

Vývoj přípravy na EU ETS 2020

Vápno, cement, ekologie 2019

18. června 2019

EU ETS DEVELOPMENT AND KEY POINTS

The European Union Emissions Trading System (EU ETS), also known as the *European Union Emissions Trading Scheme*, was the first large greenhouse gas emission trading scheme in the world, and remains the biggest. It was launched in 2005 to fight Global warming and is a major pillar of EU climate policy.

	1 st trading period		2 nd trading period		3 rd trading period		4 th trading period
	2005	2007	2008	2012	2013	2020	2021
	→		→		→		→
					Here we are now		
Banking	not allowed		allowed		allowed		allowed
Carbon leakage	free allocation		free allocation		free allocation		free allocation
Linear reduction	no		no		1,74%		2,2%
Allocation	on negotiation with. nat authority		on the 1st period historical emission		on historical lime production 2005 – 2007 or 2009 – 2010		on historical lime production 2014 – 2018, dynamic +/- 15%
Benchmark	no		no		54 product benchmarks		54 product benchmarks
Result/course of the period	overallocation price collaps		overallocation price fall to 3 EUR/ton		price increase from 3 to 26 EUR/ton		



Hlavní zásady 4. odbchodovacího období

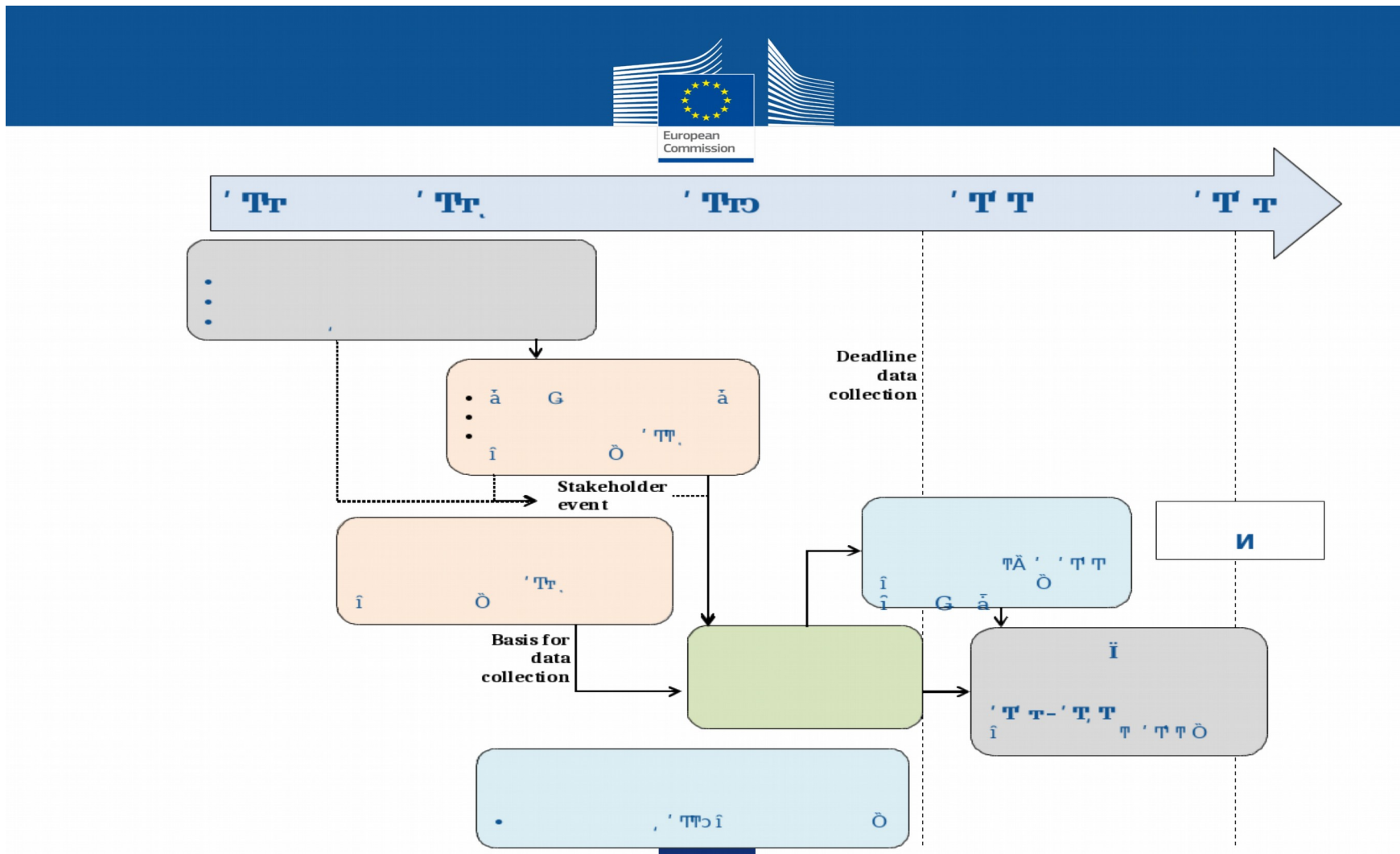
- Lineární redukční faktor **2.2% (linear reduction factor (LRF))**.
- Podíl povolenek určených k aukci bude **57%**, s podmíněným snížením o 3% v případě nutnosti aplikace redukčního faktoru
- Pravidla pro alokaci zdarma byla lépe svázána s výrobou (**dynamická alokace +/- 15% - 2 letý klouzavý průměr**) a **benchmarky budou aktualizovány**.
- Odvětví s nejvyšším **rizikem „úniku uhlíku“** budou i nadále **alokována zdarma 100%**, méně ohrožené sektory ze 30%. Obě sledované komodity – šedý křemičitý slínek a vápno jsou v plném přidělu volných povolenek podle faktorů trade a carbon intenzity.
- Počet povolenek stahovaných do **market stability reserve (MSR)** bude **24 % přebytku** systému ročně (**platí od 1.1.2019**), povolenky budou v MSR po roce 2023 rušeny.
- Směrnice ETS directive bude pravidelně revidována** včetně pravidel pro carbon leakage a LRF.

Hlavní zásady 4. odbchodovacího období

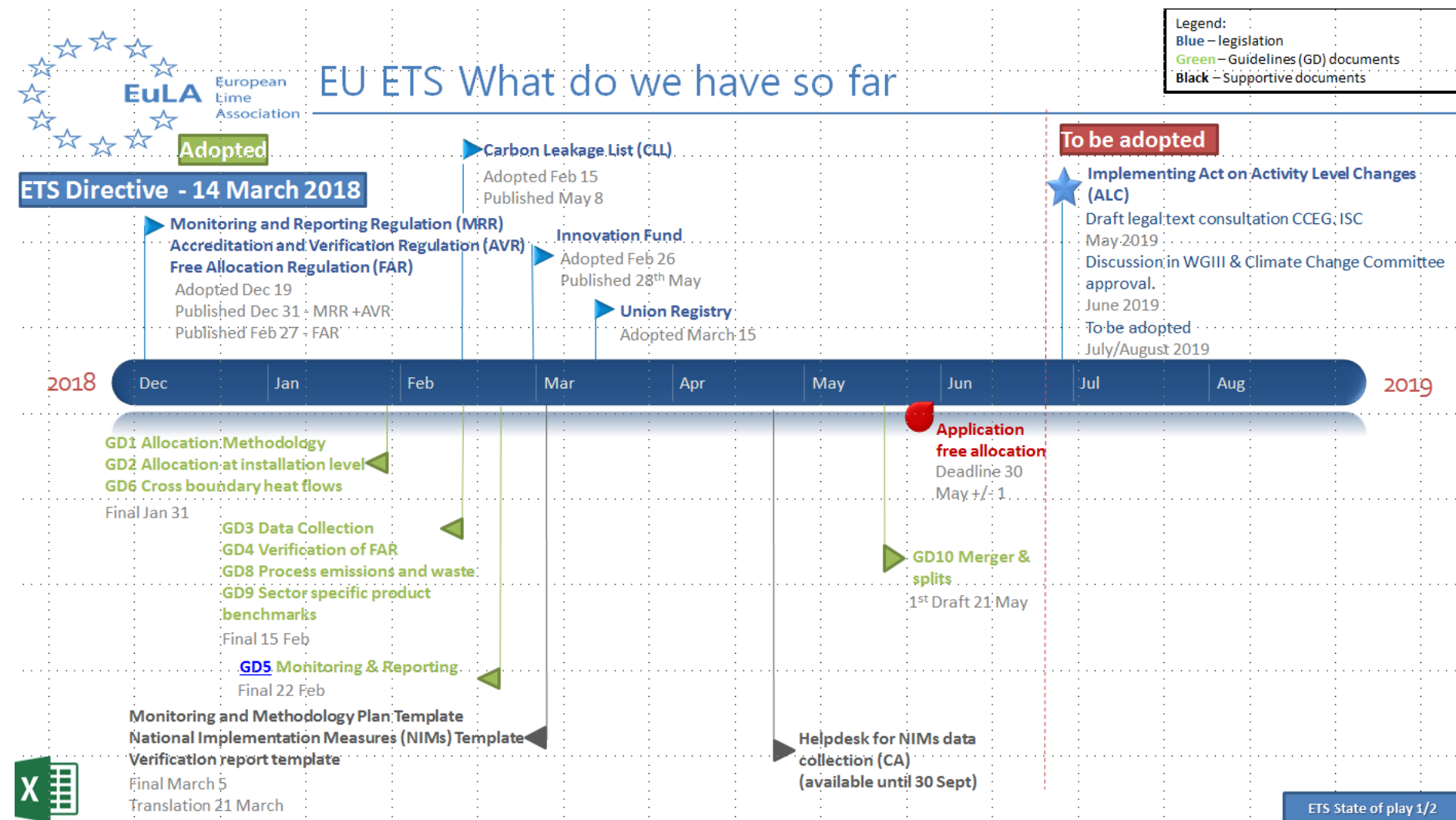
- Rezerva pro nové zdroje (**NER**) bude od počátku obsahovat nespotřebované povolenky ze současné periody **2013-2020** a **200 mil. povolenek z MSR**.
- **Modernizační fond bude financován 2%** z aukčního podílu, aby se podpořila energetická účinnost a modernizace energetického sektoru ve státech s **HDP na hlavu pod 60% evropského průměru**.
- Členské státy s nízkým HDP budou moci **podpořit modernizaci svého energetického sektoru až do 40% příjmu z aukcí**. Tento podíl může být zvýšen až na 60% z modernizačního fondu.
- Inovační fond bude navýšen o 50 mil. povolenek.

Harmonogram přípravy na 4. obchodovací období

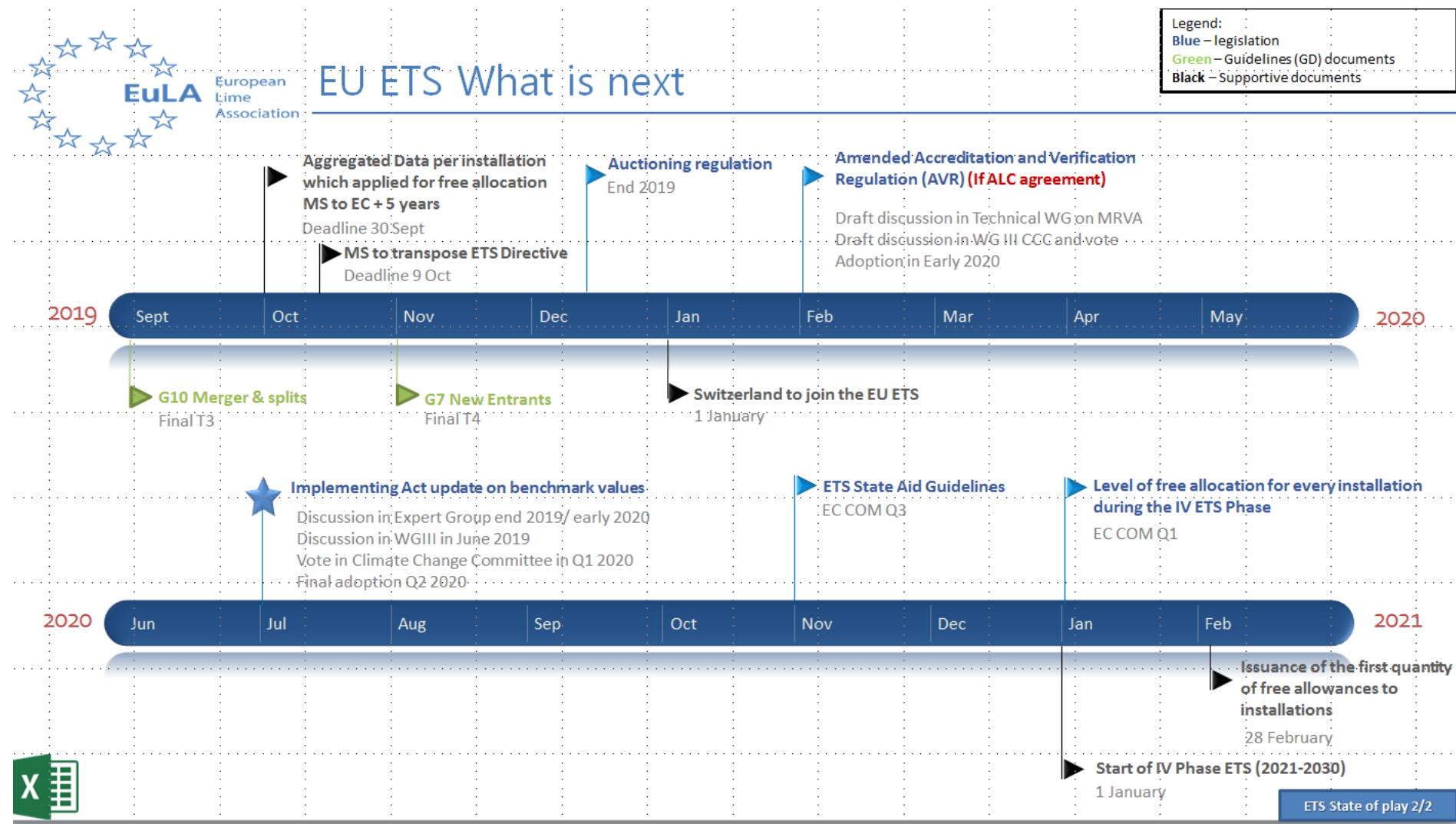
EU ETS post 2020



Harmonogram přípravy na 4. obchodovací období



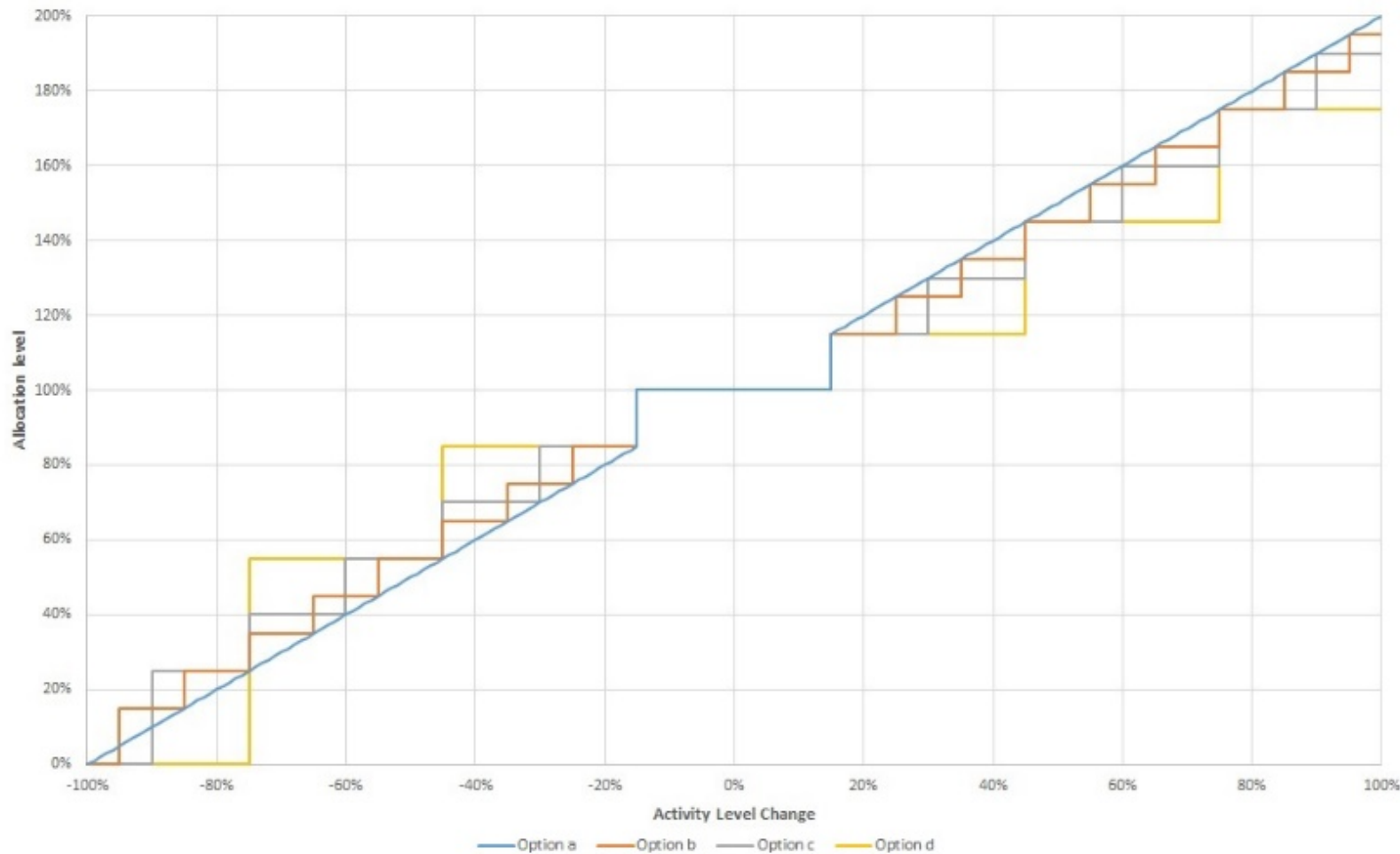
Harmonogram přípravy na 4. obchodovací období



Activity Level Changes – EC vs EuLA Options summary

	 EC Preferred Option	 EuLA Preferred Option
Monitoring and Reporting of activity levels (new)	4.1.1. Reporting of all data in annex IV of the FAR. 4.1.2. Reporting of all data in annex IV of the FAR except section 3 4.1.3. Reporting of all Activity Level only (subinstallation level).	TBC
Linear vs staged approaches (updated)	A. Linear approach, initial 15%. B. Staged approach, initial 15%, then 10% intervals. Option “BE 5%”.	A. Linear approach, initial 15%.
Minimum threshold	B. Minimum threshold, 100 allowances.	A. No minimum threshold.
Year of start of allocation changes.	A. Allocation changes to start in 2021. B. Allocation changes to start in 2022.	A. Allocation changes to start in 2021.
Changes in the operation of the installation (new)	Option A: No specific provisions regarding energy efficiency or other changes in the operation of the installation. Option B: Provide general framework in the implementing act. Option C: Provide a detailed approach in the implementing act.	TBC
Procedure to adjust allocations (new)	Option A. No specific provisions in the implementing act. Option B. Reporting AL together with emissions	Option B. Reporting AL together with emissions

Staged / Linear



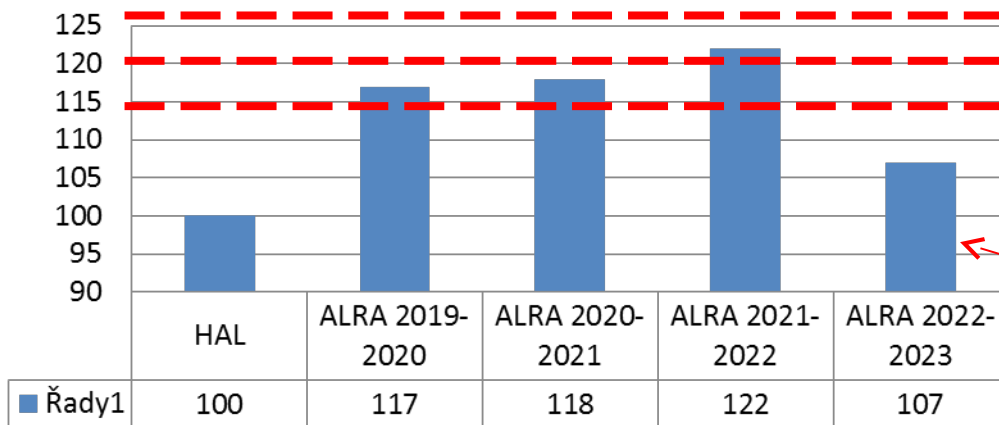
**Option A. Linear / Option B. 10% steps / Option C. 15% steps / Option D. 30% steps,
(BE proposal - 5% steps)**



Změny úrovně výroby (ALC) – dynamická alokace

BE proposal - illustration

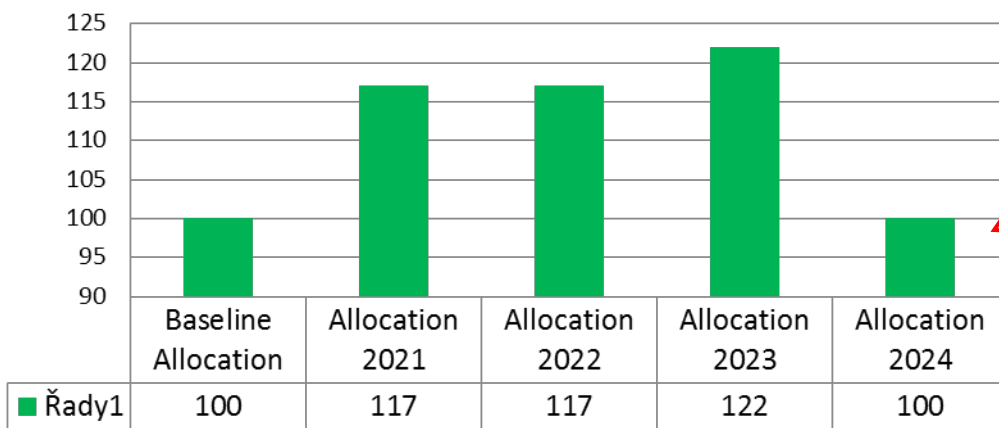
Activity level



+7% compared with HAL

⇒ Threshold of 15% not met anymore

Allocation



Allocation 2024 = Baseline Allocation



Activity level changes vs. new entrants

%	2018	2019	2020	2021	2022	2023	2024	2025	2026
Incumbent									
Production	100	100	100	100	130	200	200	200	200
2 years rolling average			100	100	100	115	165	200	200
allocation				100	100	100	115	165	200
New entrant									
Production		0	0	0	30	100	100	100	100
Allocation					30	100	100	100	100
Difference in allocation									
					30	130	215	250	250



- LIME

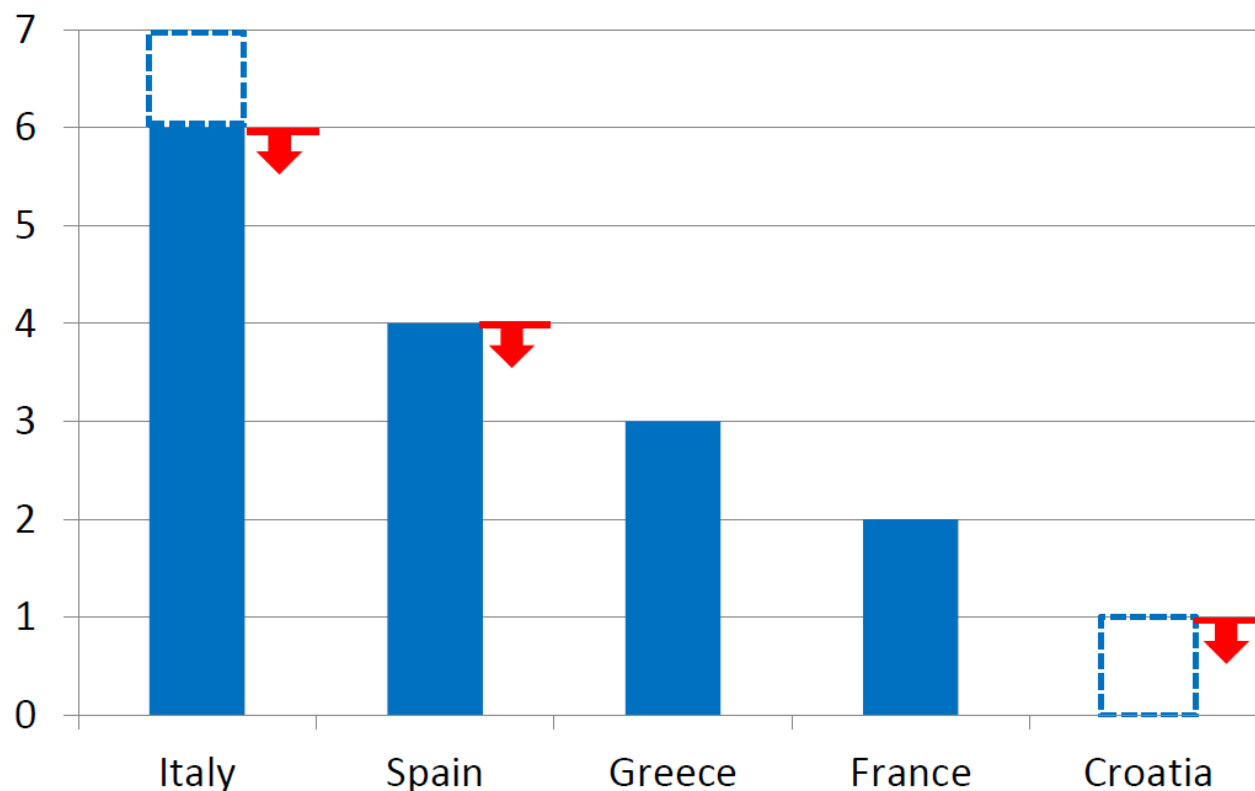
Scenario	Description	Benchmark [t _{CO2} / t _{lime}]	Yearly improvement factor
LS-All-uncor	Revised benchmark based on the emissions of all lime sub-installations	0.748	
LS-All-cor	Revised benchmark based on the emissions of lime sub-installations – outliers with erroneous process emissions removed from the dataset	0.765	2.2%
LS-NoPCC	Same as previous with plants producing PCC removed from the dataset	0.783	2.0%
LS-NoPCC&COG	Same as previous with plants burning Coke Oven Gas removed from the dataset	0.757 < 0.774 < 0.792	1.9% < 2.1% < 2.3%
LS-NoPCC&COG&BIO	Same as previous with plants burning Biomass removed from the dataset	0.943	0.13%

Current benchmark for lime 0,954 t CO₂/t of lime (standard pure lime)



2. Location of the 16 sub-installations defining the **lime** bench.

Assumption: 5 sub-installations that did not submit data are burning 100% biomass





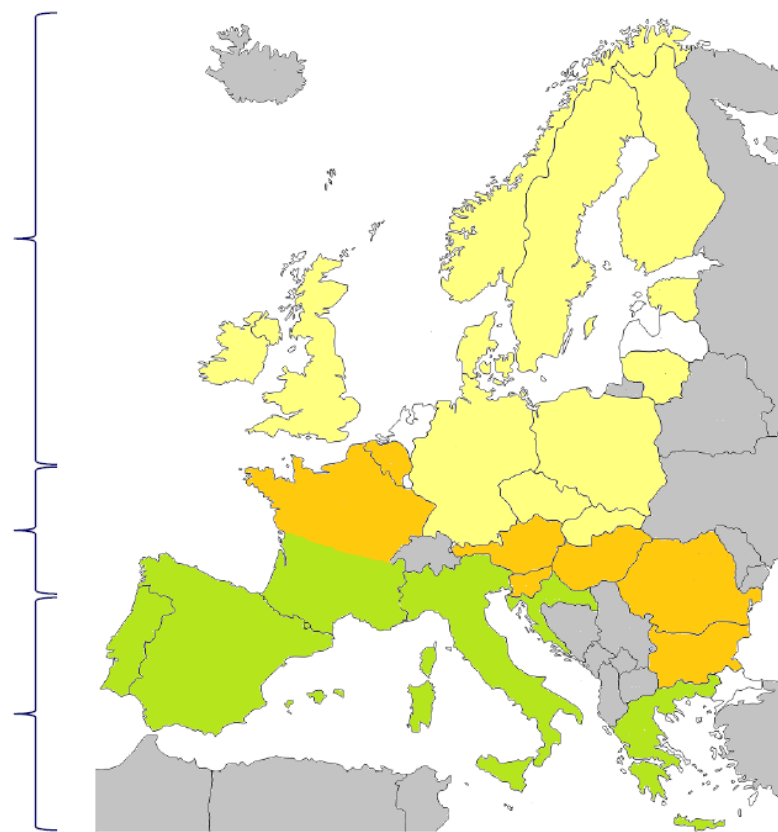
2. Geographical use of biomass in the lime sector

- The amount of biomass used varies strongly from country to country. However three approximately homogeneous zones can be distinguished:

Northern Europe:
no biomass used

Middle Europe:
1% of the biomass
used in Europe

Southern Europe:
99% of the biomass
used in Europe





4. Adjusted benchmarks according to EuLA's proposal

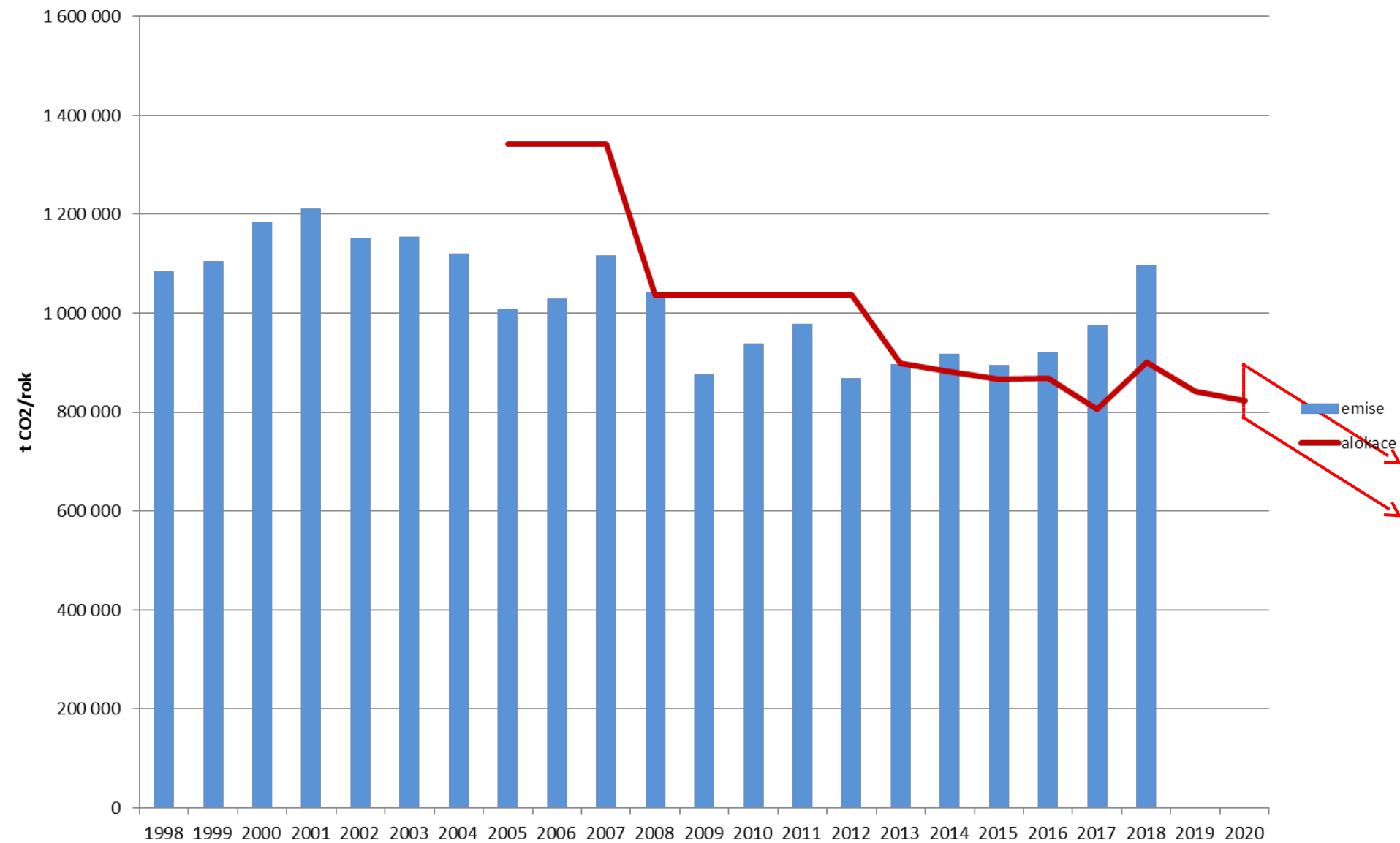
- Lime:
 - the new revised benchmark would then become:
 $0.7517 + 0.1855 = 0.9372 \text{ t}_{\text{CO}_2} / \text{t}_{\text{SPL}}$
 - and the annual improvement factor:
0.195 %
 - thus meaning that the annual improvement factor applied to the benchmark according to Directive 2018/410/EU would be 0.2%, instead of the 1.6% derived from the “traditional” calculation method based on the 10% best performing sub-installations.

BM pro vápno založený na PFRK spalující ZP s pětiprocentním snížením palivové části benchmarku, aby se zohlednila biomasa – 0,9372.

Stejně konstruovaný BM pro dolomit je pak 1,027 a meziroční faktor zlepšení 0,46%.

Vývoj emisí a alokace na 1. - 3. období - SVV

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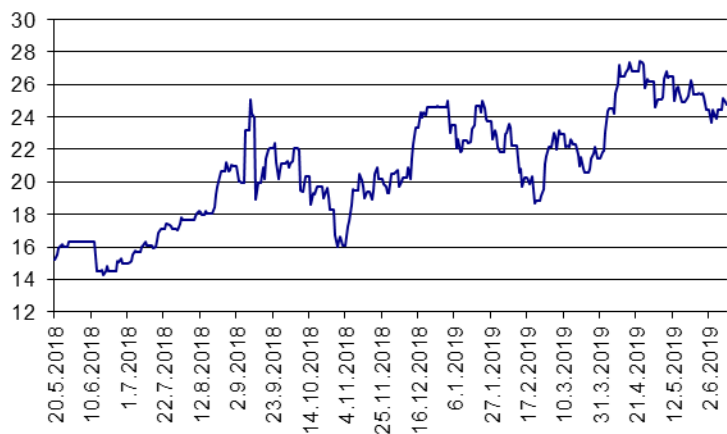


CO2 emission trading – vývoj cen povolenek II. – III. období

EUA Dec. 7-19 CO2 allowance price development in 2007 - 2019 in €/t CO2



CO2 allowance price development
in €/t CO2 (last 365 days)





SVAZ VÝROBCŮ
VÁPNA
ČESKÉ REPUBLIKY

Děkuji za pozornost



L. Prokopec

Červen 2019

Why lime has low chances to be eligible?

NACE	Sectors	(1) Trade intensity	(2a) Direct emission intensity [kg CO ₂ / EUR]	(2b) Indirect emission intensity [kg CO ₂ / EUR]	(2) Emission intensity [kg CO ₂ / EUR] (2a+2b)	(3) Carbon Leakage Indicator (1*2)	In the next CLL?	State Aid Guidelines Potential eligible sector (1*2)	In EU ETS State Aid 2012?
		In green potential sector under revised ETS State Aid 1*2 > 0.15							
23.11	Manufacture of flat glass	23.70%	5.460	0.631	6.091	1.457	YES	0.150	NO
23.51	Manufacture of cement	10.10%	22.891	1.330	24.221	2.455	YES	0.134	NO
23.52	Manufacture of lime and plaster	4.90%	20.248	0.570	20.818	1.021	YES	0.028	NO

To consider:

1. Not in the current 2012 EU State Aid list.

☐ Trade intensity lower than 10%.

2. Too far from the 0.15 threshold.

☐ Trade intensity x indirect emissions intensity = 0.028

☐ Position 152th within the list.

3. Limited financial resources for sectors if eligible sectors list increased in excess.

☐ Potential no support of sectors already in the list.

☐ Even in ETS State Aid list, aid is not guarantee:

•MS can also restrict sectors and individual companies.

☐ EC potential additional criteria:

•Energy efficiency requirements, participate in national energy management systems, price taker criteria (currently used in qualitative assessment), % renewable energy expenditure, etc.



Timing of the data collection for the benchmark update.

DATE	WHAT	WHO
End of 2018	Final questionnaires sent to the member states	Commission
Beginning of 2019	Start of the data collection	Member States
Spring 2019	Verification of collected data	Verifier in the member states
13 September 2019	Deadline of communication of collected data to the European Commission	Member States
19 September 2019	Publication of the collected data	European Commission
Q1/Q2 2020	Update of the benchmarks (Implementing Act)	European Commission

EU elections implications

The EP will be **Greener** than before:

- More stringent climate policies
- More ambitious climate and environment targets
- Climate considerations are already affecting other policies i.e trade, environment, industrial policy
- Potential introduction of complementary measures on ETS, notably BAM or carbon tax.
- 2/3 new elected MEPs/mapping/ networking
- New personnel in place in EU institutions
- MEPs/ITRE/committees chairs
- New EC DGs for DG Energy (Ditte Juul Jørgensen) and DG Trade (Sabine Weyand).