



Reforma del comerç d'emissions de CO2

Els drets d'emissió. Estat actual i futur

Reforma del Sistema Europeo de Comercio de Derechos de Emisión (ETS)



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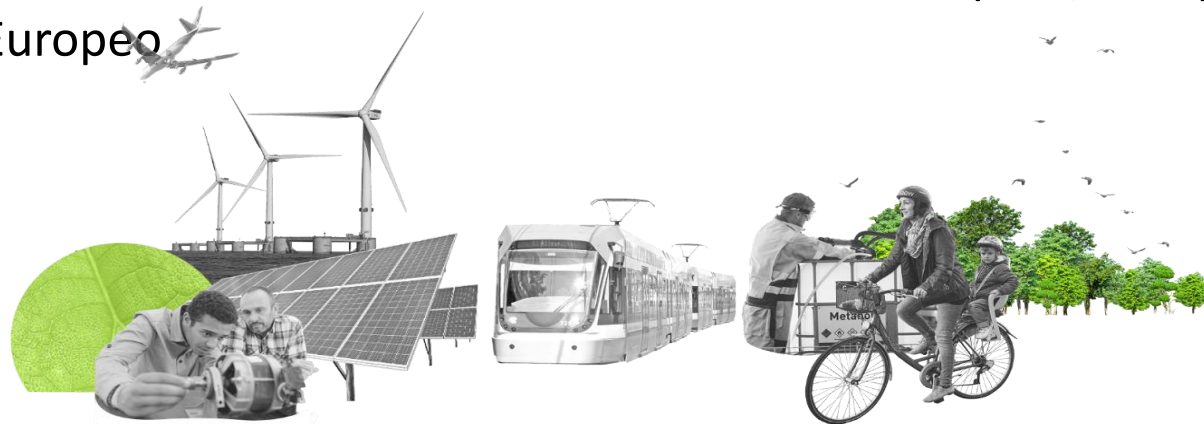
Europa fue el primer continente en declarar el objetivo de la neutralidad climática para 2050, y ahora somos los primeros en poner sobre la mesa un plan concreto. Europa predica con el ejemplo en materia de políticas climáticas a través de la innovación, la inversión y la compensación social.

Ursula von der Leyen

Presidenta de la Comisión Europea

Transformación de la economía y la sociedad de la UE para alcanzar los objetivos climáticos

- El 14 de julio de 2021, la Comisión Europea adoptó un conjunto de propuestas para adaptar las políticas de la UE en materia de clima, energía, uso del suelo, transporte y fiscalidad a fin de **reducir las emisiones netas de gases de efecto invernadero en al menos un 55 % de aquí a 2030** en comparación con los niveles de 1990.
- La Unión ha reforzado su compromiso con el Pacto Verde desde la invasión Rusa de Ucrania y la mayoría propuestas del paquete 'Objetivo 55' han sido ya adoptadas (provisional o formalmente) por el Parlamento y por el Consejo.
- Conseguir estas reducciones de las emisiones es crucial para que Europa se convierta en el primer continente climáticamente neutro del mundo de aquí a 2050 y para hacer realidad el Pacto Verde Europeo.



Context: European Green Deal

European Climate Law: legally binding climate targets

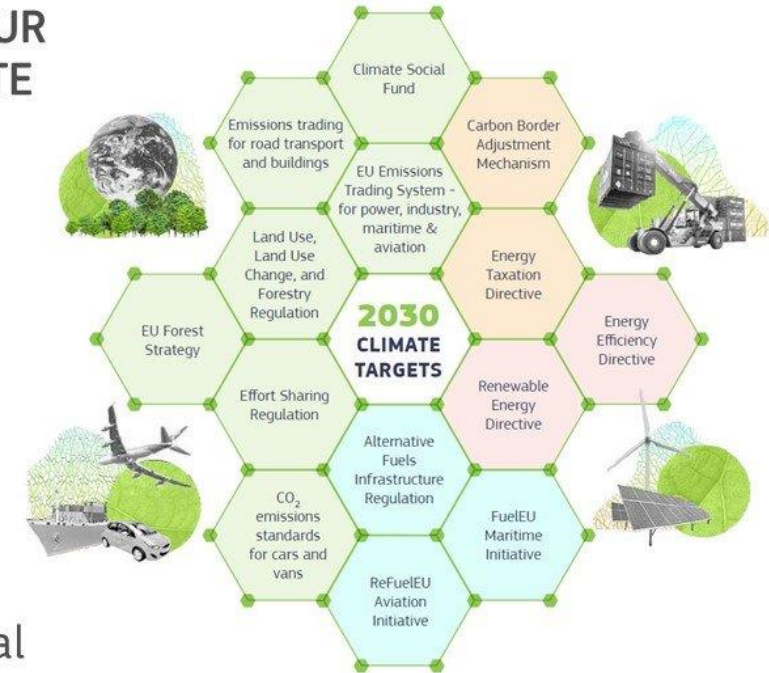
- **Climate neutrality by 2050**
- First milestone: **reducing emissions by 2030 to at least -55% compared to 1990 levels**

Carbon pricing: a key role in achieving 'at least -55% by 2030'

- Strengthening of the **EU ETS** and expanding its scope to **maritime** transport
- New **ETS2** for buildings, road transport and other sectors

EUROPEAN GREEN DEAL

REACHING OUR
2030 CLIMATE
TARGETS



#EUGreenDeal

World's first major carbon market

- Started in **2005**, the oldest ETS in the world and largest in terms of traded volume. In 2022, the value of the volume exchanged by market participants exceeded **€ 1.7trn**. Only China ETS is larger in terms of emissions: 4,500 MtCO₂ vs. **1,400 MtCO₂**
- Operates in **30*** countries (all 27 EU countries plus Iceland, Liechtenstein and Norway)
- Applies to emissions from the **electricity and heat generation, industrial manufacturing** and **aviation** within Europe
- Covers **~36%** of the EU's GHG emissions - from **~8 500** stationary installations and **~400** aircraft operators
- Revision of the ETS Directive was completed in **2023**:
 - **Stronger**: increased environmental ambition via a more stringent cap
 - **Larger**: new sectors coming in – maritime from 2024 and 'ETS2' from 2027



EU ETS helps bring down emissions and raises revenues for the green transition

- Emission reductions achieved by 2022: **-37.3% below 2005 levels** from stationary installations (compared to GDP growth of ~23.8%).
- Current carbon price: stable between **80 - 90 EUR/tCO₂**
- A rising carbon price, means rising revenues. In 2022 alone, EUR 38.7bn was raised in auctions. Total revenues raised from auctioning of allowances from 2013 until today: **EUR 152 bn**
- **NEW! - Maritime** sector is included in the ETS from 2024
- **NEW! - From 2027** a new, separate ETS2 will start reducing emissions in the **buildings, road transport** and additional sectors (mainly small industry not covered by the existing ETS).
- With these new sectors, the ETS and ETS2 combined cover **75%** of total EU emissions

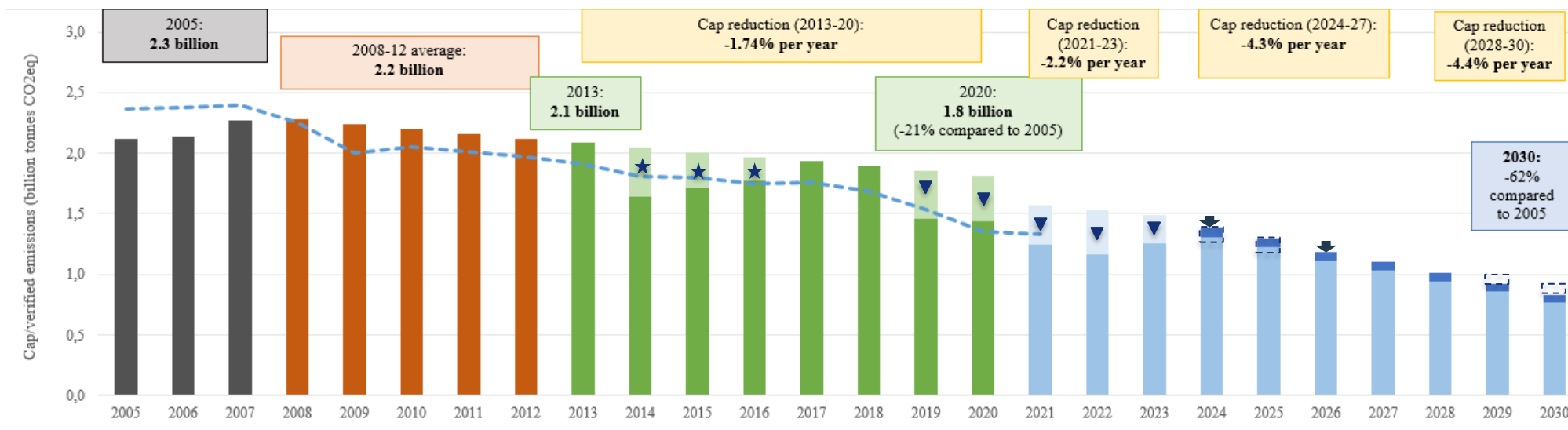
Cap setting and market stability

- The ETS is based on the principle of '**Cap-and-trade**':
 - An absolute **cap** is set on the total amount of greenhouse gases that can be emitted by the operators covered by the system. The cap is reduced over time so that total emissions fall.
 - Within the cap, operators buy or receive emissions allowances, which they can **trade** with one another as needed. The limit on the total number of allowances available ensures that they have a value. Allowances are sold in auctions (raising revenues) or allocated for free.
 - The **price signal** incentivizes emission reductions and promotes investment in innovative, low-carbon technologies, whilst trading brings flexibility that ensures emissions are cut where it costs least to do so.
 - A **Market Stability Reserve** helps address the surplus of allowances that was built up as a result of inflow of international credits and economic downturn. It adjusts the supply of allowances that is auctioned.

Strengthening the ETS: the new cap

Emission reductions in the ETS by 2030: from -43% to -62% by 2030 (compared to 2005)

- Increased linear reduction factor
- And two major reductions of the cap in 2024 and in 2026

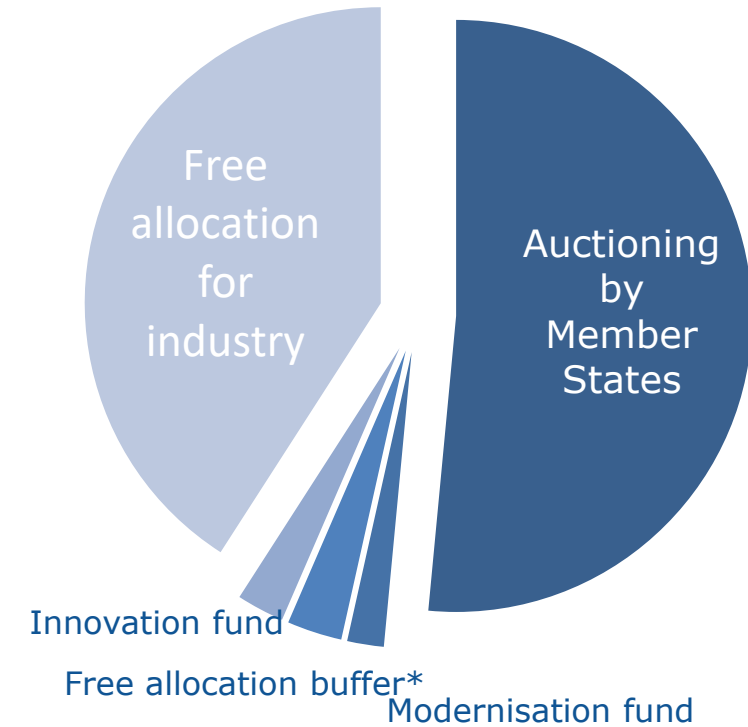


- ★ Backloaded allowances (total of 900 million)
- ▲ MSR feeds
- MSR feed in/out depending on market surplus
- ▼ Cap rebasing of 90Mt in 2024 and 27Mt in 2026
- Cap increase related to the maritime scope extension as of 2024

NB: Cap and linear reduction factor need to take into account ETS extension to **maritime**.
Market Stability Reserve reinforced.

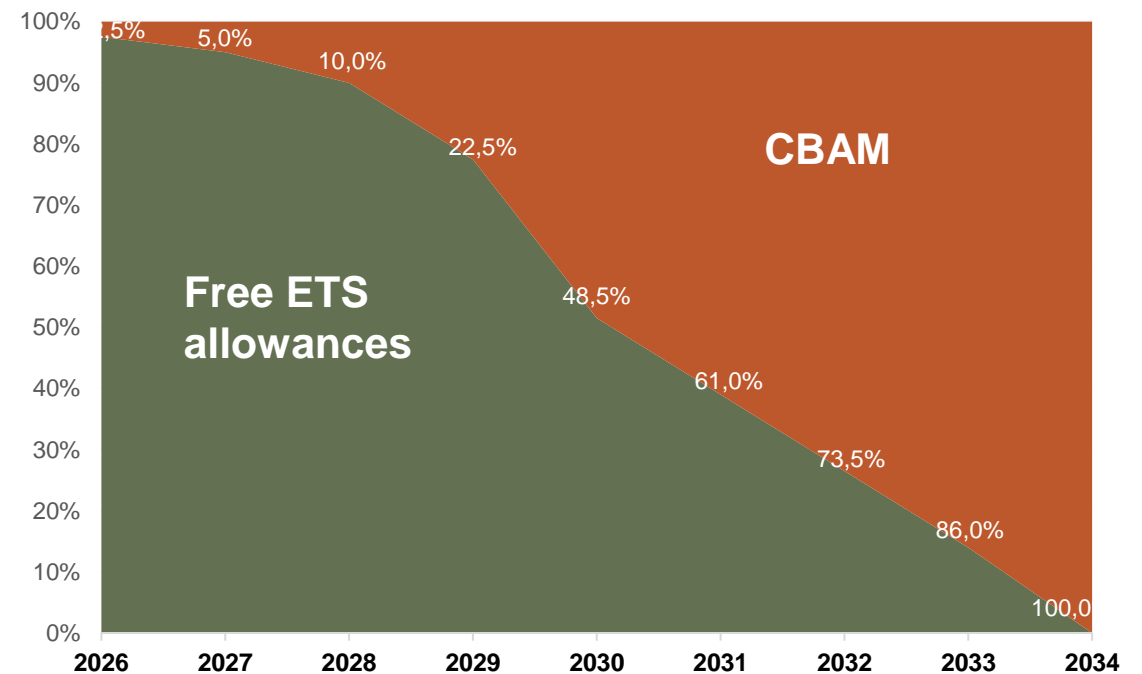
Auctioning and free allocation

- Auctioning: 57% of the cap
 - Power sector important buyer – they receive no free allocation
 - Robust market oversight provisions, also on the secondary market
- Free allocation: 43% of the cap (including a buffer for new entrants and adjustments)
 - Why? To protect against the risk of carbon leakage
 - Around 550 million allowances per year (2021-2025)
 - Based on product benchmarks: derived from the performance of the 10% most efficient installations in the EU
 - Benchmarks reduce every 5 years to reflect technological progress, updates for 2021-2025 in the range of -3% to -24% compared to 2013-2020
 - Highest reductions in refineries and paper, lowest reductions in steel and cement
 - Free allocation continues for 2026-2030, main changes are:
 - Benchmark updates in the range -6% to -50% compared to 2013-2020
 - Scope of ETS and benchmarks broadened to give free allocation to new technologies such as green hydrogen or hydrogen-based steel
 - double conditionality: implementation of energy efficiency measures and climate neutrality plans, otherwise 20% less free allocation



Link with CBAM: Free allocation is phased out as CBAM is phased in

- **The Carbon Border Adjustment Mechanism (CBAM) applies to specific industry sectors:** iron & steel, cement, fertilisers, aluminium and hydrogen; they represent around 54% of the total free allocation in the period 2021–25
- **Free allocation under the ETS and the proposed CBAM are interlinked:** To ensure compatibility with the EU's international obligations, and maintain incentives to decarbonise, **free allocation will be phased out as CBAM is phased in.**
- **Free allocation will be phased out.** Free allocation no longer provided to these sectors will be auctioned and the **revenues accrue to the Innovation Fund.**
- **Review of the carbon leakage risk for CBAM sectors by 2025.**



Improved revenue use and ETS funds (1/2)

Auction revenues

- Over EUR 152 bn was raised already. Most of the revenues are for the Member States.
- **NEW** - Member States shall use 100% of their revenues on climate, energy and social purposes

ETS Modernisation Fund

- Percentage of the cap is auctioned to fund investment to modernise energy systems in lower-income Member States
- Focus on priority investments. **Examples:** battery storage in Croatia, light bulbs in Czechia, solar in Romania
- **NEW** - bigger budget and extended eligibility (EL, PT, SI) plus increased share for priority investments ~**EUR 62 bn** (with EUR 85 carbon price).

Improved revenue use and funds (2/2)

ETS Innovation Fund: ETS-funded vehicle for innovation and breakthrough technologies in the ETS sectors

- Fixed pool of allowances, distributed via calls for proposals
- Calls to date: EUR 2.5 bn for large-scale projects and EUR 200 mln for small-scale projects. Further calls ongoing (EUR 3.1 bn)
- **NEW! - size increase** to about 530 million allowances (with possible further increase from free allocation conditionality) ~**EUR 44bn** (with EUR 85 carbon price).
 - Maintains the focus on **innovative** technologies with stronger reference to upscaling; Introduction of **medium-sized** projects and **stronger attention to geographical balance**
 - Extends the support to **low carbon innovation in maritime, road transport and building sectors**; special attention to **CBAM** sectors
 - **New instrument: competitive bidding.** Auctions for fixed premia or (carbon) contracts for difference. First auction in November: **EU Hydrogen Bank pilot auction**

Extending the ETS to maritime transport



- **Covering** all emissions from voyages within the EU & 50% of international voyages
- Starting in January 2024! From 2026 also covering CH4 and N2O emissions in addition to CO2.
- Covering **all large ships** operating commercial voyages and, as from 2027, large offshore ships, regardless of the flag they fly
- Regulating around 12.000 ships
- Full price signal as from 2026 emissions, **phase-in period** for 2024 and 2025 emissions (40% and 70%, respectively)
- **Amendment of the EU MRV Regulation** (EU) 2015/757 to make it fit for ETS implementation and to increase the scope to certain types of smaller vessels.
- Commission assurance that 20 million allowances (1.7 billion EUR) will be used to decarbonise maritime from the ETS' Innovation Fund.

ETS aviation



- Aviation is successfully part of the ETS since 2012 (all nationalities of airlines on the same routes).
- ETS reinforced in the ETS review, but scope not extended (only intra-EEA flights covered, application to outermost regions).
- **Full phase out of free allocation** as from January 2026
- Monitoring and reporting of **non-CO₂ effects** as from January 2025
- Implementation of ICAO's CORSIA through the EU ETS Directive. **EU ETS for intra-European flights (including to UK and CH), only CORSIA for extra-European**
- Review in 2026 to evaluate contribution of long haul flights e.g. possibly to extend the EU ETS to departing flights in case if CORSIA is not strengthened (Paris alignment) or international participation limited (e.g. US or CN do not participate).
- In addition to carbon price incentive, 20 million allowances (1.7 billion EUR) to **incentivise the use of sustainable aviation fuels**

Thank you



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