

Emissions trading in Europe: has the idea been a success or a failure?

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The EU Emissions Trading System was extensively harmonised between 2013 and 2020. In addition to a joint cap on greenhouse gas emissions, the same rules regarding the allocation and sale of emissions allowances now apply to all member states of the European Union. The European Commission has set out mandatory requirements for monitoring greenhouse gas emissions and has introduced a joint emissions trading register. All major decisions are taken at the European Union level. This serves to avoid distortions of competition between the individual member states and to prepare the European system for international emissions trading. Around 11,000 energy and industrial facilities and hundreds of airlines are part of the EU Emissions Trading System, as well as the European Union member states, Norway, Liechtenstein and Iceland. Together, these countries account for about 40 percent of CO₂ emissions in Europe.

The aim is to reduce the upper limit for greenhouse gas emissions by 21 percent by 2020 in comparison to 2005 and thus contribute to meeting the European Union's climate protection goal. The number of allowances decreases by 1.74 percent each year. In 2013, there were still around 2.08 billion certificates in the European Union budget and there were around 38.3 million fewer certificates in each of the following years. This 38.3 million is 1.74 percent of the value from 2010 as a base value, which comprised 2.2 billion certificates in the European Union.

Since January 2019, the auction volume has been subject to a reduction of 24% each year whilst there are too many emissions allowances with a surplus of over 833 million. The surpluses will be thus reduced by the end of the trading period and additional emission allowances are to be sold if there are too few emissions allowances with a surplus of less than 400 million. The methods used to control greenhouse gas emissions must be set out in a facility-specific monitoring plan that details how each facility will comply with the EU Monitoring Regulation. These plans must be created and approved by the facility operators. Joint European emissions trading makes a positive contribution to agreement on emissions in the European Union and provides shared directives and procedures.

Bibliography: German Emissions Trading Authority at the German Environment Agency
(2019): European Emissions Trading in 2013–2020, Berlin



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