



The Federal Ministry  
for the Environment,  
Nature Conservation  
and Nuclear Safety

## **Implementation of the ET Directive in Germany – Key Elements for the National Allocation Plan (NAP)**

### **Workshop „The Treatment of High-Efficiency Power Generation and CHP in National Allocation Plans**

**Berlin, 30. January 2004**

**MinR F. J. Schafhausen**

Meeting on ETS Berlin 14.-15.01.04

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## **Preparation of the national allocation plan: Identification of installations and data collection**

- definition of installations on the basis of German Federal Clean Air Act, limit values of the Directive are decisive
- two-step procedure of data collection:
  1. Evaluation of emission report statements (on the basis of the Federal Clean Air Act) from 2000
  2. Sending questionnaire to operators of installations which have been identified to require emissions allowances
- data collection by means of standardised software (RISA-GEN)

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## Data collection

### Levels of data collection

- Operator
- Plant and equipment (“Betriebseinrichtung”)
- Installation
- Part(s) of installation
- Installation: base for allocation of allowances
- joint accounting of several installations (“bubble”) will be made possible in exceptional cases
- level of parts of installations: detailed information on emission relevant substances (e.g. fuels)

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## Data collection and data evaluation

- Data was provided voluntarily. Projections are made for CO<sub>2</sub> emissions from operators not delivering any data
- historical emissions in the 2000-2002 period form basis for allocation
- actual (and legally binding) allocation at the level of installations will follow application procedure. Operators must provide allocation relevant data, certification by verifiers (→ see also charts 15 and 16)

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## Current state of affairs

- Evaluation of returned operator questionnaires, preliminary list of installations has been compiled, emissions data are being evaluated at present
- about 2,600 installations (single installations and so-called “bubbles”)
- Public participation: preliminary list of installations (without details on CO<sub>2</sub> emissions) was made available on the internet from 9 December 2003 – 31 December 2003
- Second phase is scheduled for March 2004 (publication of updated list of installations)

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## Key elements for a National Allocation Plan (NAP) for the 2005-2007 trading period

### Structure

- *macro plan*: setting the quantity frame and establishing the sector budget; P&M for non ET sectors
- *micro plan*: allocation rules at installation level; compliance factor; data collection and evaluation
- list of installations
- additionally: legal and institutional bases

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## Macro plan

- establishing the national emissions budget for greenhouse gases and sectors
- in particular: definition of emissions volumes for sectors involved in emissions trading
- Sectors (on the basis of official energy statistics):
  - energy
  - industry
  - trade, commerce, services
  - transport
  - households

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## National emissions budget

Base year 1990: 1,218.2 million t CO<sub>2</sub>equivalents

EU burden sharing target for Germany: 962 million t p.a.  
CO<sub>2</sub> equivalents

### Projection:

Greenhouse gas emissions (excl. CO<sub>2</sub>) will decline to 116 million t CO<sub>2</sub> equivalents in 2008-2012 period

→ CO<sub>2</sub> emissions budget for 2008-2012: 846 million t CO<sub>2</sub> p.a.

⇒ linear interpolation for 2005-2007: 851 million t CO<sub>2</sub> p.a.

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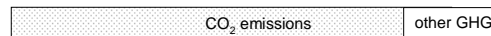
## Budget for emissions trading sectors

- **Energy and industry: voluntary agreement on climate protection made by German trade and industry form basis for allocations**
- **Agreement foresees a reduction of the emissions level by about 45 million t p.a., of which 35 million t are to be reduced directly in the sectors energy and industry; interim targets set for 2005 (base year of the agreement is 1998)**
- **emissions budgets for energy and industry can be derived from the agreement on climate protection:**
  - **488 million t CO<sub>2</sub> for 2005-2007**
  - **480 million t. CO<sub>2</sub> for 2008-2012****(average value for 2000-2002: 505 million t CO<sub>2</sub>)**

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### 1. GHG emissions 2000-02



EU-Burden-Sharing  
(linear interpolation)

prognosis

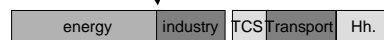
### 2. GHG emissions budget 2005-07



Voluntary  
agreement

Sector targets,  
political measures

### 3. CO<sub>2</sub> emissions budget for sectors 2005-07



data collection

### 4. Sum of average CO<sub>2</sub> emissions 2000-02



Compliance  
factor (CF)

### 5. CO<sub>2</sub> emissions budget 2005-07 for covered installations



R = reserve  
S = special features

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## **MICRO PLAN**

### **Preparation of allocation rules**

- **BMU presented key elements paper for individual allocation rules (under discussion at present)**

### **BMU proposal on some aspects:**

#### **“Basic rule“**

- **cost-free allocation on the basis of historic emissions in 2000-2002 (grandfathering)**
- **compliance factor**

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### **“Early action”**

- **taking into account active and verifiable measures in favour of climate protection policy**
- **application of early action must consider Annex III and NAP Guidance**
- **setting a total budget for early action, allocation in line with application procedure**

### **“New installations/New Entrants”**

- **cost-free initial issue**
- **BMU proposal: allocation on the basis of benchmarks/best available technology**
- **no application of compliance factor**
- **extension of capacity of existing installations will be dealt with along the same lines**

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#### **“Reserve“**

- creating a reserve out of the budget of the emissions trading sectors
- projected need determines the volume

#### **Transfer of allowances for replacement investments**

- permission to transfer allowances from existing installations to replacement installations (provided that type of installation is the same)
- right to choose between transfer or allocation under the “new entrants-rule”



#### **“Closure“**

- allocation of allowances discontinued the year following closure
- operator is required to notify closure
- review of virtual (unreported) closure by competent authority

#### **Phase out of nuclear energy**

- taken into consideration in the context of establishing macro budget
- volume on the basis of estimated volume of power generation to be substituted



## **Legal implementation and institutional structure I**

### **Greenhouse gas emissions trading act (TEHG)**

- legal basis: CO<sub>2</sub> emissions permitted pursuant to emissions allowances
- and legal frame for the *administration, trade and sanctions* in the system of emissions trading

### **Ordinance (based on Federal Immission Control Act)**

- definition of installation
  - emissions allowance intertwined with existing licensing legislation
  - provisions for monitoring emissions (reporting requirement, verification)
- ⇒ *both adopted by the Federal Cabinet on 17 December 2003*

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## **Legal implementation and institutional structure II**

### **National Allocation Plan Act (NAP-G)**

- establishing macro budgets
- allocation rules and procedures
- detailed provisions on administrative aspects etc.

### **German emissions trading authority (DEHSt) located at the Federal Environment Agency**

- competent authority, currently being set up
- provides emissions allowances on the basis of the NAP-G
- reviews the emissions trading reports and their congruence with emissions allowances
- responsible for trade register
- carries out sanction procedures

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