



The Federal Ministry
for the Environment,
Nature Conservation
and Nuclear Safety

Interaction of ETS Law with other Legislation/Policies EU and Germany

**“Sharing Experiences on Developing
Emissions Trading System (ETS) Law”
Bangkok 8 – 9 November 2018**

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- **EU Climate & Energy Targets**
- **German Climate Policy Targets**
- **Relation of ETS Law to other Laws**
 - Federal Immission Control Act
 - Renewable Energy Sources Act
 - Project Mechanism Act
 - „Coal Phase-Out Laws“



- **European Union is Party to**
 - **United Nations Framework Convention on Climate Change (UNFCCC)** of 1992
Aim: "preventing dangerous anthropogenic interference with Earth's climate system"
 - **Kyoto Protocol (KP)** to the UNFCCC laying down "*Quantified Emission Limitation and Reduction Objectives*" (QELROs) regarding six greenhouse gases for developed countries (EU: - 8 % between 2008 and 2012 compared to 1990; - 20 % until 2020)
 - **Paris Agreement (PA)** under the UNFCCC
Aim: holding the global average temperature increase to "well below 2° C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5° C" (EU NDC: at least - 40 % 2030 compared to 1990)



EU Climate and Energy Targets

	GHG emissions reduction	Share of renewable energy	Improvements in energy efficiency
2050	– 80-95 %	To be defined	To be defined
2030	– 40 % (at least)	32 % (at least)	32,5 % (at least)
	➤ ETS: – 43 %*		To be reviewed in 2020
	➤ Non-ETS: – 30 %*		
2020	– 20 %	20 %	20 %
	➤ ETS: – 21 %*		
	➤ Non-ETS: – 10 %*		

*(as compared to 1990 (*2005) level)*

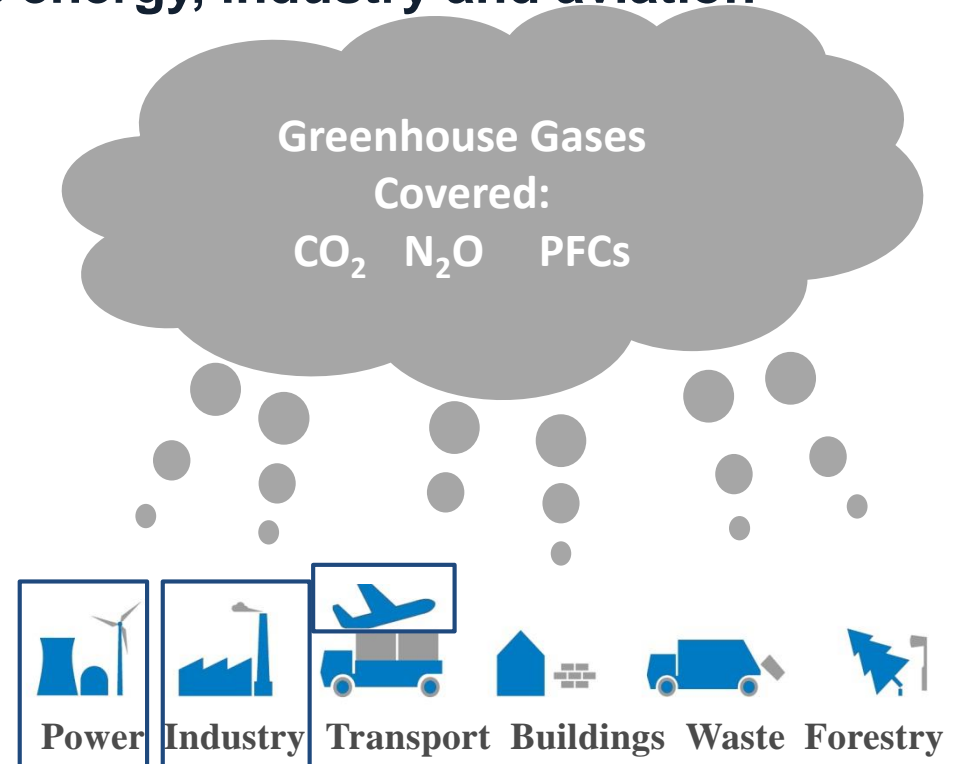


Distribution of Climate Targets

ETS

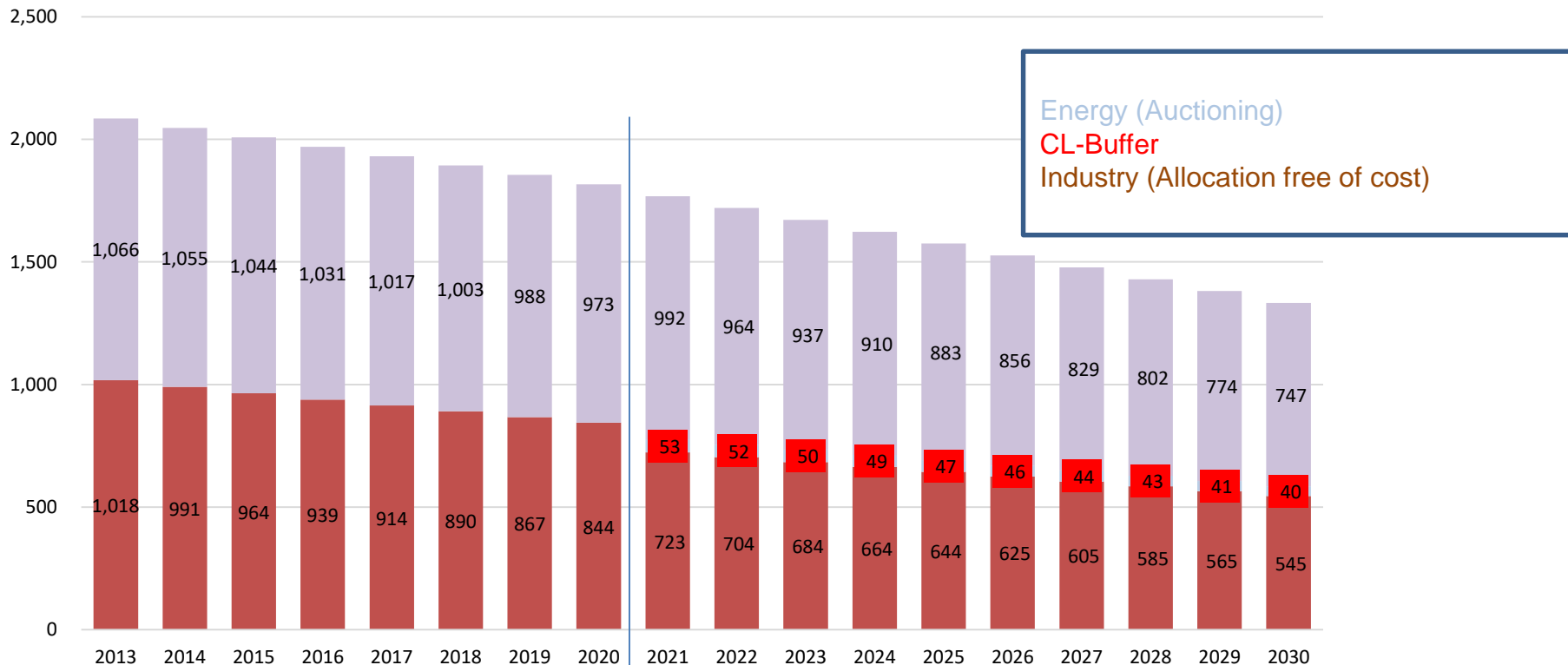
EU ETS covers about 40 % of the EU's total greenhouse gas emissions in the sectors energy, industry and aviation

- **EU-wide targets compared to 2005:**
 - 2020: - 21 %
 - 2030: - 43 %
- **Sectors**
 - Energy: Power and heat generation
 - Industry: Energyintensive sectors and sectors with process emissions
 - Civil aviation: intra-EEA flights
- **Reduction target to be achieved within the covered sectors; no specific national targets**





EU ETS Cap in Phase III & Phase IV



Phase III 2013 - 2020: reduction factor 1.74 % annually (38 Mill t CO_{2e})
Phase IV 2021 - 2030: reduction factor 2.2 % annually (48 Mill t CO_{2e})

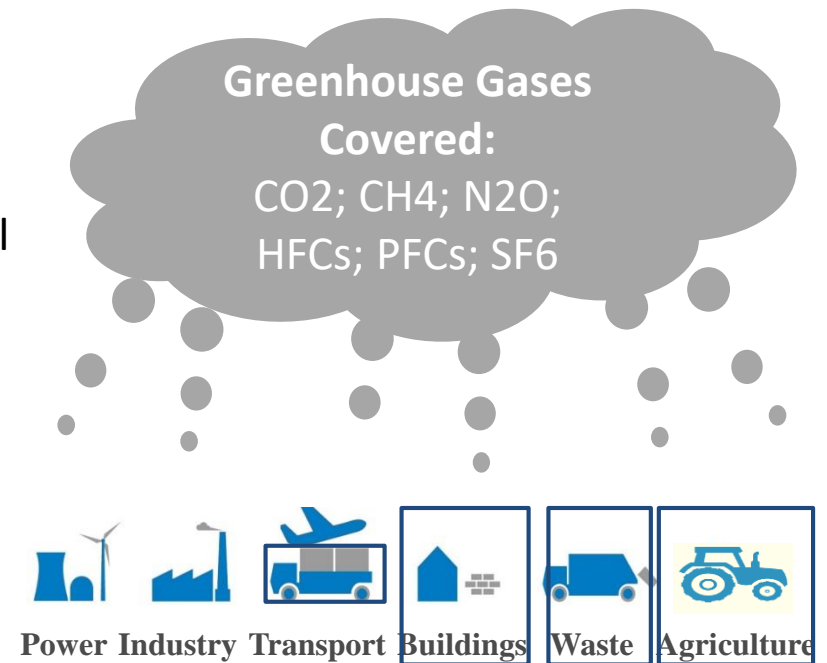


Distribution of Climate Targets

Non-ETS (Effort Sharing)

Member States (MS) remain responsible for emission reductions not covered by the EU ETS

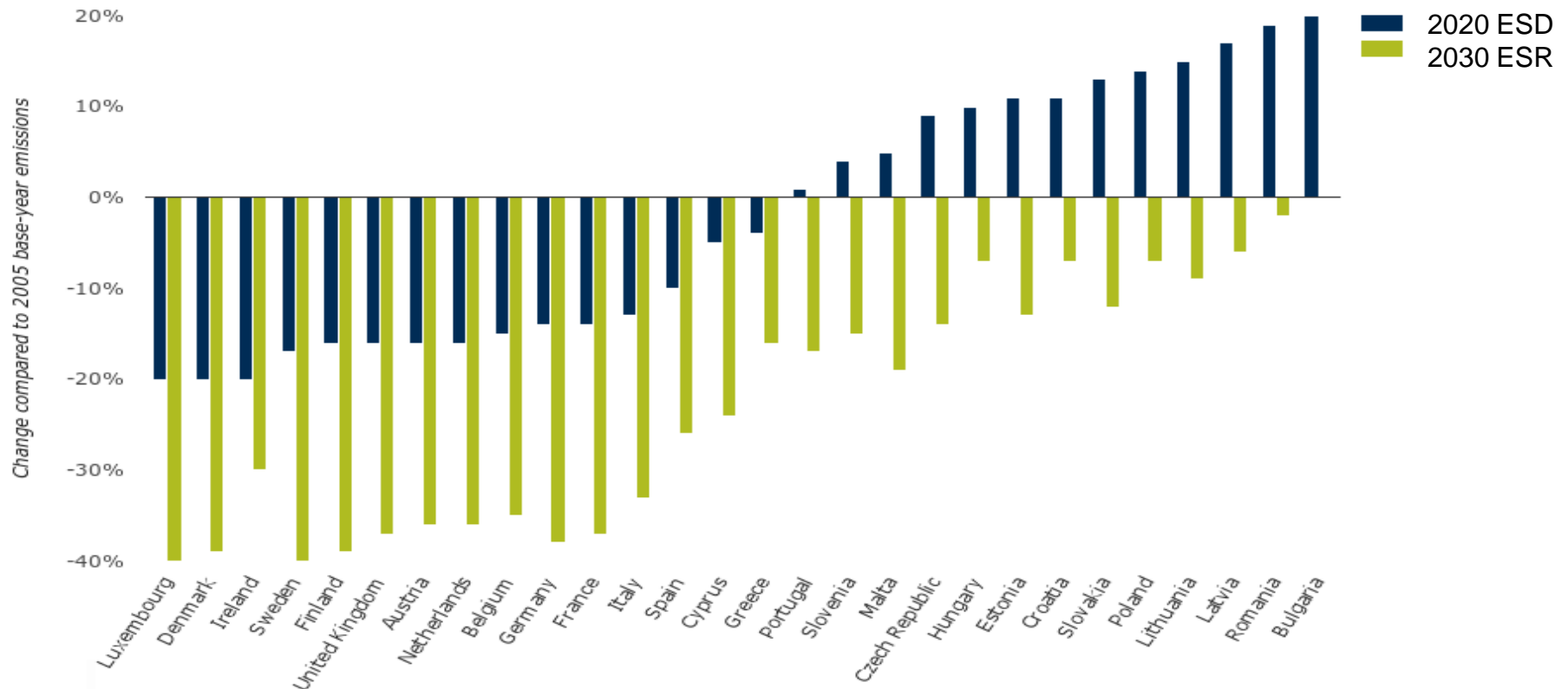
- **EU-wide targets compared to 2005:**
 - 2020: - 10 % (ES Decision 2009)
 - 2030: - 30 % (ES Regulation 2018)
- **National targets** to contribute to the overall reduction **target based on GDP/capita** and cost effectiveness
- **MS required** to implement policies and measures **to achieve national targets;**





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Distribution of Climate Targets ESD 2020 & ESR 2030



Source: EEA, based on COM proposal which was finally adopted



- Adopted by the **Federal Government in 2016**
- Laying down **long-term and mid-term goals**, including **sectoral targets for 2030**
- First „**Programme of Measures 2030**“ to achieve the 2030 sectoral targets in the different sectors **under development**
- **BMU** to draft a „**Climate Change Act**“ to be adopted in **2019**



Germany Climate Action Plan 2050

	Status quo*	Targets			
		2020	2030	2040	2050
Greenhouse gas emissions					
Greenhouse gas emissions (compared with 1990)	27.7 % (2017)	min. -40 %	min. -55 %	min. -70 %	extensively greenhouse gas neutral
Renewable energy sources					
Percentage of gross final energy consumption	14.8 % (2016)	18 %	30 %	45 %	60 %
Percentage of gross electricity consumption	36.2 % (2017)	min. 35 %	min. 50 % EEG 2025: 40 to 45 %	min. 65 % EEG 2035: 55 to 60 %	min. 80 %
Percentage of heat consumption	12.9 % (2017)	14 %			
Percentage of transport sector	5.2 % (2017)	10 %**			
Efficiency and consumption					
Primary energy consumption (compared with 2008)	-5.8 % (2017)	-20 %	→ -50 %		
Final energy productivity (2008–2050)		2.1 % per annum (2008–2050)			
Gross energy consumption (compared with 2008)	-3 % (2017)	-10 %	→ -25 %		
Primary energy requirement for buildings (compared with 2008)	-15.9 % (2015)	→ -80 %			
Heating requirement for buildings (compared with 2008)	-11.1 % (2015)	-20 %			
Final energy consumption for transport (compared with 2005)	1.3 % (2015)	-10 %	-15 to -20 %	→ -40 %	

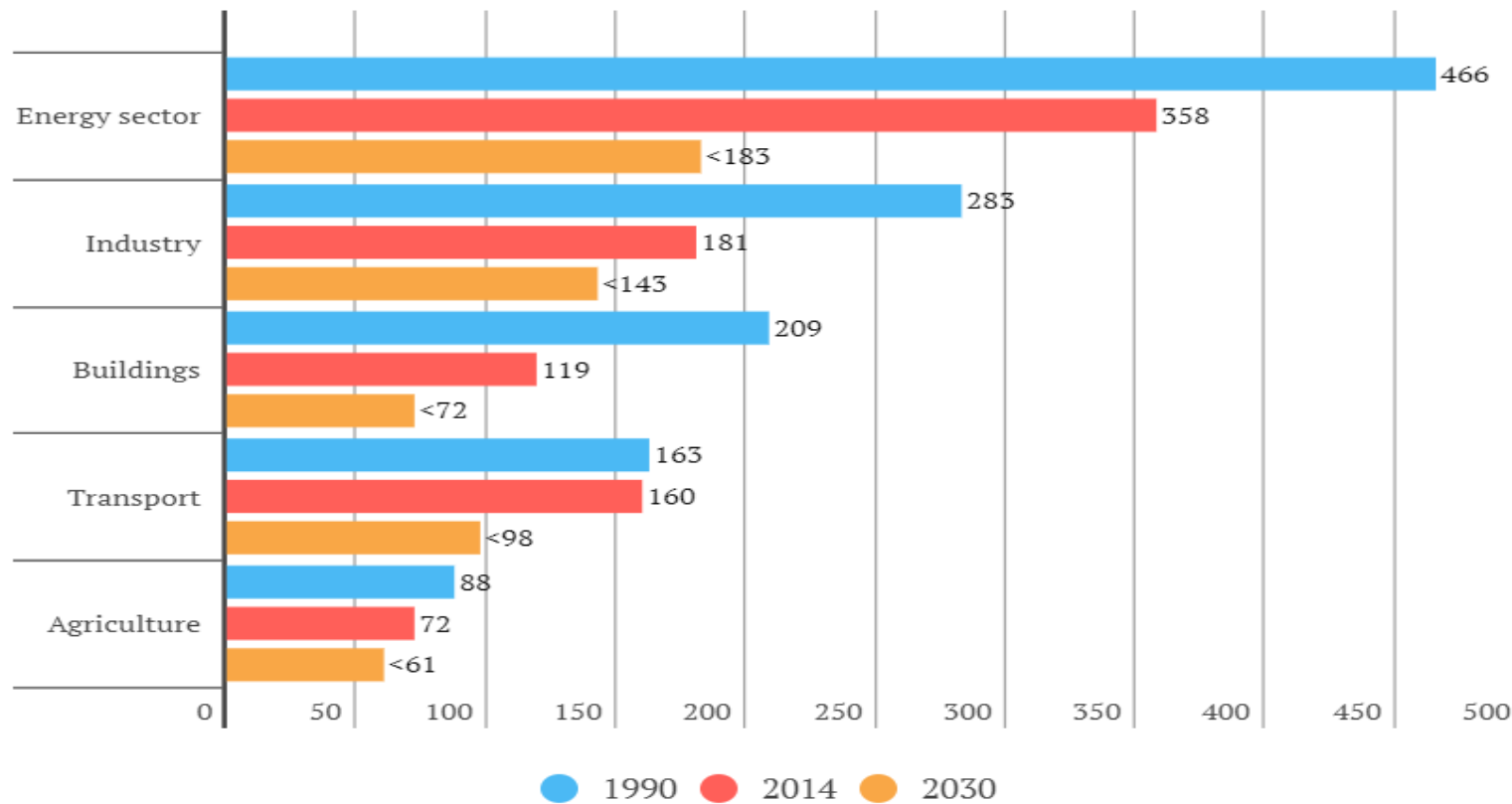
* Latest available figures, as of: April 2018

** Target per EU Directive 2009/28/EC

Source: BMU Climate Action in Figures 2018



Sectoral Targets by 2030





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GHG Emissions Trading Act vs. Federal Immission Control Act

- **Federal Immission Control Act** contains an **obligation to use energy efficiently** for installations subject to permitting
- **Authorities could require** operators to implement **energy efficiency measures** during the permitting process or even issue a subsequent order
- Exception for ETS installations,
*“(...) the **obligation to ensure efficient energy use must not lead to requirements** related to carbon dioxide emissions based on combustion or other processes in the installation **that go beyond the requirements laid down in the Greenhouse Gas Emissions Trading Act.**”*



GHG Emissions Trading Act vs. Project Mechanism Act

- **Project Mechanism Act** regulates the recognition of CDM and JI projects in Germany
- **Germany** decided to allow for **JI Projects** being implemented within its territory
- JI-Projects could lead to **direct or indirect emission reductions of installations covered by the ETS** (double counting)
- **Project Mechanism Act** stipulates that **such reductions have** to be **part of the baseline emissions** when determining the additional emission reduction of the project activity



GHG Emissions Trading Act vs. Renewable Energy Sources Act

- **Renewables in Germany** have originally been promoted mainly by **guaranteed feed-in tariffs**
- Besides wind and solar **also plants using exclusively renewable fuels like biomass/biogas** could be subject
- In the EU ETS the **emission factor** for (sustainable) biomass is „0“
- To **avoid double promotion**, the GHG Emissions Trading Act **excludes combustion plants exclusively using renewable fuels from the ETS**



Emissions Trading Directive vs. „Coal Phase-out Laws“

- **Phasing-out coal** is considered by **various MS** within the **EU**
- **German** Government established a „**Commission on Growth, Structural Change and Employment**“ in June 2018 which **shall**, by December 2018, **develop a roadmap to phase-out coal**
- Coal phase-out measures could **impact demand of allowances** and **might even lead to** raising emissions in other sectors („**waterbed effect**“)
 - Market Stability Reserve might help to reduce negative impacts
 - Emissions Trading Directive allows **Member States** to **cancel allowances** for electricity producing installations that ceased operation



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Thank you for your attention

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