

Experiences and views on opt-in in EU ETS

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Background

- FIN has decided to apply opt-in (art 24) for both the 1st and 2nd phase of EU ETS
- Opt-in concerns only district heating
- Installations < 20 MW are included if at least one installation in the network exceeds 20 MW (is covered)
- The inclusion is mandatory

Conditions for opt-in

- Approval from Cion needed for opt-in
- Criteria mentioned in art 24:
 - Effects on internal market
 - Potential distortions of competition
 - Environmental integrity
 - Reliability of planned monitoring & reporting
- Opt-in possible from 2005 for installations below capacity limits in Annex I
- Extended opt-in from 2008

Article 24

1. *From 2008, Member States may apply emission allowance trading in accordance with this Directive to activities, installations and greenhouse gases which are not listed in Annex I, provided that inclusion of such activities, installations and greenhouse gases is approved by the Commission in accordance with the procedure referred to in Article 23(2), taking into account all relevant criteria, in particular effects on the internal market, potential distortions of competition, the environmental integrity of the scheme and reliability of the planned monitoring and reporting system.*

From 2005 Member States may under the same conditions apply emissions allowance trading to installations carrying out activities listed in Annex I below the capacity limits referred to in that Annex.

Purpose of opt-in

- District heating in extensive use in FIN
- In most DH networks there are installations under and above 20 MW
- Avoid to give incentive to operate small installations instead of bigger → economic and environmental impacts
- Avoid distortion of competition if installations have different operators; installations outside the scheme could have competitive advantage

Some figures on opt-in

- More than one third of all installations are opted in.
- The number of opt-in for phase 2: 230 inst. (originally 209 for phase 1); 39,5% of total
- Around 450 000 allowances allocated to the opt-in installations in NAP2
- 0,25% of total amount of allowances (198 Mt in total)

Opt-in procedures

- Several decisions on opting in installations by FIN authorities (new installations emerging, NER used for allocation)
- Cion has decided twice on FIN opt-in
- The decision-making process relatively long → legal uncertainty, issuing of allowances delayed
- The 2nd Cion decision simplified the procedure → separate approval by Cion on further opt-in not required for 1st phase
- Monitoring & reporting in line with MRG

Views on opt-in

- Simplification of opt-in procedure important improvement
- Situation somewhat unclear for phase 2 (new opt-in installations)
- Decision-making should not be too time consuming
- Art 24 should be amended to facilitate opt-in below capacity limits in Annex 1 → no separate approval from Cion on that if conditions are met