

## **EU emissions trading scheme delivers first verified emissions data for installations**

*The European Commission today released the 2005 carbon dioxide (CO<sub>2</sub>) emissions data and compliance status of more than 9,400 installations covered by the EU Emissions Trading Scheme. For four Member States – Cyprus, Luxembourg, Malta and Poland – no information has been received as their emission allowance registries are not yet operational. The Emissions Trading Scheme enables greenhouse gas emissions from the power sector and energy-intensive industrial plants to be cut at least cost to the economy.*

The 21 Member States with active registries have allocated an annual average of 1,829.5 million allowances to installations in the scheme's first trading period, covering 2005 to 2007. In addition they have put aside an annual average of some 73.4 million allowances for new installations or for auctioning purposes. Independently verified emissions data for installations operating in these 21 Member States (with a small number still to report) amounted by 30 April to approximately 1,785.3 million tonnes for 2005.

By the compliance deadline of 30 April 2006 some 8,980 installations had fulfilled their obligations with regard to reporting 2005 emissions. These installations account for more than 99 % of allowances allocated.

By the compliance deadline of 30 April 2006 a total of 849 installations were identified as not having surrendered a sufficient number of emission allowances. Many of these have subsequently fulfilled their surrender obligation over the last two weeks. Some of the remaining installations that have yet to fulfil their obligations have reportedly encountered technical difficulties in national registries. The Commission will contact Member States responsible for these installations to identify the reasons and to ensure appropriate enforcement action is taken in cases of non-compliance.

## **Future evolution of the scheme**

Preparation for the scheme's second trading period, from 2008 to 2012, is already well under way. As required by the Emissions Trading Directive,<sup>1</sup> Member States are drawing up national allocation plans for the 2008 to 2012 period for notification to the Commission by 30 June. These plans are important climate policy tools since collectively they will determine the total permitted level of CO<sub>2</sub> emissions from installations across the EU as well as how many allowances each installation receives individually. The new 2005 emissions data gives independently assessed installation-level figures for the first time and so provides Member States with an excellent factual basis for deciding upon the caps in their forthcoming national allocation plans for the second trading period, when the Kyoto targets have to be met. The plans are subject to approval by the Commission, which will also be making extensive use of the 2005 emissions data.

Separately, later this year the Commission will launch a review of the scheme and the Directive to see whether adjustments to the scheme's design should be introduced after 2012. Experience gained from the first compliance cycle is a valuable input to this process. The main purpose of the review is to ensure that the scheme, seen across the world as being the nucleus of a future international carbon market, delivers emission reductions in the most cost-effective way possible into the medium and long-term.

## **Background**

Under the scheme, launched on 1 January 2005, installations are allocated a certain number of CO<sub>2</sub> emission allowances by their governments per year (one allowance gives the right to emit one tonne of CO<sub>2</sub>). Installations that keep their emissions below their total of allowances - for instance by investing in more energy-efficient equipment - can sell their surplus allowances to those that emit more than their allocated allowances. This 'cap and trade' approach ensures that emissions are cut wherever it is cheapest to do so.

After the end of each calendar year each installation has to report its actual emissions from that year, assure independent verification of this report and submit it to the competent national authority by 31 March. By 30 April the company has to surrender a number of emission allowances equivalent to its verified emissions in the previous year. Companies that surrender an insufficient number of allowances to cover their emissions have to pay a financial penalty of €40 to the Member State concerned for each missing allowance. The annual compliance cycle is closed by the publication of emissions data and surrendered allowances information per installation on 15 May and the cancellation of surrendered allowances by 30 June.

The Community Independent Transaction Log (CITL) records the issuance, transfer, surrender and cancellation of allowances that take place in national registries. Some Member States have informed the European Commission that certain oversights and errors by companies have taken place, such as cancelling rather than surrendering allowances. These could lead to slight discrepancies in the figures in the CITL and the summary tables available for download. Explanatory notes have been added accordingly.

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<sup>1</sup> Directive 2003/87/EC

Due to technical problems occurring in the national registries of the Czech Republic, France, the Slovak Republic and Spain, the number of surrendered allowances and therefore the compliance status per installation as submitted by these national registries to the CITL may be incorrect. The Commission is collaborating with these Member States to correct these compliance figures as soon as possible. For this reason, no installation-level tables are available for the Czech Republic, France, the Slovak Republic and Spain for download at this stage.

Member State reports can be downloaded from the Commission's Climate Change website at <http://ec.europa.eu/comm/environment/climat/emission.htm>

The searchable database on verified emissions and surrendered allowances (the Community Independent Transaction Log) can be found at:

<http://ec.europa.eu/comm/environment/ets/>

For information on the Commission's infringement action against Member States without an active registry see

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/469&format=HTML&aged=0&language=EN&guiLanguage=en>

For general information of the EU emission trading scheme see:

<http://europa.eu.int/comm/environment/climat/emission.htm>

## Summary information per Member State

Member State	CO <sub>2</sub> emissions for 2005 in tonnes	Installations that have not reported by 30 April	Share of installations with verified emission reports	Installations covered*	Installations not in compliance on 30 April	Annual average allocation in 2005 to 2007 in tonnes**	Annual average allocation not allocated at the outset in tonnes***
Austria	33,372,841	0	100.0%	199	0	32,674,905	330,050
Belgium	55,354,096	2	99.9%	309	2	59,853,575	2,545,876
Czech Republic****	82,453,727	39	98.4%	389		96,907,832	348,020
Denmark	26,090,910	2	98.9%	380	4	31,039,618	2,460,382
Estonia	12,621,824	0	100.0%	43	1	18,763,471	189,529
Finland	33,072,638	10	100.0%	578	19	44,587,032	862,952
France****	131,147,905	17	99.7%	1075		150,500,685	4,871,317
Germany	473,715,872	13	99.8%	1842	90	495,073,574	3,926,426
Greece	71,033,294	28	99.5%	141	29	71,135,034	3,286,839
Hungary	25,714,574	13	99.0%	229	19	30,236,166	1,424,738
Ireland	22,397,678	0	100.0%	109	0	19,238,190	3,081,180
Italy	215,415,641	208	95.4%	943	647	207,518,860	15,551,575
Latvia	2,854,424	1	99.9%	92	1	4,054,431	505,760
Lithuania	6,603,869	2	99.9%	93	4	11,468,181	797,213
Netherlands	80,351,292	0	100.0%	209	0	86,439,031	2,503,305
Portugal	36,413,004	1	99.9%	243	2	36,898,516	1,262,898
Slovak Republic****	25,237,739	0	100.0%	175		30,364,848	7,180
Slovenia	8,720,550	0	100.0%	98	0	8,691,990	66,667
Spain****	181,063,141		99.1%	800		162,111,391	13,162,130
Sweden	19,306,761	29	99.4%	705	31	22,530,831	678,149
United Kingdom	242,396,039	15	99.9%	768	16	209,387,854	15,527,484
<i>Total</i>	<i>1,785,337,819</i>		<i>99.1%</i>	<i>9.420</i>		<i>1,829,476,015</i>	<i>73,389,670</i>

Note: As all data are held in the CITL and national registries, no data are available for those Member States without an active registry.

\* The figures in this column indicate the number of installations with active registry accounts on 30 April 2006. They differ from figures communicated in earlier press releases, because they are updated for installations opted-out for the first trading period, opted-in and installations without open accounts.

\*\* The figures in this column are allowances allocated to existing installations at the start of the scheme.

\*\*\* The figures in this column are allowances not allocated to existing installations at the start of the scheme but put aside mainly for new entrants and auctioning (in the case of Denmark, Hungary, Ireland, and Lithuania).

\*\*\*\* Due to technical problems in the national registries of the Czech Republic, France, the Slovak Republic and Spain the CITL did not receive wholly reliable information on the installation level surrenders from these Member States. Therefore some fields are empty for these Member States. All data represented in the table was communicated directly to the Commission by the respective authorities of these Member States.