



Workshop on the Free Allocation Rules for EU ETS Phase 4

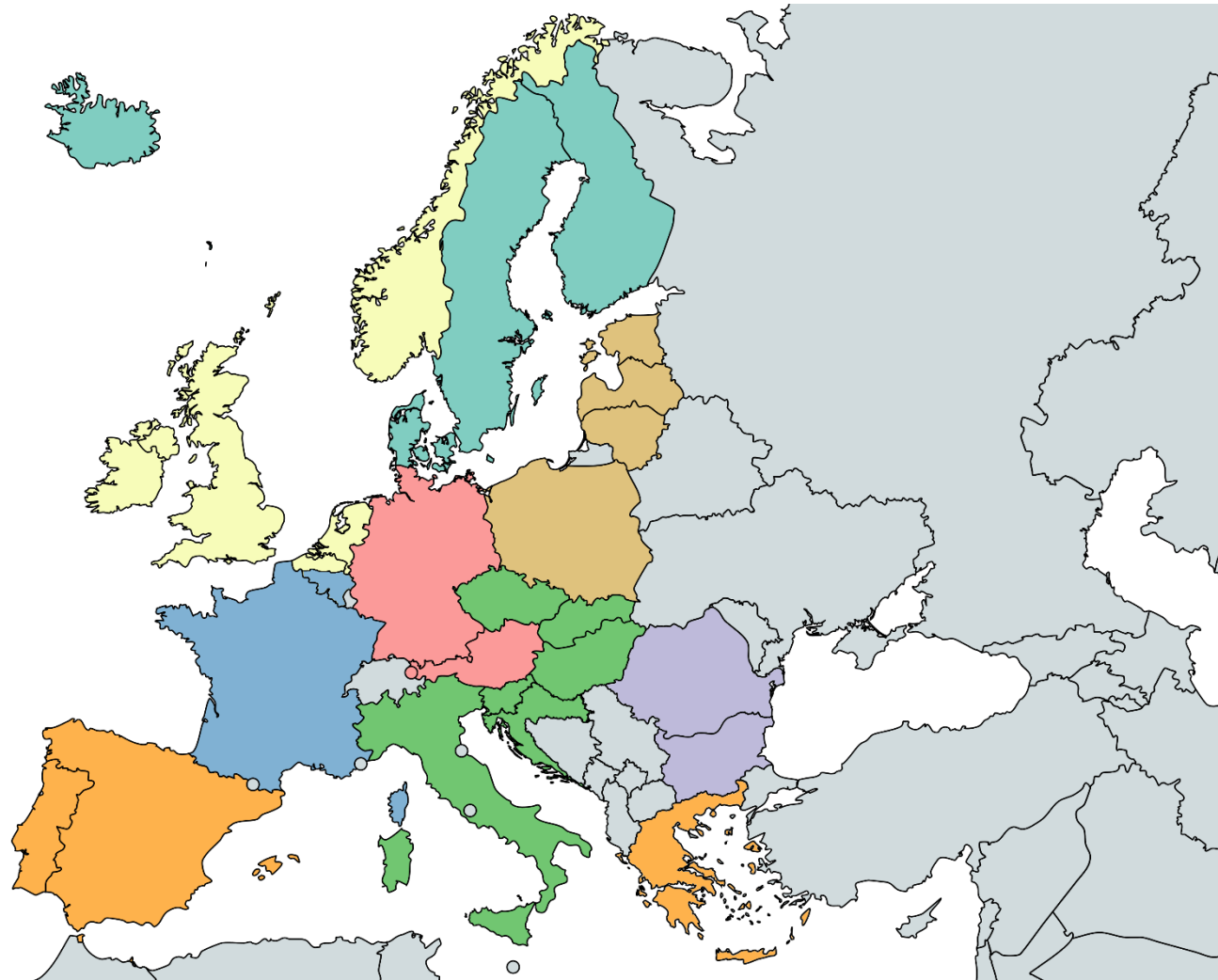
January - March 2019
DG Climate Action

Workshops: Free allocation in Phase 4

- Training in preparation of data collection exercise
- Discuss country- and/or sector-specific issues

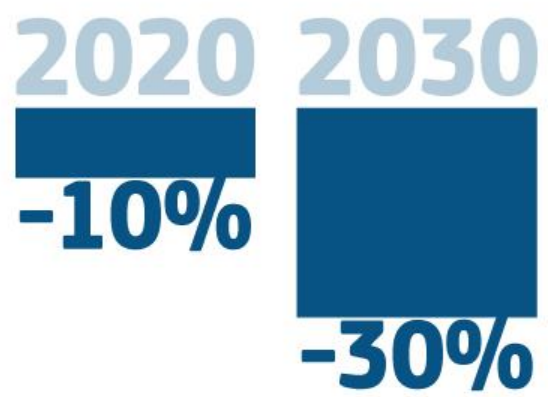
Distribution of FAR Workshops

- Tallinn - 31 January
- Utrecht - 5 February
- Paris - 7 February
- Berlin - 11 February
- Madrid - 12 February
- Rome - 15 February
- Stockholm - 13 March
- Sofia - 15 March

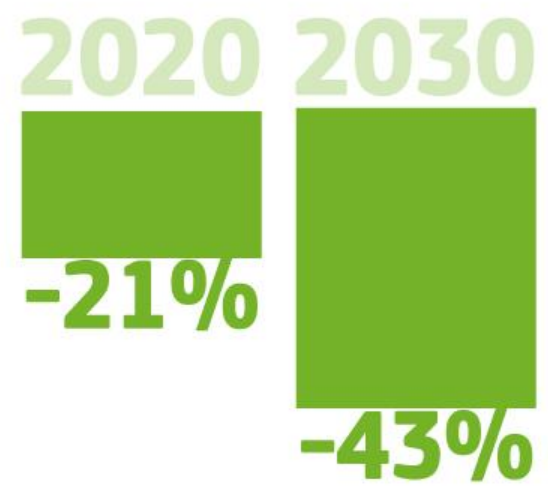


Domestic reductions in emissions from ETS and non-ETS sectors

EMISSION
REDUCTIONS
IN ETS AND
NON-ETS
COMPARED TO 2005



NON-ETS
INCLUDING ROAD TRANSPORT, HOUSING, AGRICULTURE etc.



ETS
INCLUDING POWER/ENERGY SECTOR & INDUSTRY

EU ETS revision – fixing the regulatory framework for the next decade

After 27 months of negotiations following the Commission's proposal of July 2015, agreement was reached on the general ETS revision on 8/9 November 2017

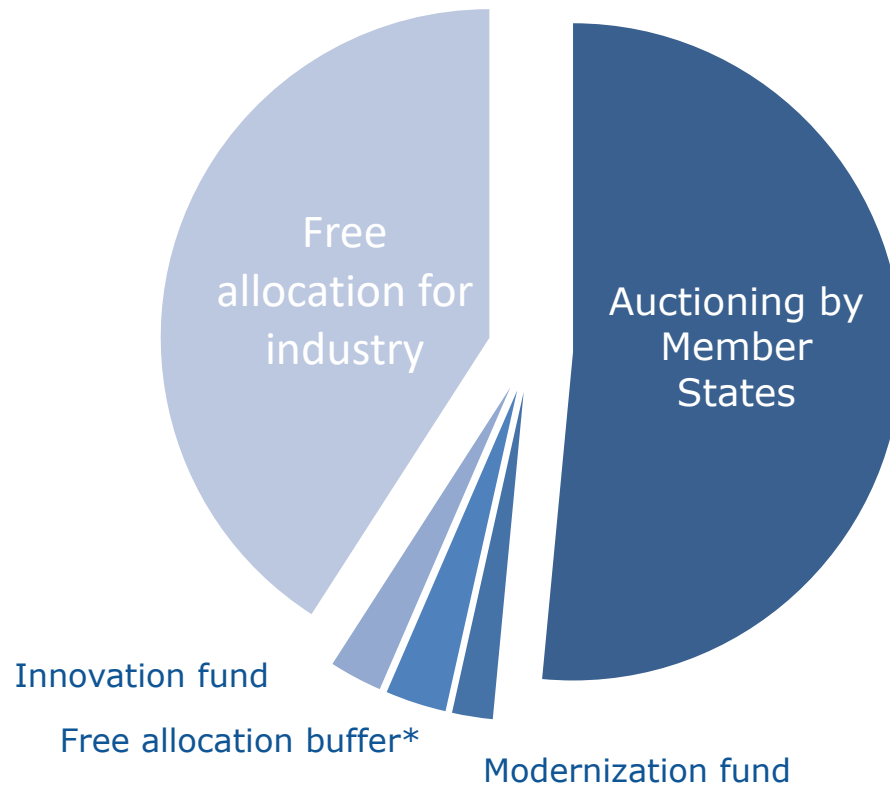


The European Parliament approved the first reading agreement on 6 February 2018, with 525 out of 751 votes

Formal Council approval on 27 February, entry into force on 8 April 2018



Structure of the EU ETS in Phase 4 (15.5 billion allowances)





Phase 3 (2013 – 2020)

Phase 4 (2021 – 2030)

General

Objective (2005): -30% (ETS), -10% (non-ETS)

Objective (2005): -43% (ETS), -21% (non-ETS)

Allocation periods: 1 (8 years)

Allocation periods: 2 (5 years)

Cap: 1,74% reduction per year

Cap: 2,2% reduction per year

CIMs Decision (transposition)

FAR Regulation (directly applicable)

Allocation changes / New entrants

New entrants: Greenfields and SCE

New entrants: Greenfields only

Allocation changes: SCE/SCR, Partial cessations

Allocation changes: Activity level changes

Carbon Leakage

175 sectors and subsectors

63 sectors and subsectors

CL status: Carbon cost and/or trade intensity

CL status: Trade intensity multiplied by emission intensity

Non-CL: Transitional free allocation decreasing from 80% to 30%

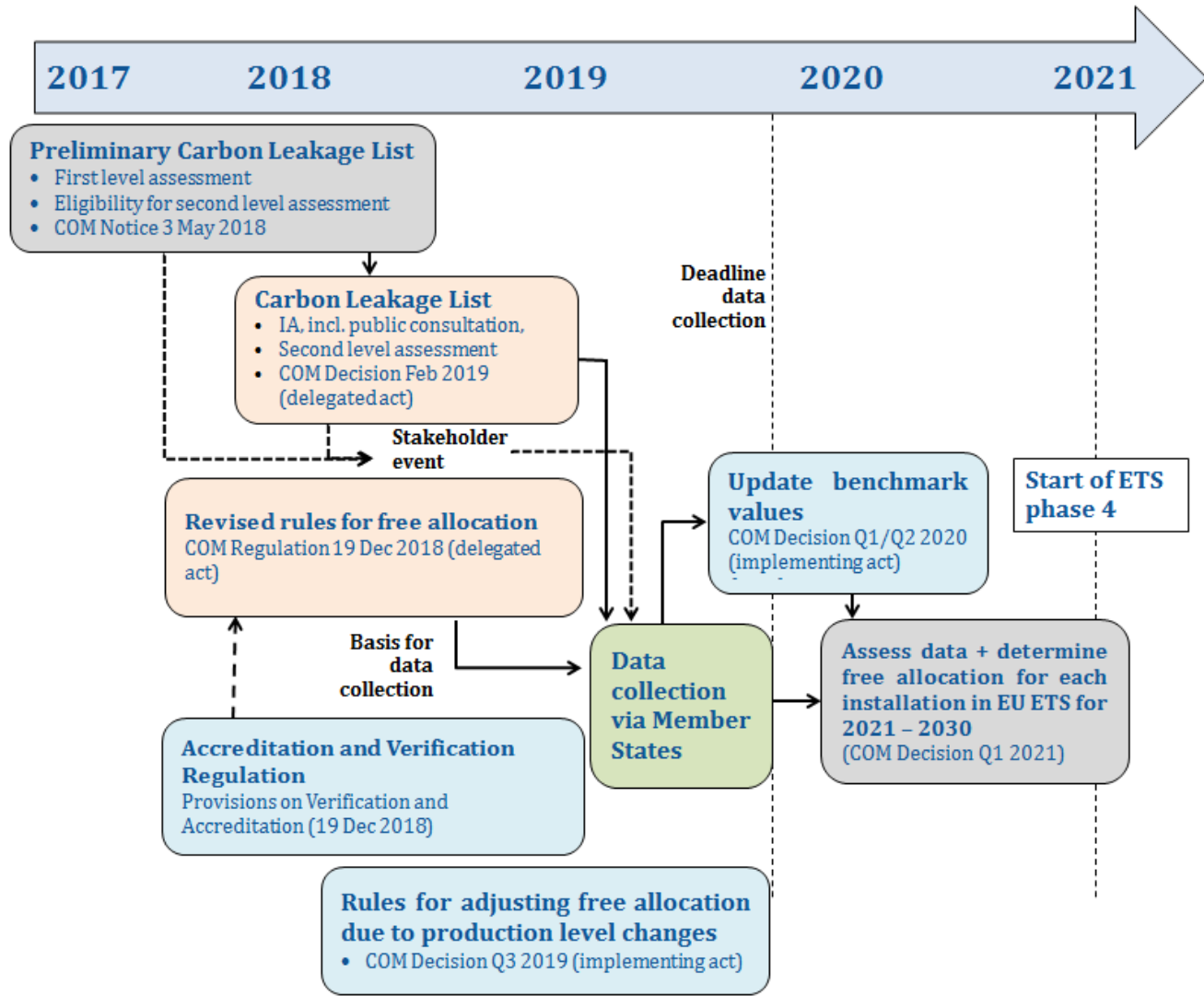
Non-CL: Transitional free allocation decreasing from 30% to 0% (exception for DH)

New Definitions

Incumbent installation
Heat benchmark-subinstallation to exclude district heating
District heating sub-installation
Waste gas
Start of normal operation
Allocation period
Mergers and splits

Definitions and articles removed

All definitions and articles linked to “capacity”, including SCE and SCR.



Timeline, next steps

Carbon Leakage List – adopted on 15 February 2019. Two-month scrutiny ongoing till mid-April.

Free Allocation Rules Regulation 2019/331 – adopted on 19 December 2018. Published in OJ on 27 February 2019.

Activity Level Changes Regulation – 12-week public consultation closed on 22 February 2019.

Accreditation and Verification Regulation – adopted on 19 December 2018. Published (Regulation 2018/2066).

Benchmark update – Based on NIMs data (after September 2019).



NIMs

Application for free allocation by operators of incumbent installations –
DDL 30 May 2019.

- Baseline data report verified as satisfactory;
- Monitoring Methodology Plan (MMP);
- Verification report on the baseline data report and on the MMP.

The NIMs will include electricity generators, and installations included or excluded pursuant to Art. 24, 27, 27a.

NIM submissions to the Commission – 30 September 2019.



Thank you for your attention