

The European Union Emissions Trading Scheme: *Design, Administration, and Effectiveness*



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Workshop in Applied Policy Analysis
Mid-term Briefing
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Overview



- Background
- About our Client
- Project Description
- Design & Methodology
- Research Challenges
- Next Steps



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



The European Union Emissions Trading Scheme



- Cap and trade program
- Designed to reduce greenhouse gas emissions
 - Enacted to ensure compliance with Kyoto Protocol
 - Member state reductions determined by Burden Sharing Agreement
- Established by a Directive of the European Parliament and Council
 - Administered individually by 25 member states
 - Overseen by the European Commission



The European Union Emissions Trading Scheme

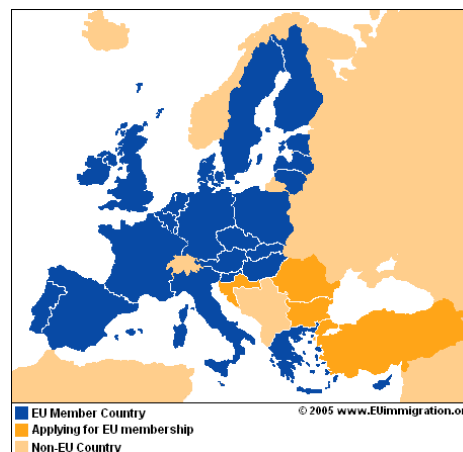


- Phased implementation
 - Phase I (2005-2007)
 - Phase II (2008-2012)
- Phase I limited to carbon dioxide (CO₂) emissions from major industrial sources
 - Power plants, oil refineries, cement, iron & steel, paper & pulp, and glass & ceramics
 - Account for ~45% of CO₂ emissions in Europe



About Notre Europe

- Think tank focused on European integration
 - Conducts policy research, organizes conferences, disseminates information, advocates positions
 - 1st venture into environmental policy
- Founded in 1996 by Jacques Delors
 - Former President of the European Commission
- Stephen Boucher
 - Secretary General
 - Project advisor





Project Description



Research Question:

- How can the implementation of the European Union Emission Trading Scheme be improved?
 - Focus on practical administration
 - Identify best practices among member states
 - Compare with U.S. trading systems



Project Description (cont.)



Research Focus:

- Member state administration
- National Allocation Plans
 - Determine the total amount of allowances to be allocated
 - Identify the way they will be allocated
 - Include provisions for considering public comment

Research Objectives:

- Identify where flexibility or harmonization is best
- Evaluate the effectiveness of the policy
- Make recommendations for improvement



Research Design

Stage 1

Stage 2

Policy
Review

Data
Analysis

Comparative
Methods

Survey
Administration

Program
Analysis

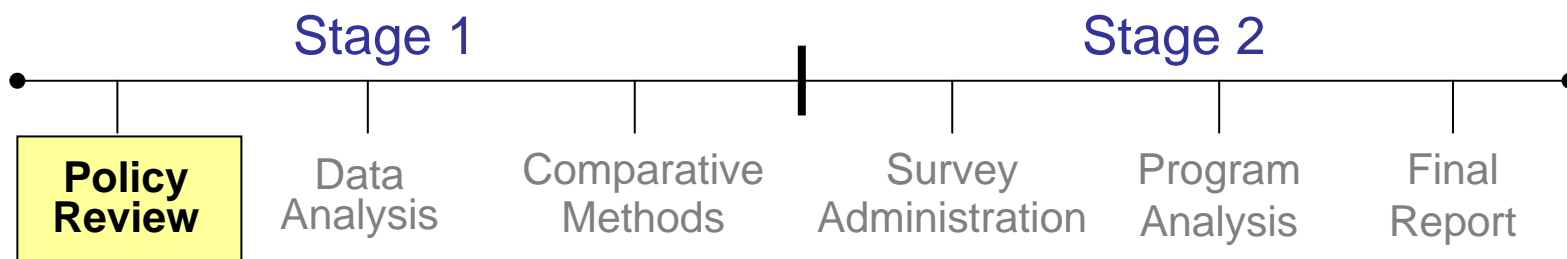
Final
Report

- Conduct research
- Compile information

- Collect original data
- Evaluate program



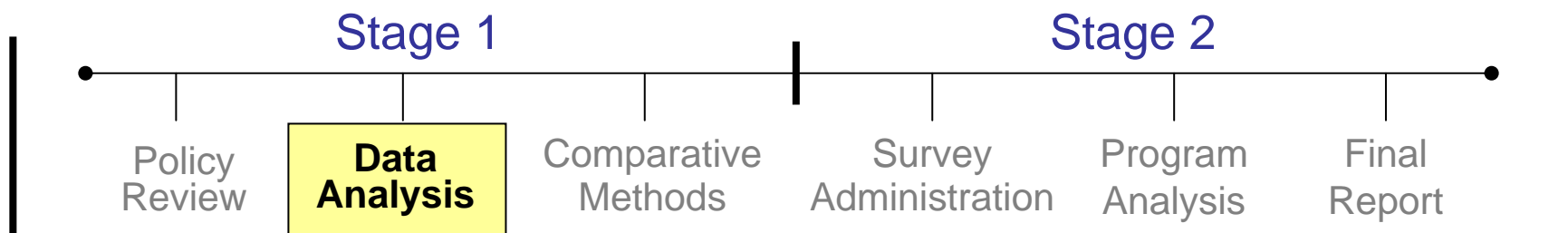
Research Design



- Identify design options
- Track policy formulation
- Chronicle stakeholder negotiations
- Summarize the Directive
- Identify areas of concern



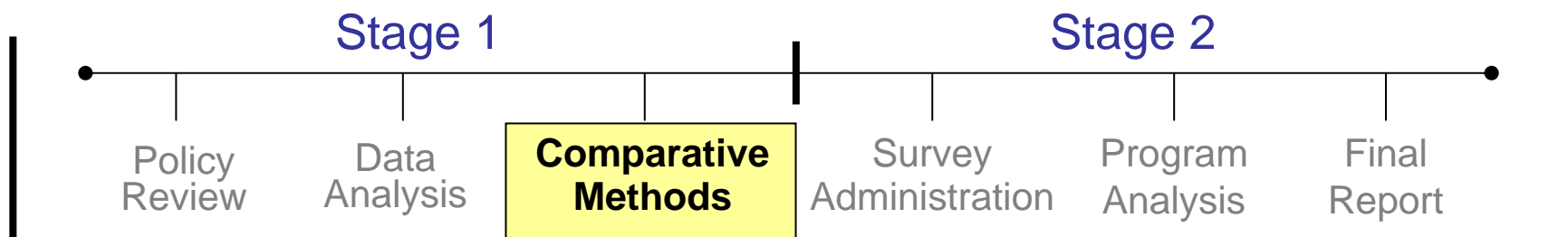
Research Design



- Compile member state information
- Analyze National Allocation Plans
- Identify administrative discrepancies



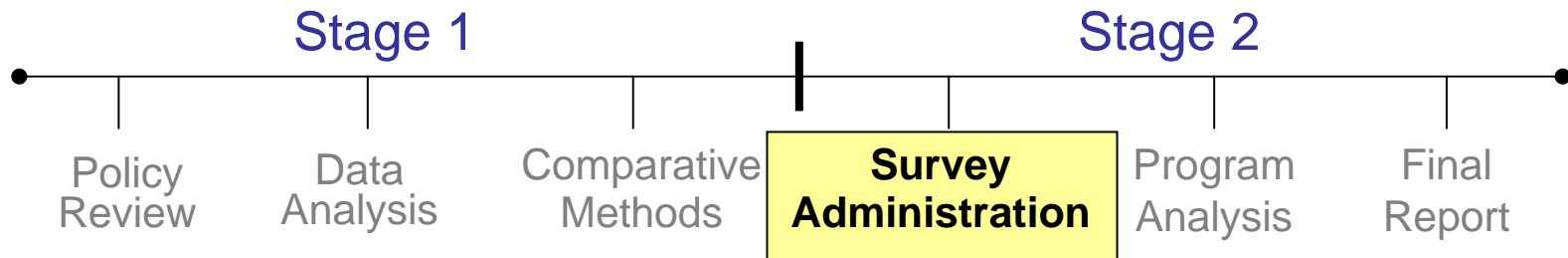
Research Design



- Research sulfur dioxide and nitrogen oxide trading systems
 - Identify keys to success
- Review administrative structure of Regional Greenhouse Gas Initiative
 - Assess compatibility with European Union Emissions Trading Scheme



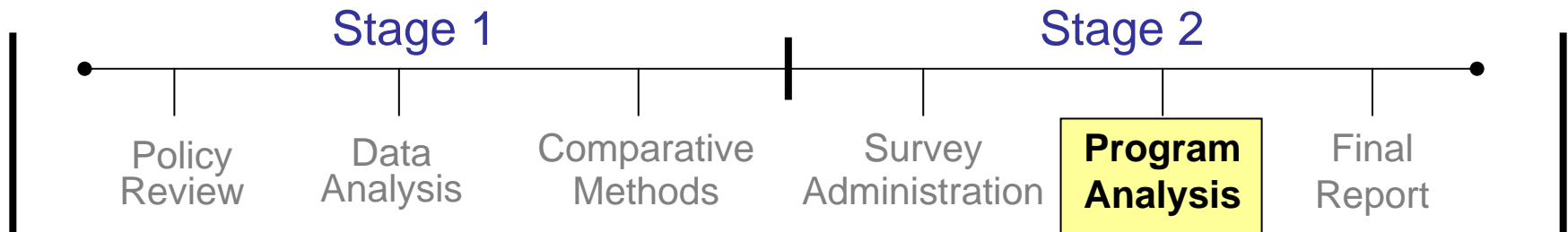
Research Design



- Conduct pre-survey
- Select variables to measure
- Administer survey
- Conduct focused interviews
- Perform statistical analysis



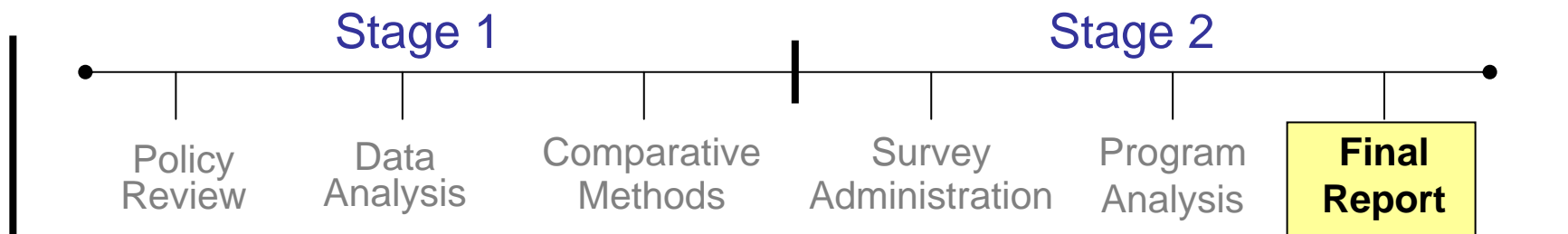
Research Design



- Establish criteria for evaluation
- Develop administrative indicators
- Evaluate program performance
- Make recommendations



Research Design



- Edit output memos
- Compile synthesis reports
- Edit final report



Some Challenges



- Data Availability
 - Limits to available information
 - Constraints on gathering new data
- Quantitative Methods
 - Operationalizing our research
 - Analyzing qualitative information
 - Establishing metrics and indices



Where we stand



- Status
 - Editing stage 1 synthesis report
 - Conducting pre-survey
 - Developing criteria, indicators, and variables
- Next Steps
 - Complete survey
 - Analyze results



Questions?

