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Royal Norwegian Ministry of the Environment

Emissions trading – Norwegian experiences

ECCP WG on emissions trading

Brussels 14-15 June 2006

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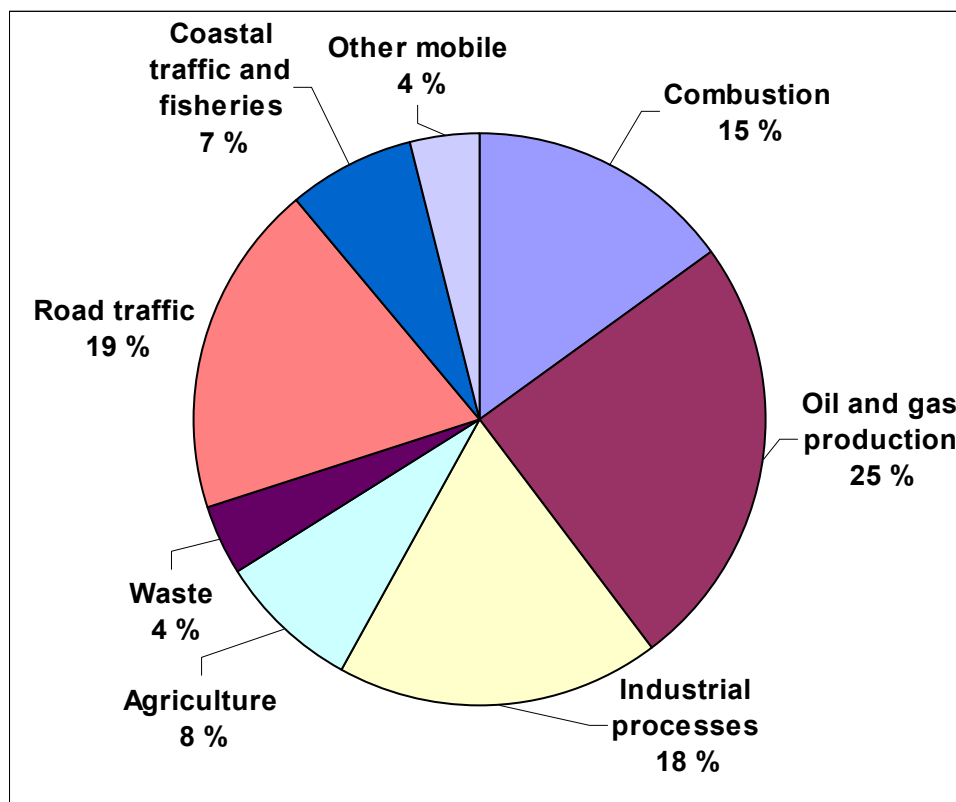
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Emissions distribution 2003, gases and sectors



Source: The Norwegian Pollution Control Authority.



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Coverage - Norwegian ETS 2005-2007

- As EU: Mainly industry (energy facilities above 20 MW, cement, refineries, some others)
- Permits: 51 installations covering 10-15 % of the emissions (6-8 Mt)
- Installations paying CO₂-taxes are not included (30 offshore – 12 Mt, 50-60 on shore, 1-3 Mt)
- CO₂-tax rates up to NOK 337/ton (>40 euro/ton)
- The ghg emissions trading system (2005-2007) applies to CO₂-emissions from installations with few other incentives for limiting their emissions



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Allocation - Norwegian ETS 2005-2007

- Free of charge 2005-2007 - no auction/sale
- 95 % of estimated "need", either from:
 - Historical: 1998-2001 average (5 installations)
 - Or projected emissions for changes in nature/scope since - 01 and new entrants (46 installations)
- Conditionality on plans carried out
- Application date 15 January - no mercy
- No ex-post adjustments upwards
- No reserve
- Appeals on 9 installations, minor figures at stake



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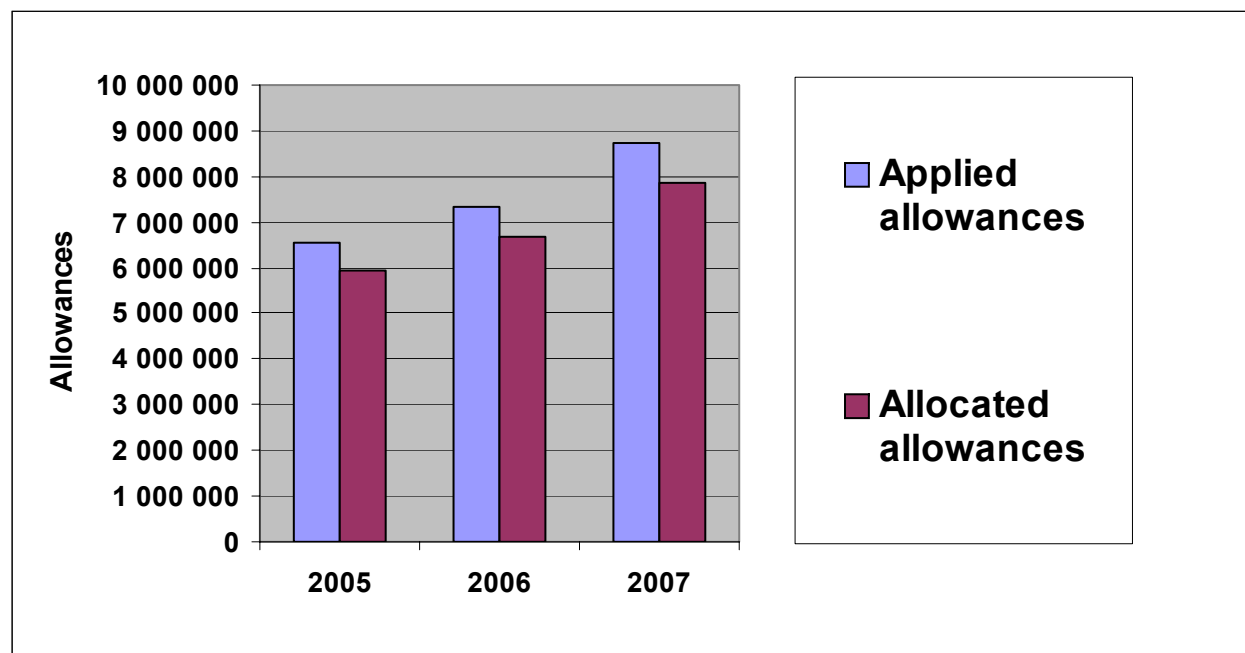
Other features – Norwegian ETS 2005-2007

- Permits (as EU)
- Monitoring and reporting (as EU)
- Registry: DEFRA software, interim solution until EU link decided
- Sanctions:
 - 40 euro/ton (as EU)
 - Administrative possibilities depending on gravity of incident.
- Gateway – unilateral accept of EU allowances
- Use of mechanisms (as EU):
 - CERs from CDM
 - No sinks
 - No nukes
 - Special procedure for major hydro



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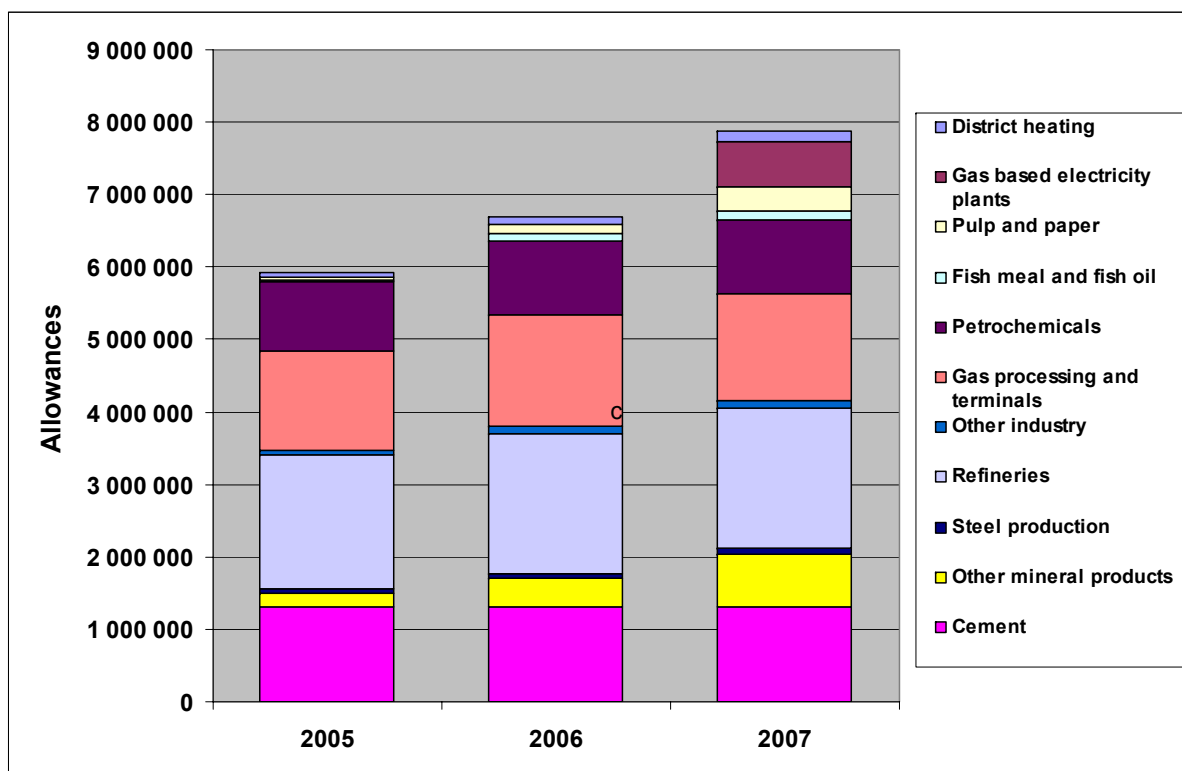




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Allocated allowances for 2005-2007 distributed by sectors.

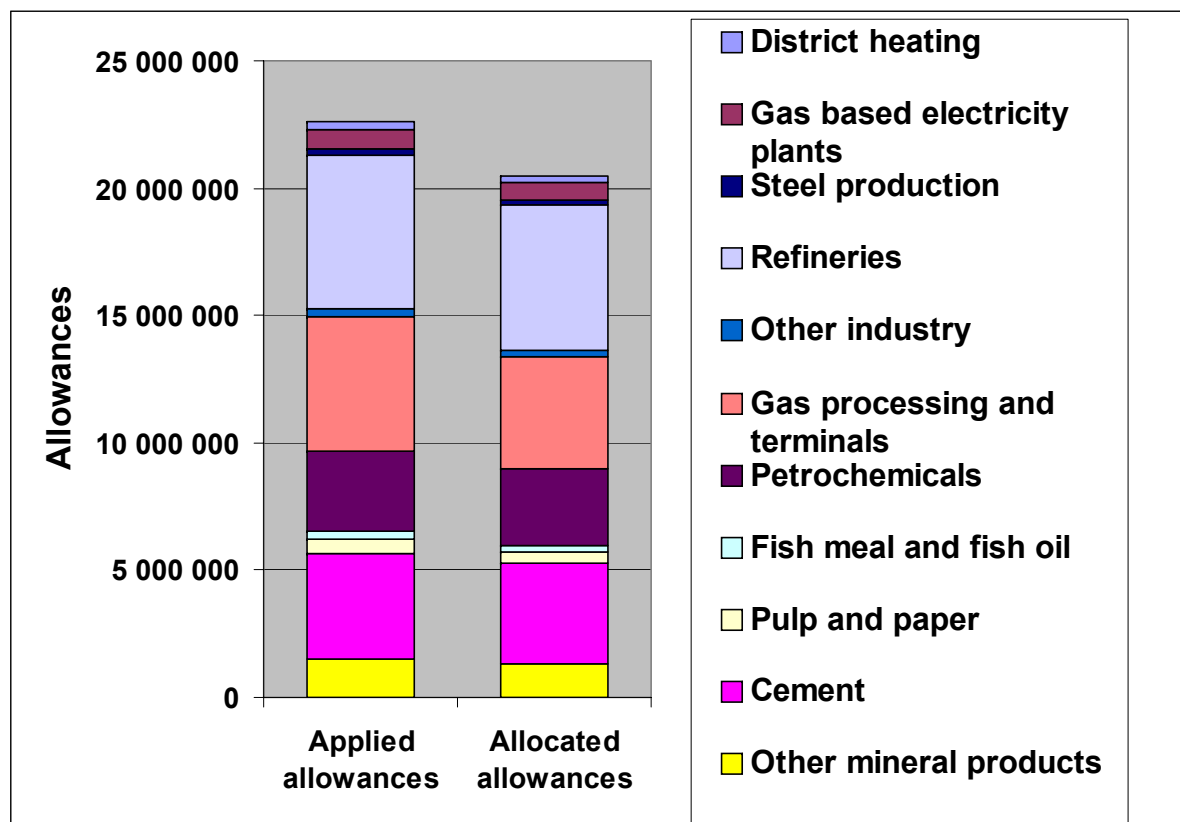




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Allocated allowances for 2005-2007 compared to amount of allowances asked for in the applications, by sector.

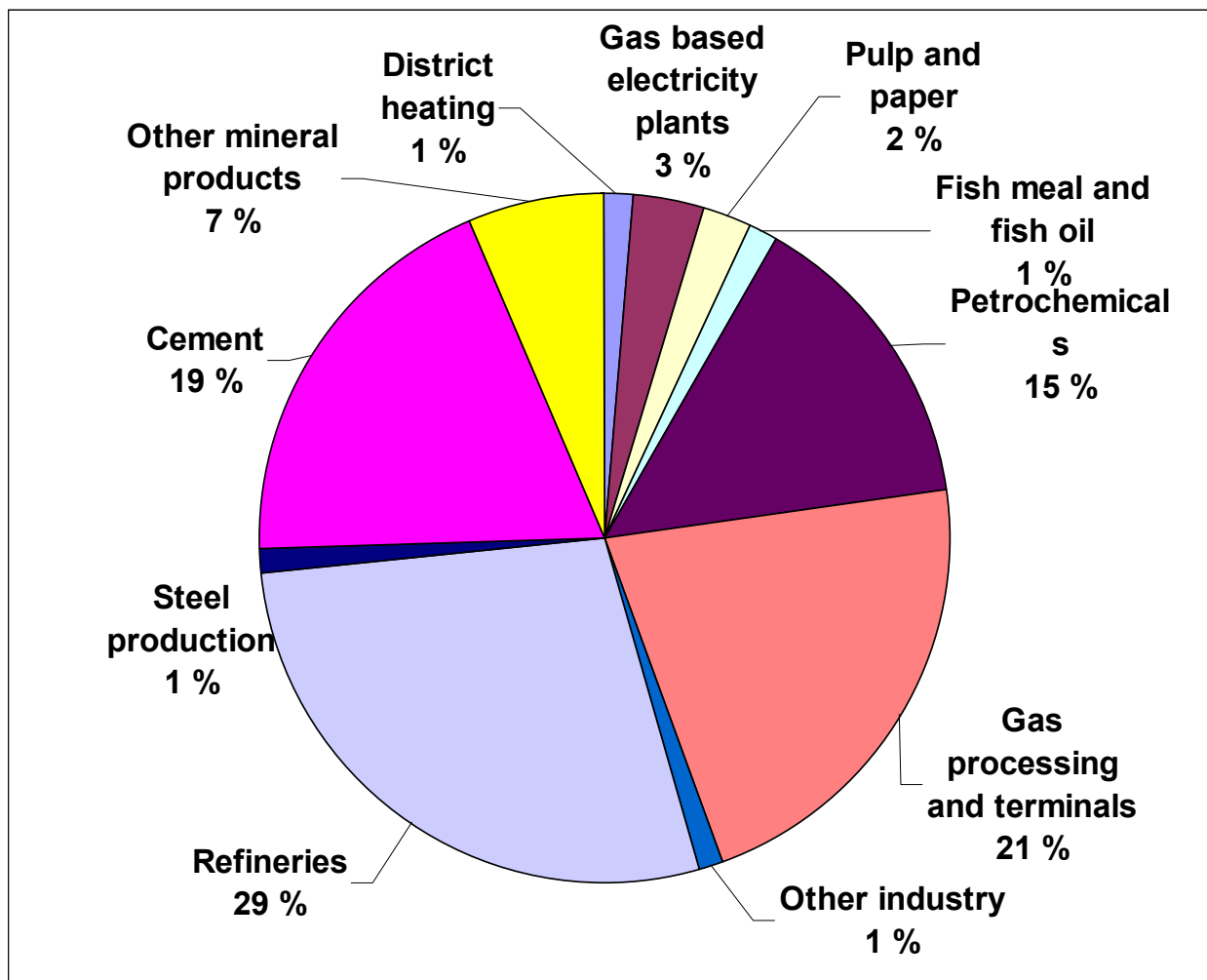




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Allocated allowances for 2005-2007 to sectors in per cent.





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Observations from 2005 and 2006

- 2005: 32 installations, 2006: 35
- Lower than expected emissions both years – about 4 % long.
- Most of the surplus from 2 plants – otherwise market in balance
 - Measures
 - Optimistic projections
 - Rain, milder than in normal years, high gas prices
- Few transfers (only 12)
- Few persons' accounts (8 + 1 deleted)
- No information of trades and price transparency - but equal or lower than EU price reasonable assumption.
- Gateway (EUA) used once, no use of CERs
- No violation of M&R rules, full compliance