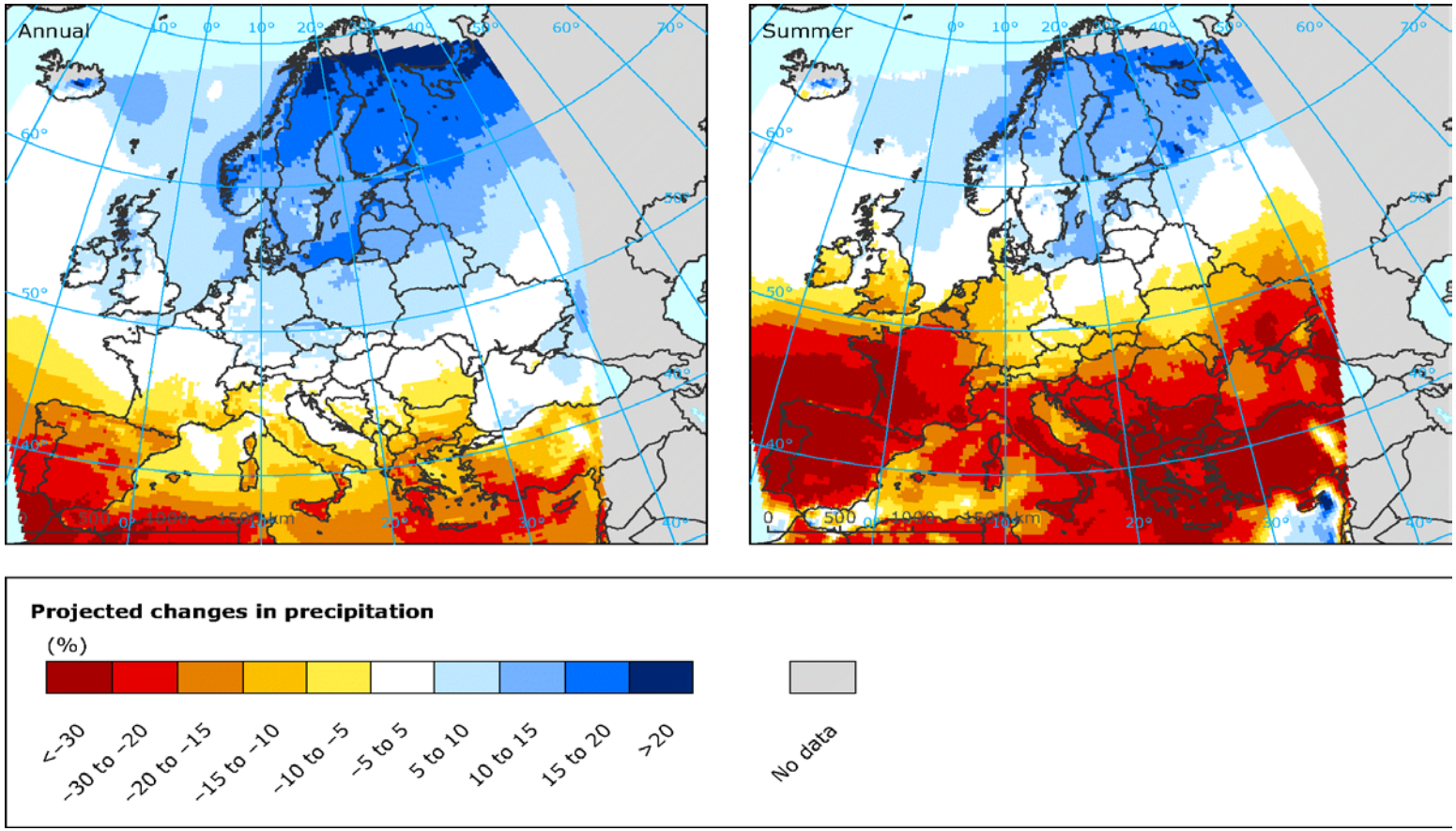
DANGEROUS CLIMATE CHANGE IS HAPPENING

Time is running out fast to prevent it



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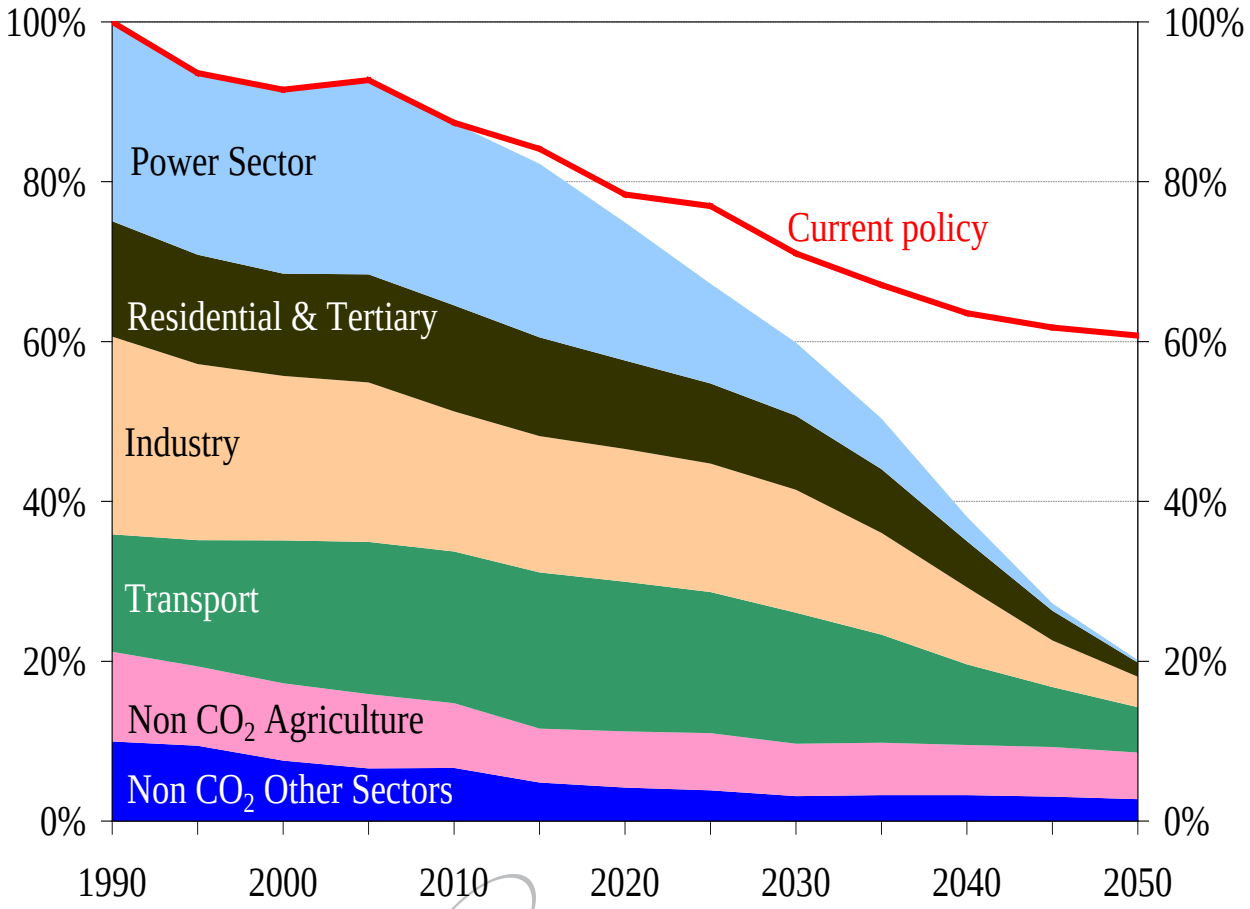
Challenges ahead: 2050 Decarbonisation Roadmap is needed to contain dangerous climate change

80% domestic reduction in 2050 is feasible:

- With currently available technologies,
- With behavioural change only induced through prices
- If all economic sectors contribute to a varying degree & pace.

Efficient pathway and milestones:

- -25% in 2020
- -40% in 2030
- -60% in 2040



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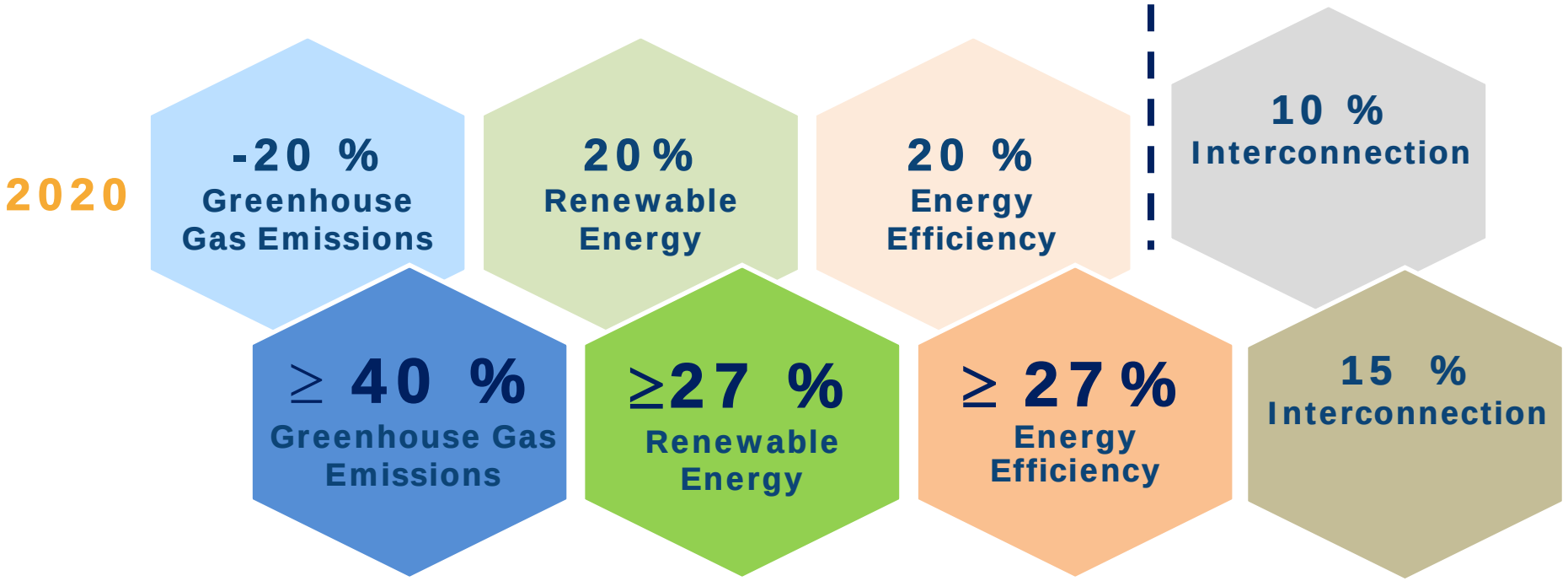
EU is delivering: 20-20-20 is now 40–27-27



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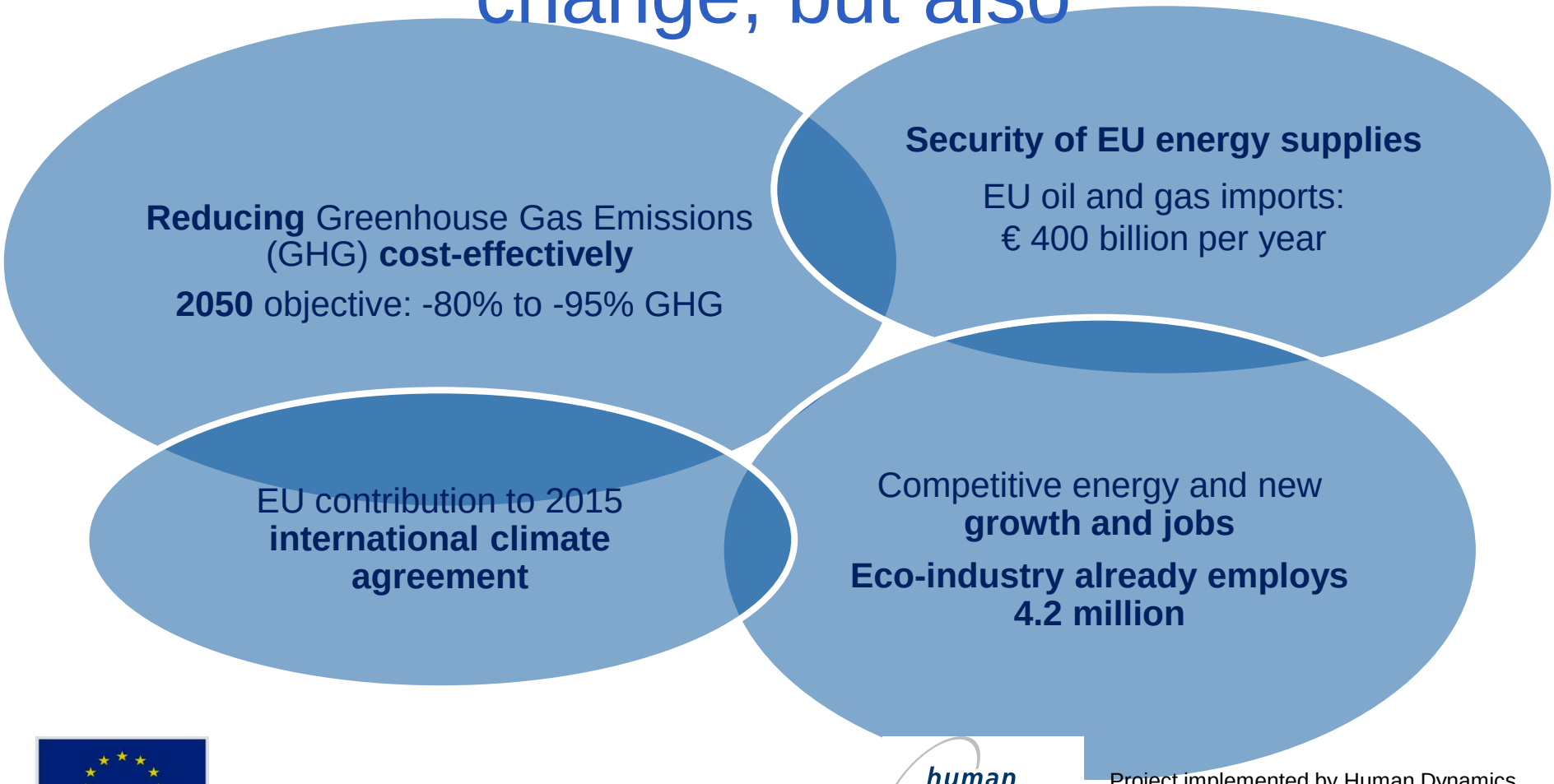
Why does this make sense?

Not only to fight dangerous climate change, but also



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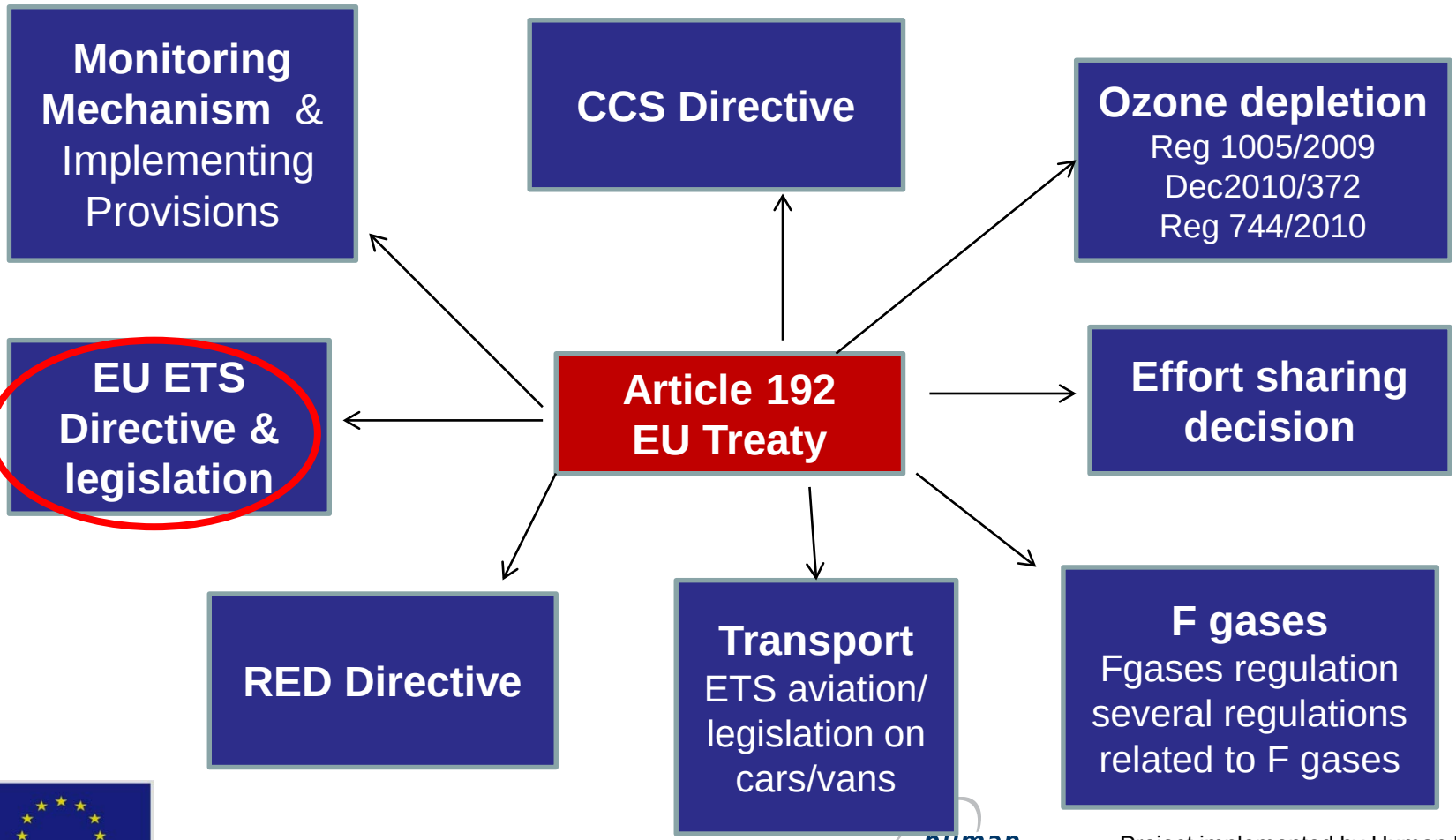
Overview EU Climate Change Law



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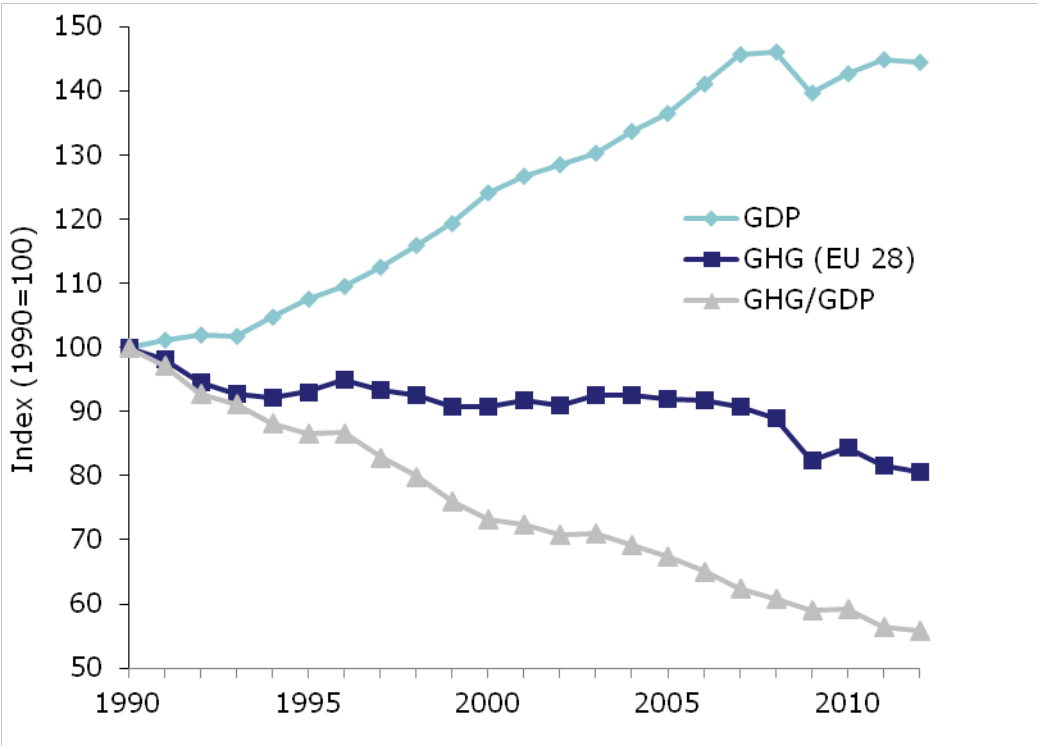
Decoupling economic growth and GHG emission reduction



Decoupling between economic growth and GHG emissions:

- **EU GDP growth 1990-2011: 45%**
- **Emissions decreased by 18.3 % during the same period**
- **2010/2011→ EU-28 GDP increased by 1.4% while emissions fell by 3.3%**

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Summary main points EU ETS Directive

- **Centralised EU-wide cap** on emissions that reduces annually by 2.2% per year
- **Full auctioning** is the rule for electricity generators (with temporary deviation options)
- In other sectors **allocations for free will be phased out progressively** (40% auctioning in 2013 to 70% in 2020
- **Carbon leakage installations** will receive 100% of the benchmarked allocation for free

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Summary main points EU ETS Directive

- **Backloading** of 900 million **allowances from** 2013-2015 until 2019-2020
- **Access to project credits** from outside the EU will be limited to no more than 50% of the reductions.
- Half of the revenues from auctioning to be used for climate change projects
- Allowances for free allocated on the basis of **benchmarks**

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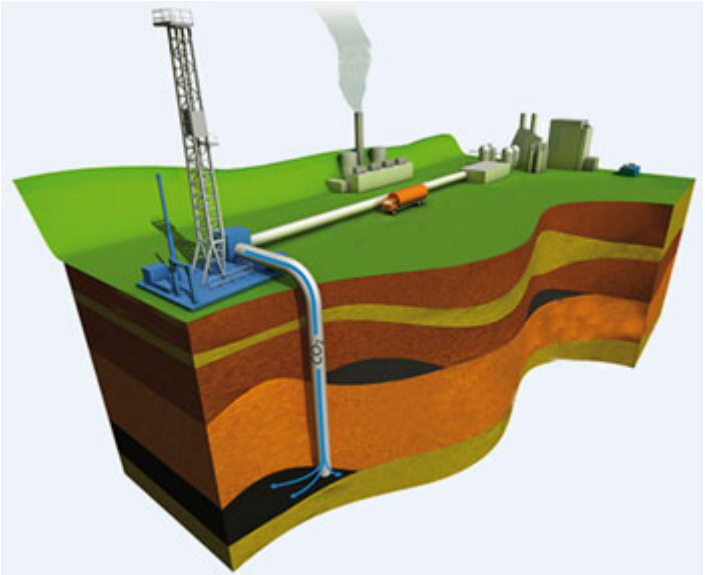
Summary main points EU ETS Directive

- Up to 300 million allowances from the new entrants reserve of the EU ETS will be used to support **innovative renewable energy technology** and **carbon capture and storage** demonstration projects



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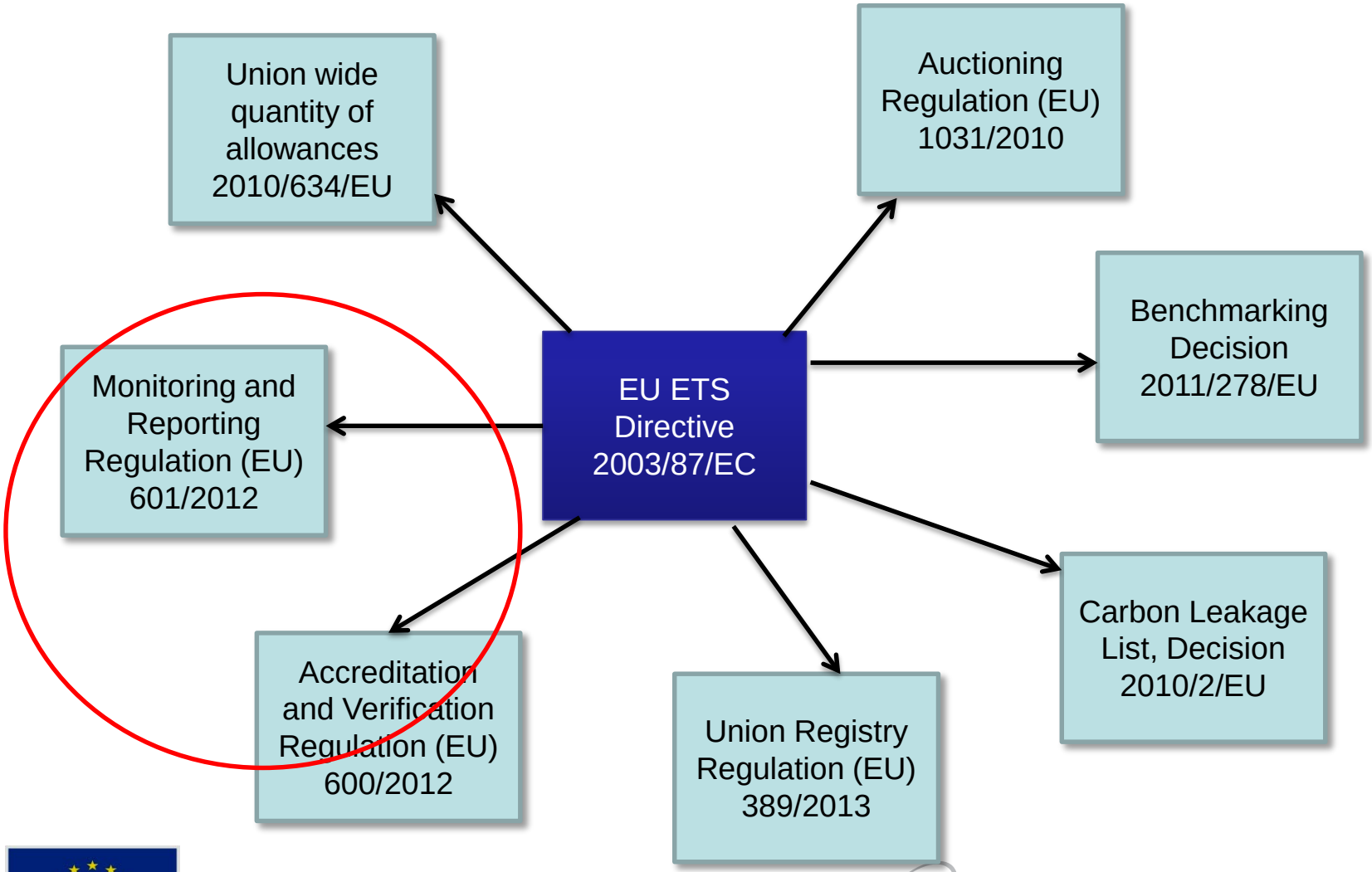
Complementary legislation to the EU ETS Directive (2003/87/EC)



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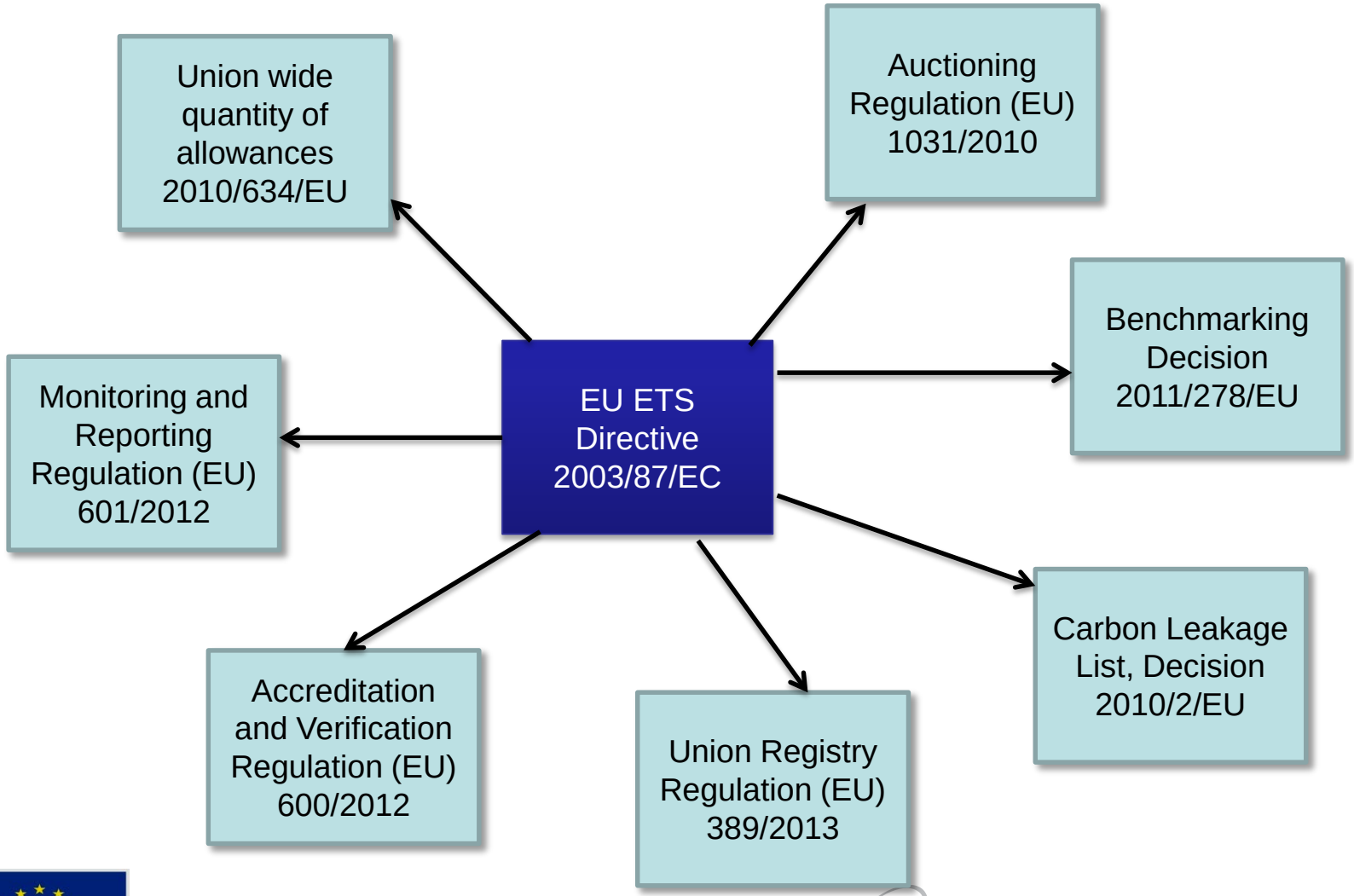
Where to start???



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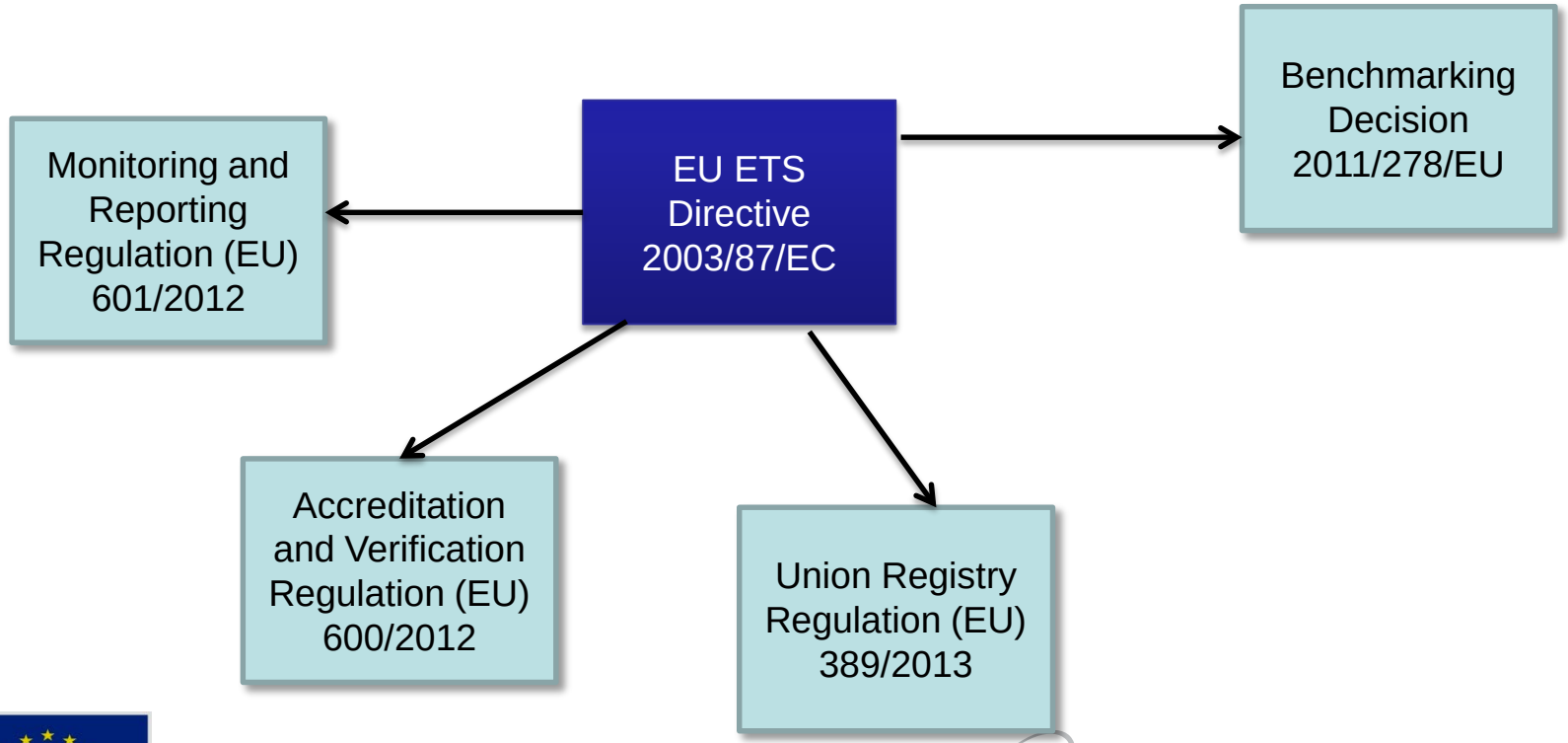

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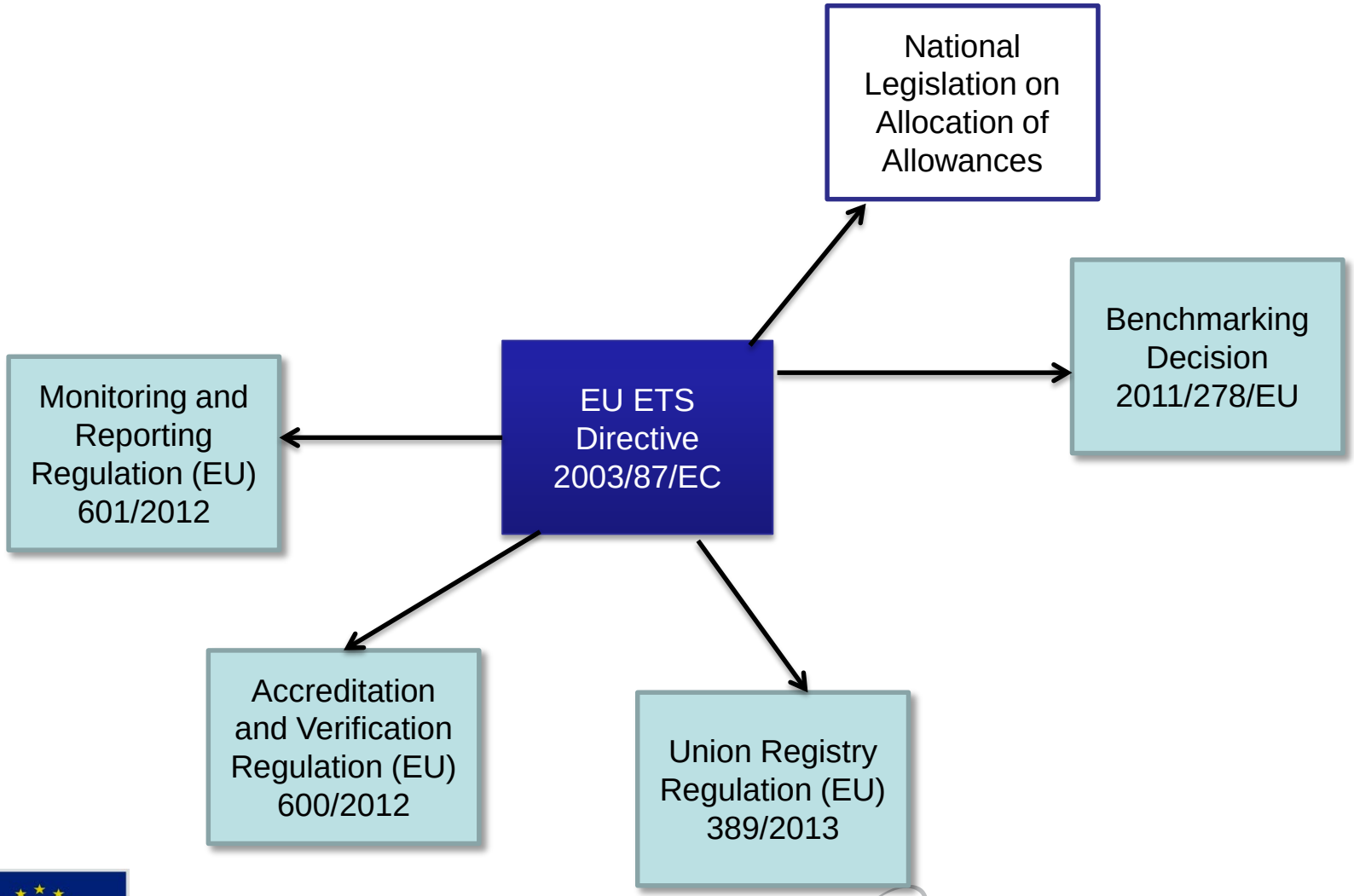
Where to start???



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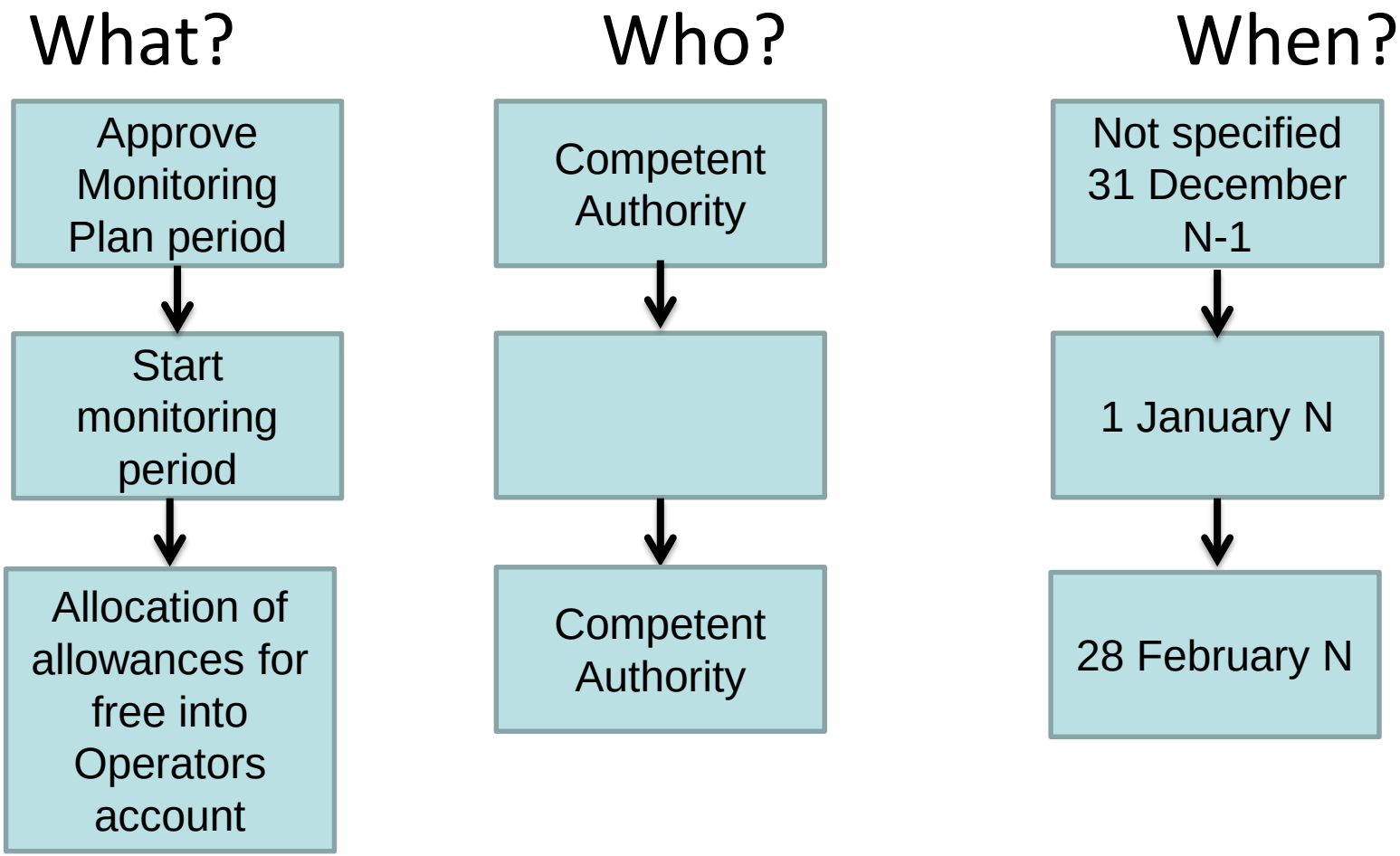
Monitoring, Reporting, verification and accreditation



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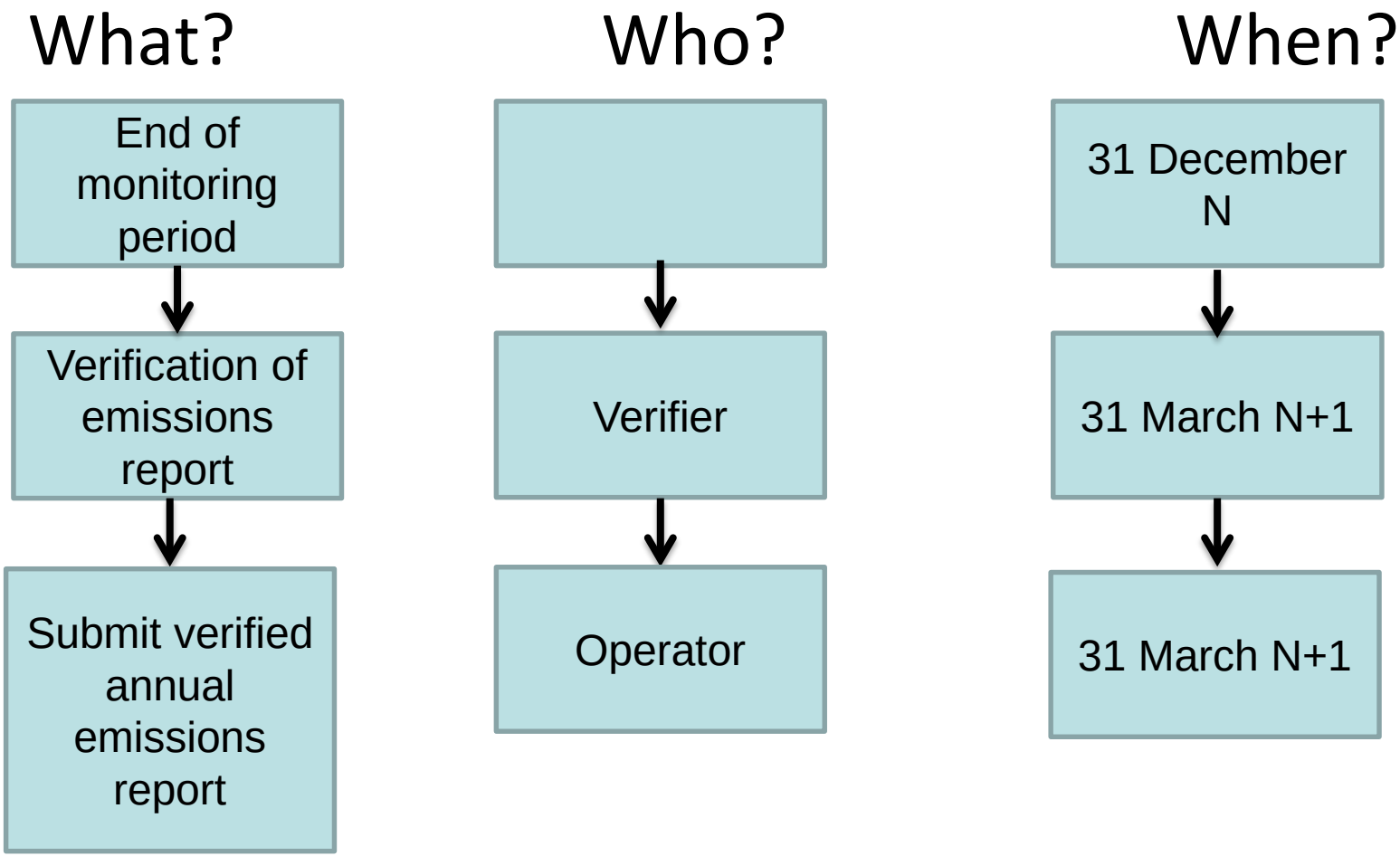
Monitoring, Reporting, verification and accreditation



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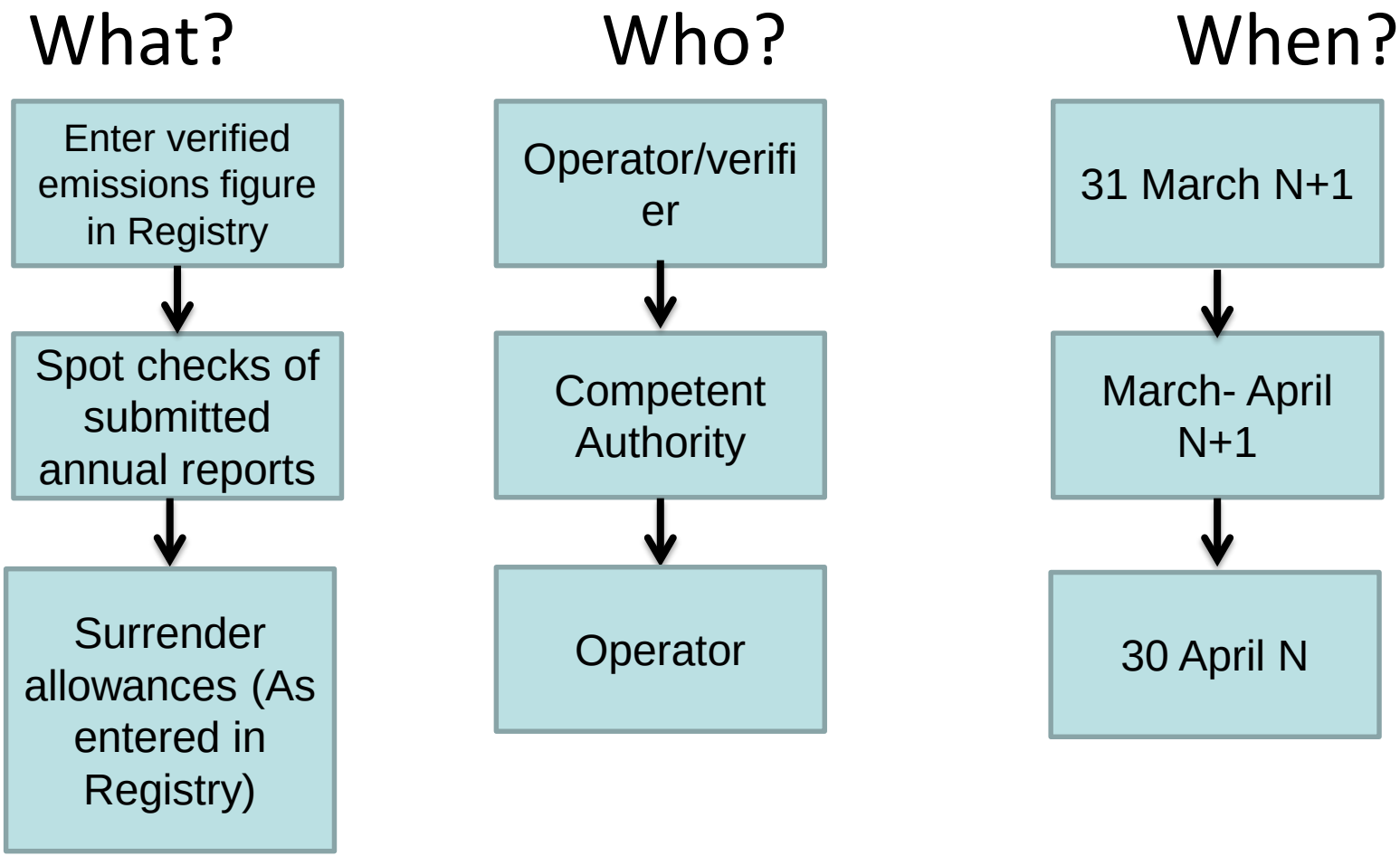
Monitoring, Reporting, verification and accreditation



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Monitoring, Reporting, verification and accreditation

What?	Who?	When?
Submit report on improvements of Monitoring plan	Operator	30 June N+1
Further checks of submitted annual reports	Competent Authority	Not specified

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Planning and Preparation - Where to start?

1. ETS Implementation Plan to determine
   - Required tasks, costs and associated staffing
   - Identify the list of activities (operators of stationary installations of Annex I and Aircraft operators)
2. Designate the Competent Authority to implement/regulate
   - Auctioning (decide to work with own or existing platform)
   - Issuing of permits and allowances
   - National Implementation Measures (NIMs)
   - Monitoring, reporting, verification, accreditation
   - Registry work (Union Registry)
   - Organise internal and external information streams including public access to information

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Planning and Preparation - Where to start?

3. Develop necessary legislation :
   - Recommend to start with MRAV legislation and permitting legislation

   Following that start developing legislation that regulates
   - Inclusion of stationary installations (Annex I) and aviation sector
   - Allocation and issuing of allowances (NIMs)
   - Registry functioning
   - Transfer, surrender and cancellation of allowances
   - Use of credits (accept only credits from LDCs and not from nuclear installations and not from LULUCF and not from large hydropower)
   - Auctioning (own platform or existing platform)
   - Public participation and access to information

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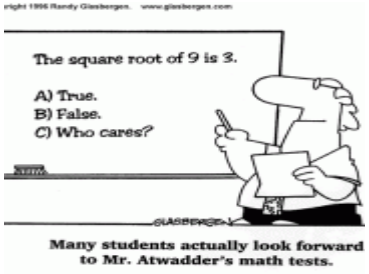
Planning and Preparation - Where to start?

4. Determine Capacity Building requirements for implementation
   - For Authorities
   - For operators !!!
   - Information campaigning to explain in simple terms to general public



5. Assess
   - Installations that are considered carbon leakage prone
   - Installations that may receive emission allowances for free (based on efficiency benchmarking)

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Planning and Preparation - Where to start?

6. Consider to start as a first step with Monitoring, Reporting, Verification and Accreditation
   - Prepare Guidance Materials (use the existing guidance and templates)
   - Develop an IT based system (electronic reporting) (recommended for large market)!
   - Accreditation body to accredit verifiers

7. Learn the actual trading
   - Consider as a first step to use monopoly money (to learn)
   - Establish a National Registry (modelled along the requirements of the Union Registry so that linking with the ITL though the EUTL is possible)
   - Consider national or regional trading

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Planning and Preparation - Where to start?

8. Set up compliance structures:
   - Inspectorates to check verified emission reports
   - Ensure secure trading though national registries
   - Training of inspectorates

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What can ECRAN offer?

- Assistance in guidance through the above steps of planning and preparation
- Formulate together TAIEX expert missions of Member State experts (such as from Emission Authority, accreditation agency, verifiers)
- Assistance in legislation drafting, IPA Project development, guidance documents, further training

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Next event

- Planned in Spring 2015
- Regional Seminar of ETS implementation and ETS strategy and roadmap development