

# **EU ETS track record: purpose**

## **EU and Polish perspective**

*The National Centre for Emissions Management (KOBiZE) in Poland*

*Strategy and Analysis Unit*

*Brussels, 01.02.13*

# Outline

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## ▶ **EU ETS – past and the present**

- ▶ Aim of the EU ETS directives
- ▶ EU ETS/non EU ETS vs. Kioto
- ▶ Emissions vs. GDP
- ▶ EU ETS – general rules
- ▶ Sectoral emissions
- ▶ Price signal

## ▶ **What else?**

- ▶ Price forecasts
- ▶ Renewable
- ▶ Energy Efficiency
- ▶ EU ETS reform

# The National Centre for Emissions Management

## ▶ Main tasks:

- ▶ Management of national emissions
- ▶ Database with information on the emitters
- ▶ Reporting under UNFCCC
- ▶ CDM & JI registry
- ▶ Administration of EU ETS:
  - ▶ National allocation plans (NAPs)
  - ▶ Monitoring and verification
  - ▶ Reports related to the system
  - ▶ Administration of EU Registry
  - ▶ Auctions
- ▶ **Advisor to the Ministry of Environment in the climate policy**



# 20% CO2 reduction – The aim of the EU ETS directives

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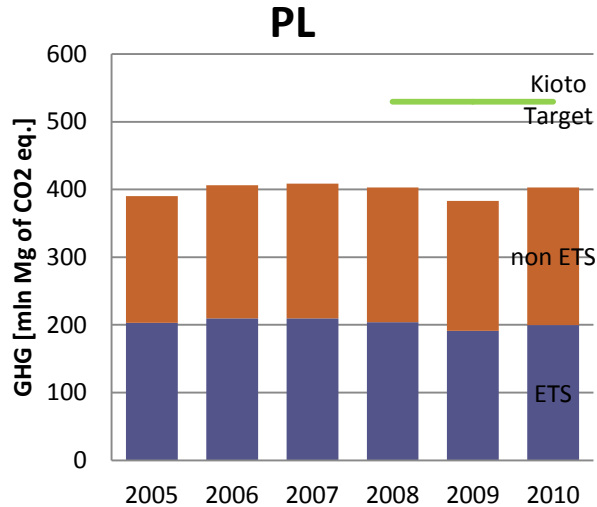
## ▶ 2003/87/EC

- ▶ To contribute to **fulfilling the commitments** (Kyoto Protocol) of the European Community and its Member States more effectively

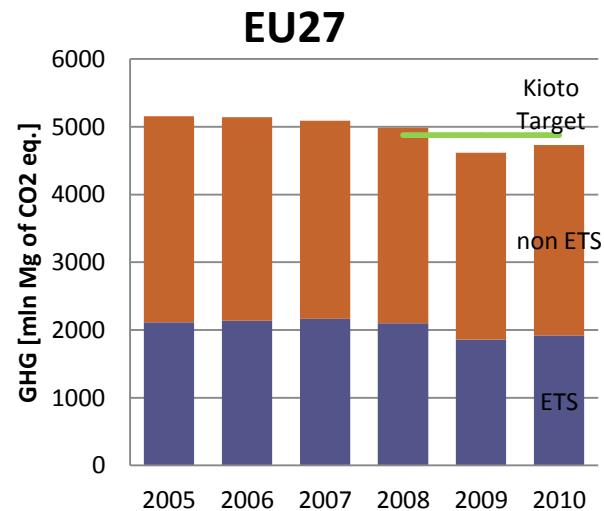
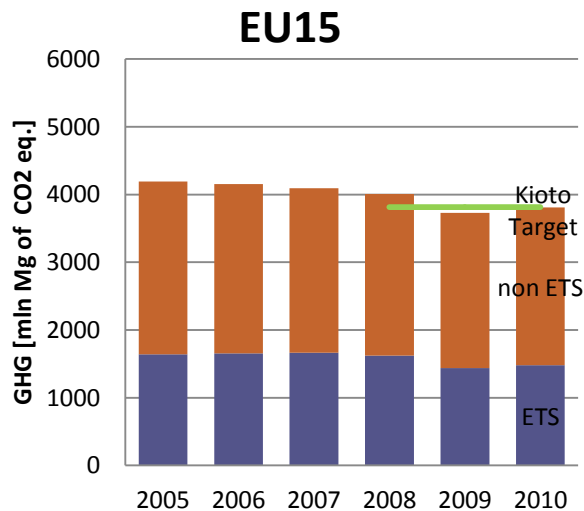
## ▶ 2009/29/EC

- ▶ To promote reductions of greenhouse gas emissions in a **cost-effective** and **economically efficient** manner.
- ▶ More **harmonised** emission trading system is imperative in order to better exploit the benefits of emission trading.
- ▶ **Predictability** should be ensured and **the scope** of the system should be **extended** (...) with a view to both reinforcing a **carbon price signal** necessary to trigger the **necessary investments** and by **offering new abatement opportunities**, which will lead to **lower** overall abatement **costs** and the **increased efficiency** of the system.

# Emissions vs. Kioto Target

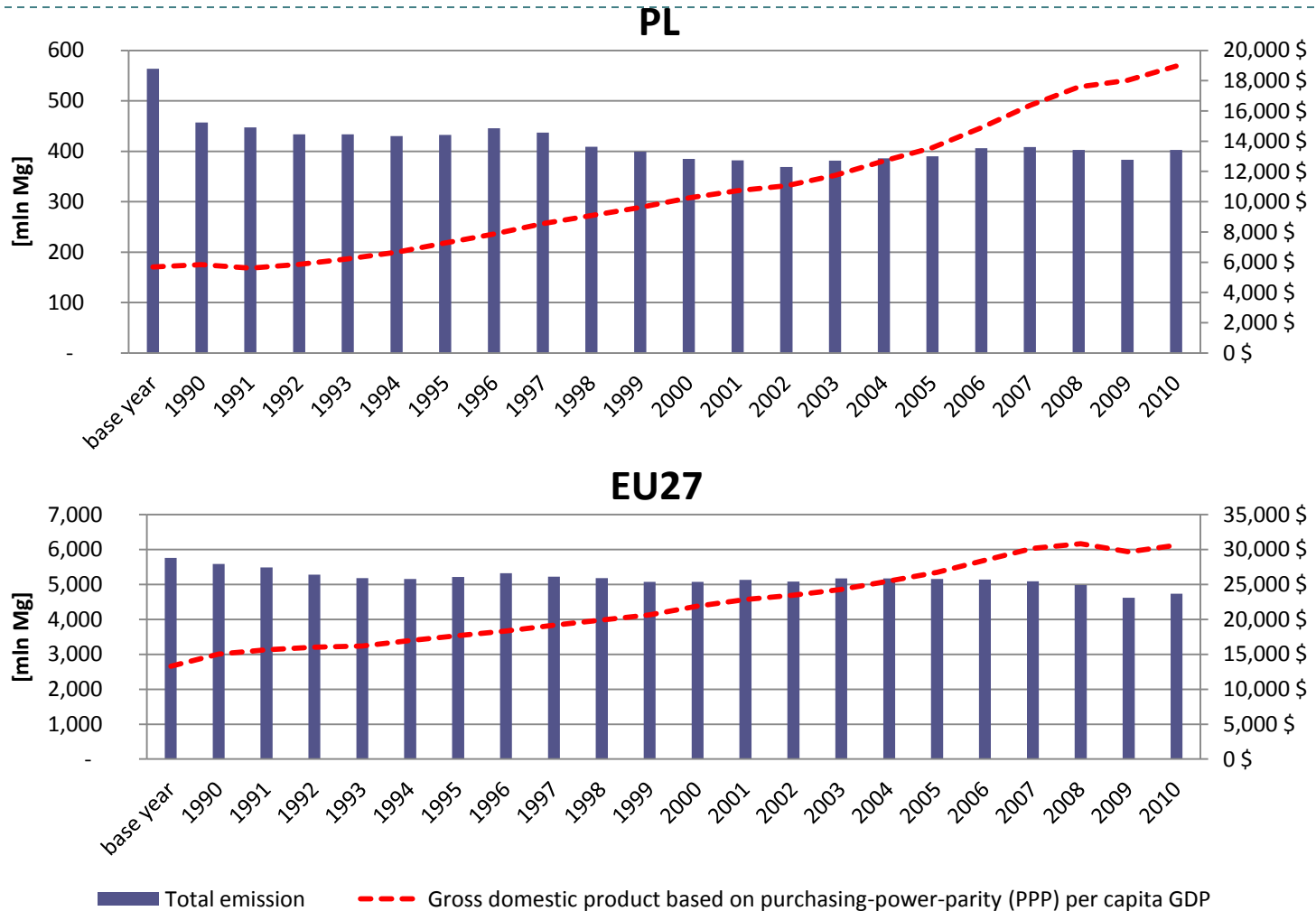


- ▶ **Poland** – well below the Kioto target
- ▶ **EU** – slightly below the Kioto target as a result of the crisis



Source:UNFCCC

# GDP vs. Emission of GHG

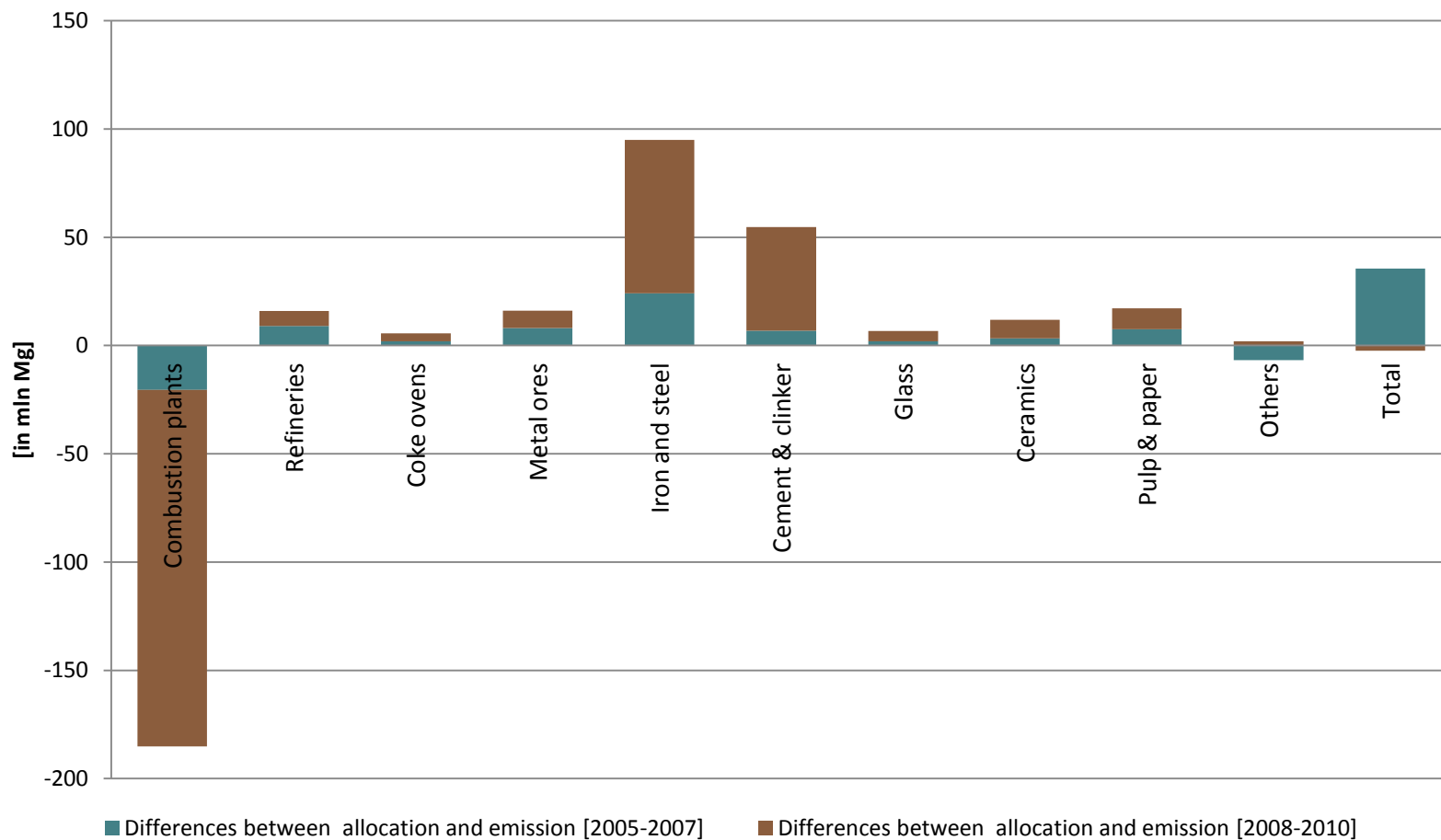


Sources: GDP – International Monetary Fund, World Economic Outlook Database, October 2012,

# EU ETS - rules

2005-2007	2008-2012	2013-2020
Free allocation	Free allocation	Auctioning (with exemptions)
3 year-period	5 year-period	8 year-period
Constant cap		Decreasing cap (-1,74%/year)
Cap on the national level		Cap on the EU level
NAP (all sectors)		NAP (10a) + derogation (10c)
Allocation methodology on the national level		Harmonised methodology on the EU level
		Benchmarks
		Heat for household
		Subinstallation
Carbon leakage		
No banking	Banking	

# Emissions vs. allocation in sectors EU-27

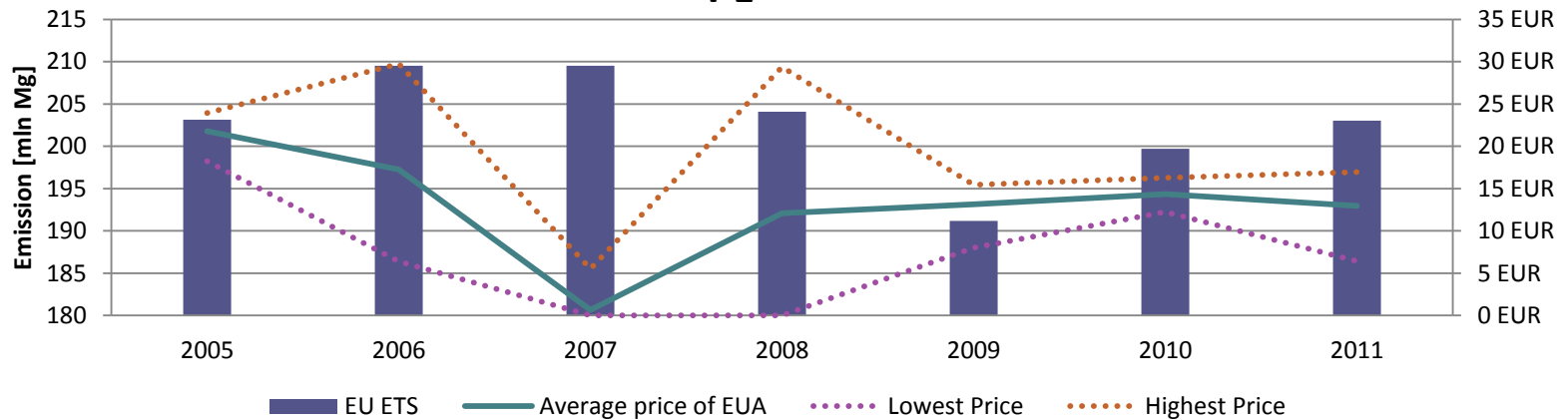


Source: EEA

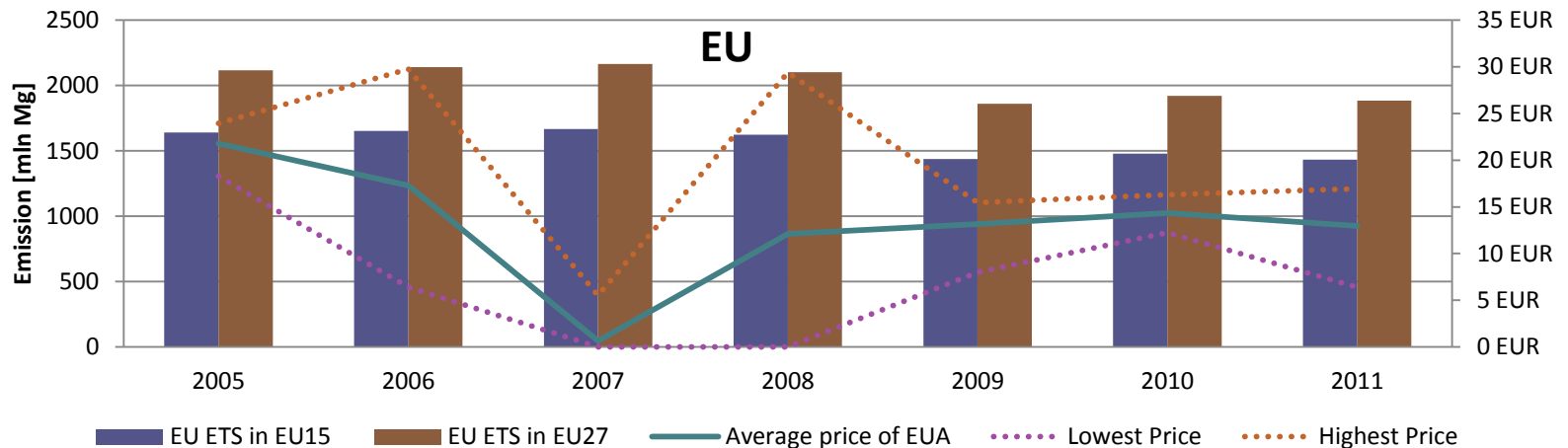


# Emissions vs. CO2 price signal

PL

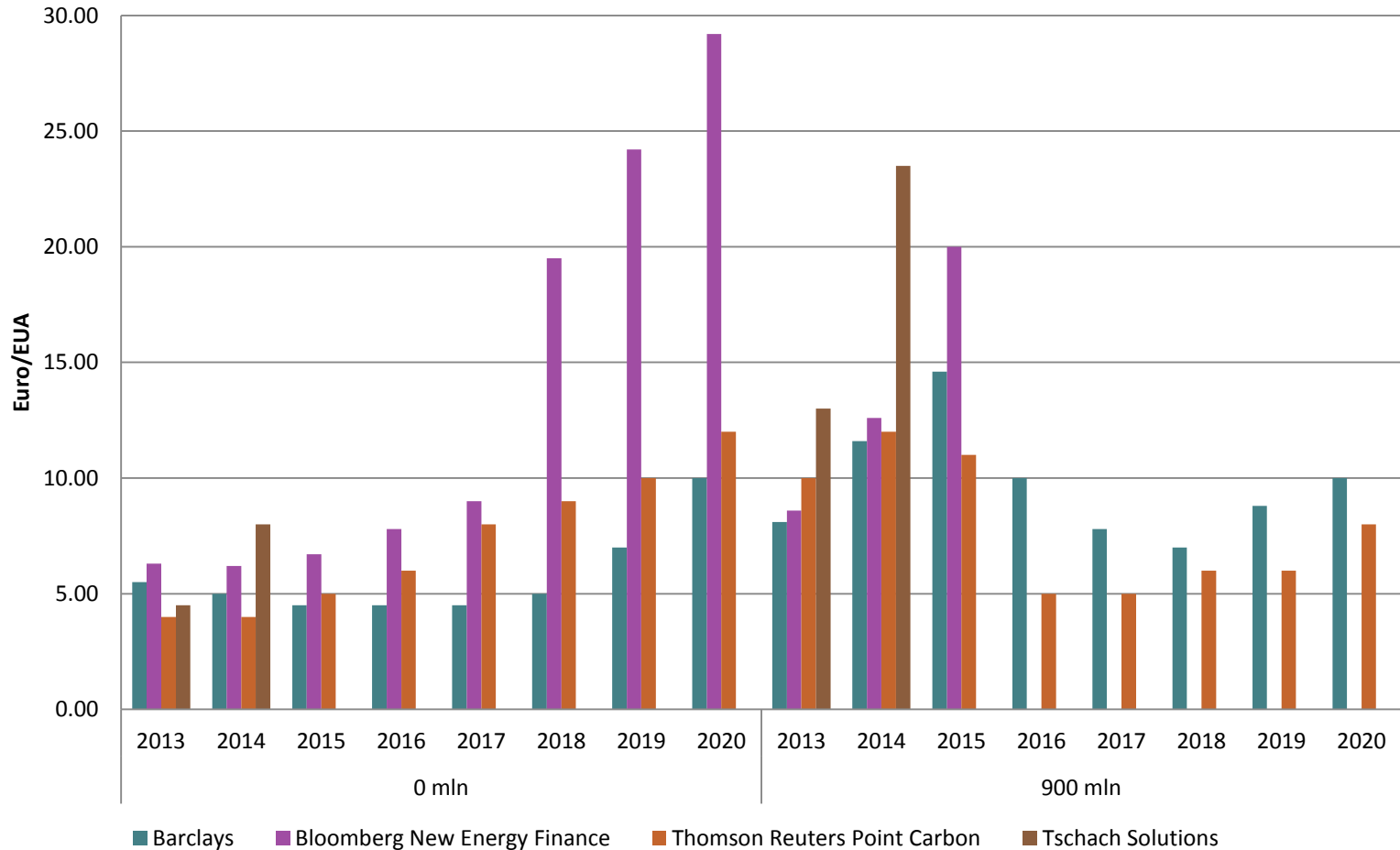


EU



Source: Price based on OTC market (provided by brokers) and ECX, Bluenext, EEX and Nordpool

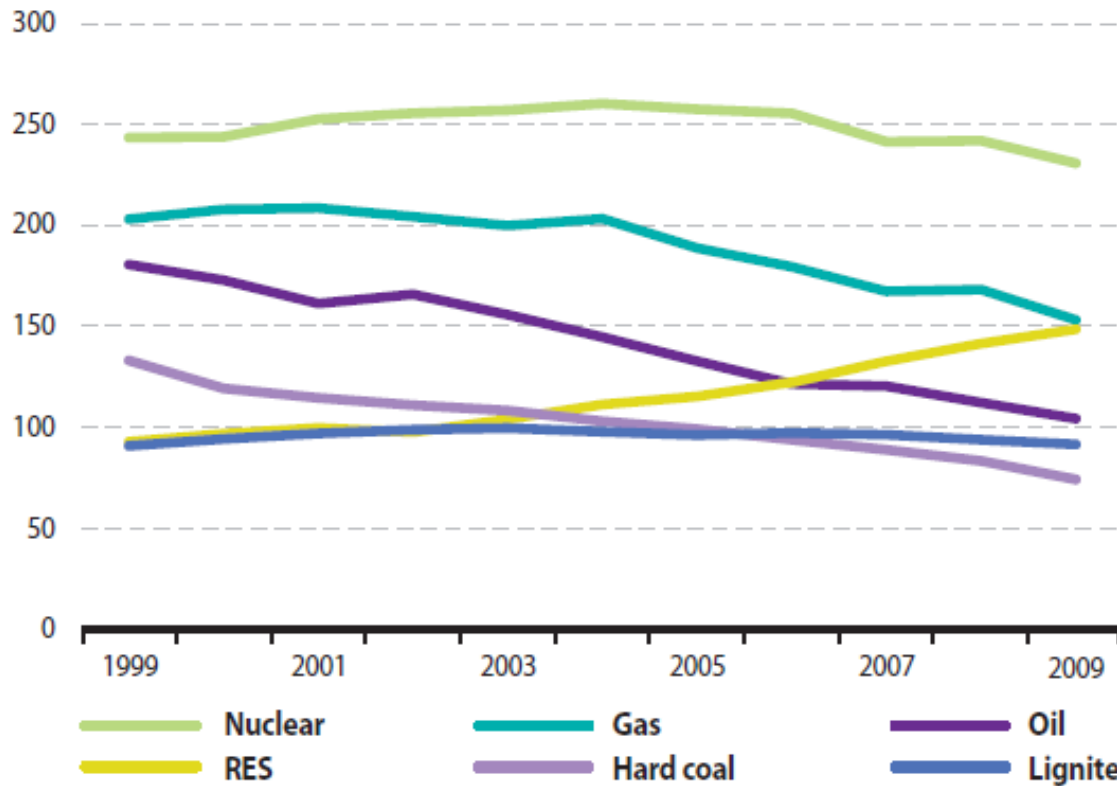
# Price forecasts 2013-2020



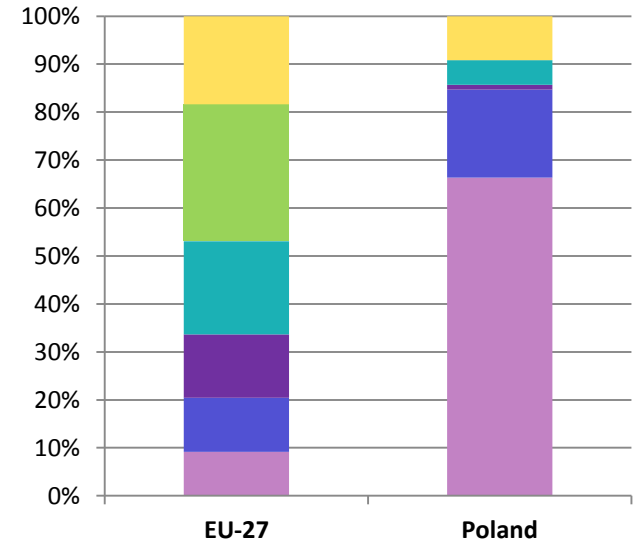
Source: Commission Staff Working Document, impact Assessment, amending Regulation (EU) No 1031/2010 in particular to determine the volumes of GHG emission allowances to be auctioned in 2013-2020

# 20% RES - Fuel switch

## Primary energy production EU-27 (ktoe)



## Primary energy production in 2009 (%)

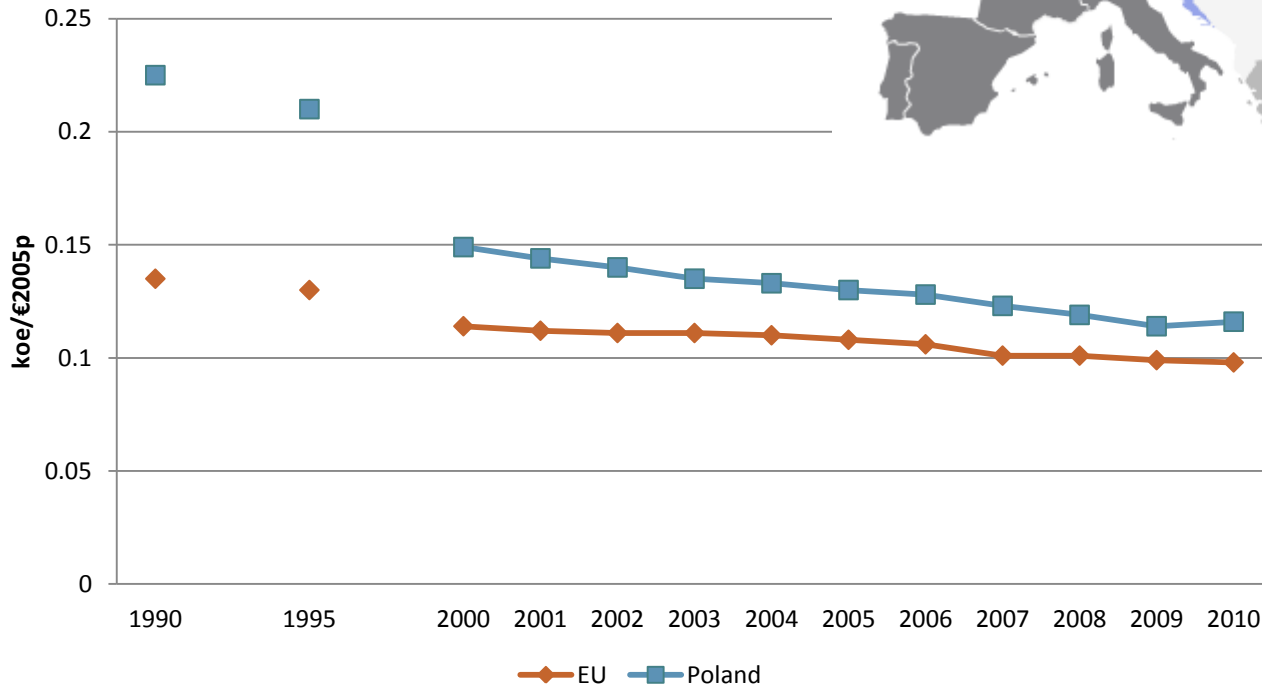
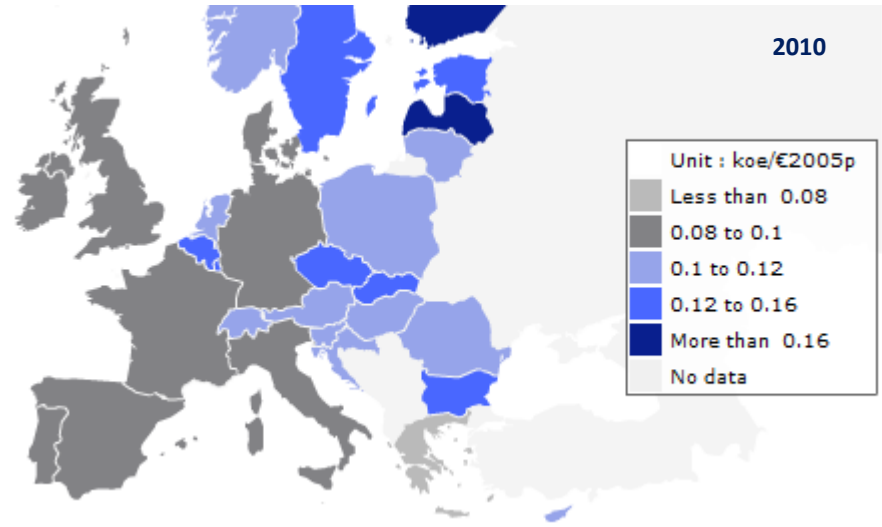


Source: Eurostat



# 20% EE - Energy efficiency improvement

Final energy consumption per unit of GDP (at ppp)



Source: Odyssee



# Conclusions from the market analyses

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- ▶ **EC Report – The state of the European carbon market in 2012**
  - ▶ 6 possible solutions (increasing target, set aside, revision of the linear factor, increasing the scope, limit on CER/ERU use, price floor)
- ▶ **PL proposals**
  - ▶ Reform of EU ETS post 2020 (new sectors, new countries, energy efficiency, R&D)
- ▶ **CEPS analysis – Reviewing the EU ETS Review?**
  - ▶ Systemic solution (increasing target, regulation on the market, price floor), one-off measure not excluded (set aside)
- ▶ **Climate Strategies – Strengthening the EU ETS**
  - ▶ Combination of measures (set aside, floor price, reform post 2020)

# Thank you for attention!

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