



The European Union Emissions Trading Scheme:

An Evaluation of its Design and Administration

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Overview

- About our Client
- Overview of the European Union Emissions Trading Scheme
- Project Goals
- Design & Methodology
- Findings and Recommendations
- Summary





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ETUDES & RECHERCHES

Notre Europe

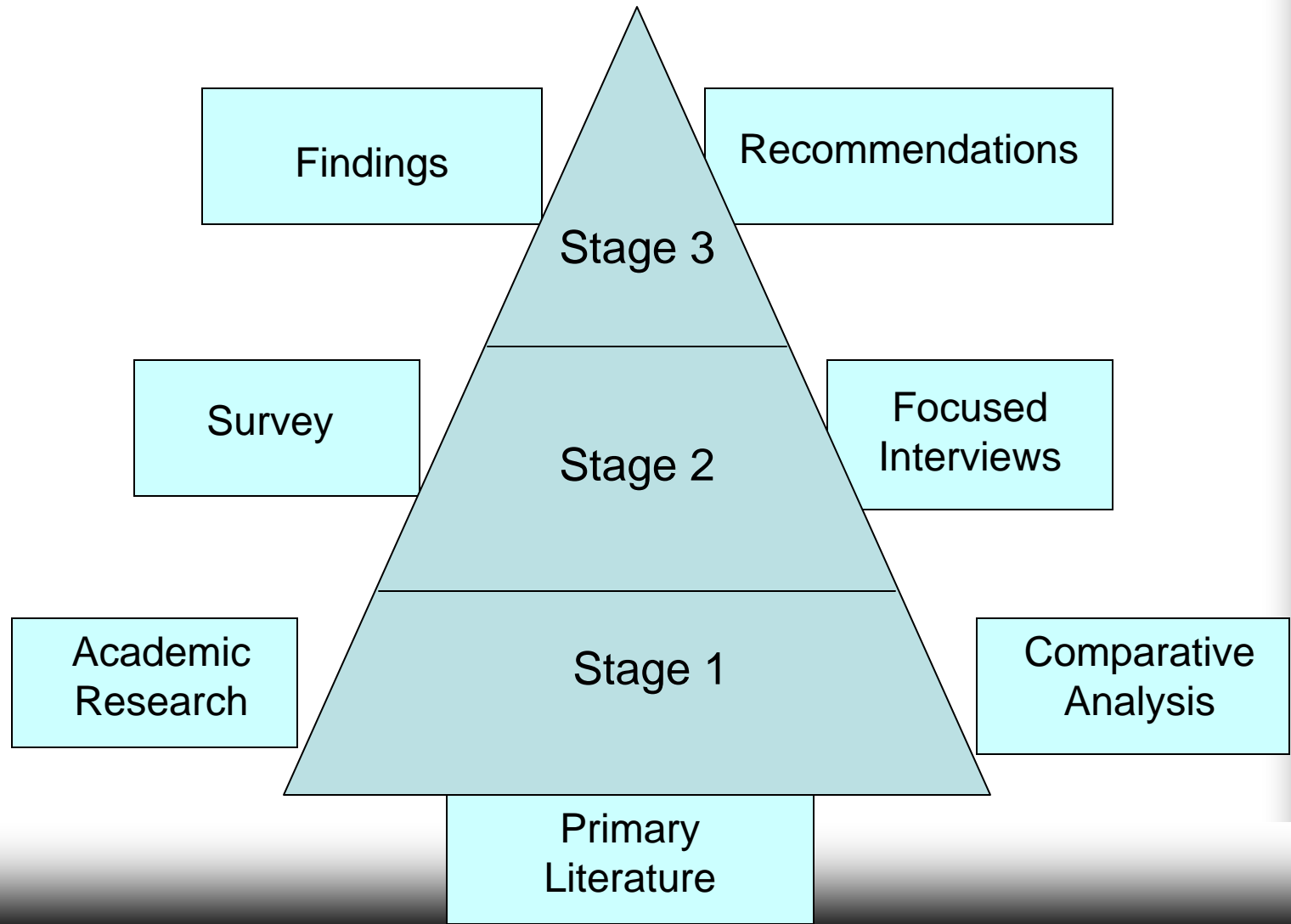
- Think Tank focused on European integration
 - Founded in 1996
 - “Notre Europe provides in-depth analysis and proposals that help find a path in Europe’s possible futures.”- Notre Europe
 - First venture into environmental policy



The European Union Emissions Trading Scheme (ETS)

- Tool to Address Global Climate Change
- Cap and Trade program
 - Reduce EU Greenhouse gas emissions
 - Work towards compliance with Kyoto Protocol
 - Currently covers 45% of EU CO₂ emissions
 - Largest trading scheme currently in operation
- Established by a Directive of the European Parliament and Council in 2005
 - 25 Member States responsible for administration
 - Overseen by the European Commission

Design & Methodology





Design & Methodology

- Identified Critical Program Areas
 - Allocation of allowances
 - Monitoring and Reporting
 - Verification
- Performance Assessed by 4 Criteria
 - Efficiency
 - Effectiveness
 - Consistency
 - Transparency

Allocation of Allowances

• Findings

- Discrepancies
 - Over 75% of respondents feel this could lead to competitive disadvantages
- Small installations hardest hit

• Recommendations

- Keep it simple
- Reduce discrepancies
 - One definition





Monitoring and Reporting

- **Findings**

- Over 75% of respondents feel the EU guidelines are not very clear
- Methods vary across the EU

- **Recommendation**

- Documents for installations
- Information exchange
- Standardized system

Verification

- **Findings**

- Discrepancies
 - Verification process
 - Accreditation of verifiers
 - Risk of competitive disadvantage

- **Recommendations**

- Clearer procedure guidelines from MS
 - Information exchange
- Harmonize accreditation across the EU



Summary

- Goal
 - Analysis of the administration of the ETS during its first year
- Findings
 - ETS is still experiencing growing pains
 - Implementation progressing at different rates in different Member States
- Recommendations
 - Work to simplify and harmonize main program areas



Acknowledgements

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Sources

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Image copyright: Jasper Zeinstra, stock.xchg

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