

Identifying sectors deemed to be exposed to a significant risk of carbon leakage

Direct CO2 cost calculation and preliminary results

DG ENTR B.1

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European Commission
Enterprise and Industry

Issues

- Scope of assessment
- Approach
 - Data sources
 - Reference Period
 - Confidentiality
 - Data Coverage and Gaps
 - Remaining challenges
- Preliminary Results

Scope of assessment – “SECTORS”

NACE-4

- 258 NACE4 sectors covering Sections C (Mining and Quarrying) and D (Manufacture).

Sectors that are already in the ETS

- **Installation – sector matching:** using emissions and company information data from CITL records on one hand, and company information from business data bases (Dun & Bradstreet, Kompass, Amadeus and national databases) on the other hand
- **For non-matched installations:** Consultation with industry and Member States

Approach I: data sources (2)

New ETS activities and greenhouse gases (as listed in Annex I of the revised ETS Directive)

- Direct emissions of CO₂ from their combustion installations
 - a) Already in ETS and hence reported in CITL
 - b) Request from MS for data on fuel consumption; use of fuel specific emission factors to derive CO₂ emissions from their combustion installations for means of comparison
→ Requested from MS; to be evaluated at EUROSTAT due to confidentiality

- Process emissions: emissions of CO₂, N₂O and PFC for activities listed in ANNEX 1 of the revised ETS Directive
 - a) Request from MS; to be evaluated at EUROSTAT due to confidentiality
 - b) National greenhouse gas inventories and reports: matching of emission categories from inventories with activities in ANNEX 1 and corresponding NACE-4 sectors (ongoing)

Approach II: Reference Period

| | 2004 | 2005 | 2006 | 2007 |
|--------------|---------|------------|------------|------------|
| GVA | SBS | SBS | SBS | X |
| Direct CO2 | X MS | CITL MS | CITL MS | CITL MS |
| Indirect CO2 | MS | MS | MS | MS |

Approach III: Confidentiality

- Gross Value added (GVA)
 - GVA from SBS is confidential, at least for one of the considered years, for many sectors.
 - When this is the case, results are only reported with respects to thresholds using three categories: below 5%, between 5% and 30% and above 30%.
- Fuel consumption data
 - *Mostly confidential at Member States level*
 - *EUROSTAT did aggregations*

Approach IV: Coverage (1) CITL

- CO₂- process emissions for current (*i.e. before the revision*) activities explicitly mentioned in Annex I of the existing ETS Directive and combustion related emissions for all sectors
- 96.3% of total emissions have been attributed to a sector at NACE4 level.
 - For 2.7% only the attribution at NACE-3 level is known
 - For 1% no attribution has been made
 - Sectors with missing allocations include, among others, 262, 273, 171, 294, 211, 182, 261, 281, 172, ...
- A list with sectors for which not all emissions have been attributed, will be circulated to stakeholders as soon as possible in order to facilitate further attribution of emissions to sectors at NACE-4 level

Approach IV: Coverage (2)

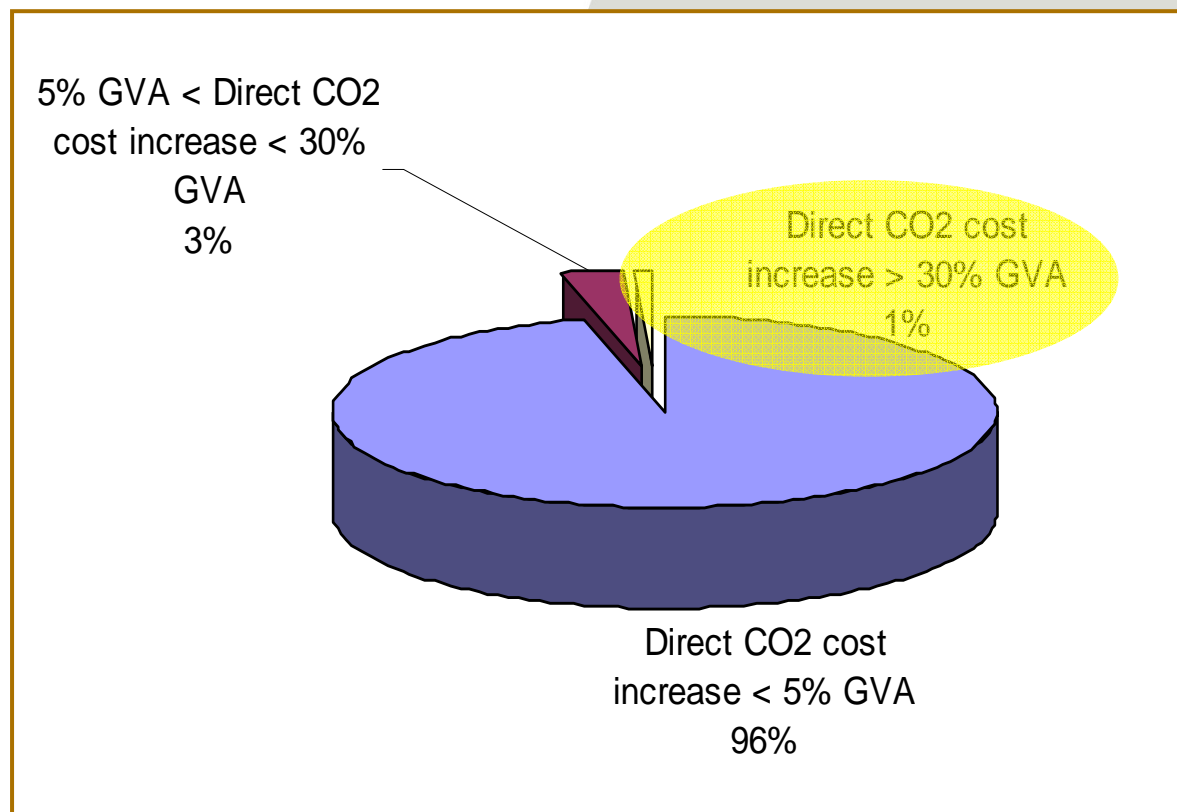
New ETS activities and greenhouse gases (as listed in Annex I of the revised ETS Directive)

- **Direct emissions of CO₂ from combustion installations** reported in CITL
 - included in the preliminary results
- **Fuel consumption** and use of fuel specific emission factors to derive CO₂ emissions from their combustion installations for means of comparison
 - to be evaluated at EUROSTAT due to confidentiality of MS data
- **Process emissions:** emissions of CO₂, N₂O and PFC
 - MS data to be evaluated at EUROSTAT due to confidentiality
 - National greenhouse gas inventories and reports: matching of emission categories from inventories with activities in ANNEX 1 and corresponding NACE-4 sectors yet to be finalized

Approach V: Remaining challenges

- Consultation with Member States and Industry Organizations to identify sector for missing emissions
- Work in progress to include process emissions for new activities and and the new greenhouse gases
- Work in progress to include emissions from temporary excluded (“opted-out”) **installations** (BE, UK, NL)
- Therefore, reported results should be considered **lower bounds** to actual emissions **in particular for sectors with emissions of N₂O and PFC or activities, newly mentioned in Annex 1 of the revised ETS Directive.**

Preliminary results (1)

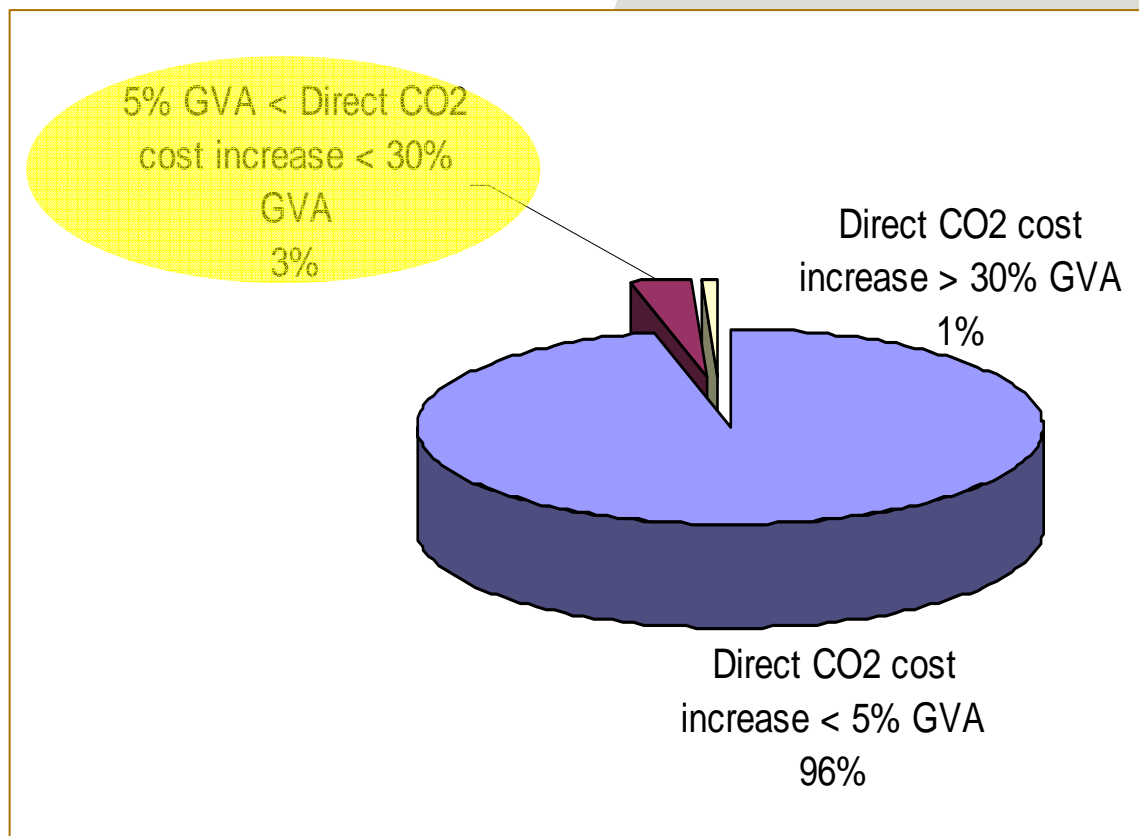


Preliminary results (2)

- Three sectors are above 30% CO2 cost with respect to GVA

23.10 Coke Oven Products
26.51 Cement
26.52 Lime

Preliminary results (3)



Preliminary results (4)

- Three sectors are above 30% CO2 cost with respect to GVA
 - 23.10 Coke Oven Products
 - 26.51 Cement
 - 26.52 Lime
- Seven sectors are above 5% CO2 cost with respect to GVA
 - 10.20 Mining and agglomeration of lignite
 - 15.83 Manufacture of sugar
 - 23.20 Manufacture of refined petroleum products
 - 26.11 Manufacture of flat glass
 - 26.13 Manufacture of hollow glass
 - 27.10 Manufacture of basic iron and steel and of ferro-alloys
 - 27.52 Casting of Steel

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