Press Release No. 22/2010

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Emissions trading: 9.4 percent lower CO_2 emissions in 2009

Lowest level since 2005 – Emissions trading proves itself despite crisis

Operators subject to emissions trading in Germany emitted a total volume of 428.2 million tonnes of climate-damaging carbon dioxide (CO_2) in 2009. As compared to the previous year, emissions sank by 44.3 million tonnes CO_2, or 9.4 percent, which is the lowest level since introduction of emissions trading in Europe in 2005. The installations engaged in emissions trading were thus responsible again in 2009 for the greatest absolute reduction of greenhouse gas emissions in Germany. The emissions trading sector affirms the overall trend announced by the Federal Environment Agency (UBA) in early March 2010, according to which the financial and economic crisis has led to the steepest decline in climate gas emissions since the foundation of the Federal Republic. The greatest share in reduction within the emissions trading industry can also be traced to declines in production resulting from the economic downturn in 2009.

Individual industries were not affected in equal measure. For the great majority of industrial installations it means that they can offset their annual emissions for 2009 with the free certificates already allocated and issued at the end of February 2009. "As a result, there is currently little demand for emissions certificates, as reflected in the present moderate price of 13 euros per certificate. This will benefit installation operators that had to purchase additional certificates, and wherein one of the greatest advantages of emissions trading as a market-based instrument lies: it relieves the strain on the economy during crisis without jeopardizing previously set climate goals", comments Dr. Hans-Jürgen Nantke, head of the German Emissions Trading Authority (DEHSt) at UBA. "Even during the crisis emissions trading did not adversely impact employment or growth, but reacted instead in a manner compatible with the system."

Whereas emissions dropped in most industries in conjunction with the economic situation, there are a number of installations in all industrial groups with both less and more emissions as compared to the previous year. For example, 225 of 532 large firing installations that had emissions of some 101 million tonnes CO_2 in 2009 increased their emissions over the prior year by a total of 11.2 million tonnes CO_2. In detail as follows:

The greatest absolute reduction was recorded in the energy industry: emissions from large power plants dropped by 30 million tonnes CO_2 due to reduced capacity, or eight percent. That is the greatest absolute reduction of any single industrial group. The relative decline is similar among smaller energy plants minus seven percent, but with a less marked absolute reduction of about 0.4 million tonnes.

In the **iron and steel industry** and in coking plants, CO_2 emissions sank by 8.5 million tonnes, which is 25 percent less than in the previous year and the largest relative reduction overall. The correlative decline in emissions from utilisation of byproduct energy is largely traceable to energy suppliers.

There were also considerable reductions in the **minerals processing industry**, even though less marked than in the steel industry. In cement production some 1.7 million tonnes less carbon dioxide, that is eight percent, was emitted. The burnt lime production industry is suffering the effects of loss of turnover in the steel industry, with a corresponding drop in emissions of 1.8 million tonnes of carbon dioxide, or 22 percent. The relative downturn in emissions in the glass industry is only eight percent, or 0.3 million tonnes CO_2 in absolute terms. The economy affected products in the ceramics industry to varying degrees: firstly, the brick manufacturing industry owing to the steady fall in construction activities, and secondly, industrial ceramics, which is dependent on developments in the steel industry. The 16-percent decline in emissions in this sector is certainly more a reflection of the state of the economy than the result of any climate-friendly measures taken.

In **paper and pulp manufacturing** the declines of [four and nine percent, respectively,] are minor and may be the result of energy savings as well as lower production output.

Total emissions from **refineries** remained unchanged over the previous year. The reason is presumably that some operators attempted to gain or maintain market share by means of full utilisation and concurrent economies of scale, and thus wait out the economic slowdown.

ACTIVITY	emissions 2008	emissions 2009	2008 values vs 2009 values	
	[Mt CO_2]	[Mt CO_2]	[Mt CO_2]	percent (08 value=100%)
Large firing installations	359.6	330.0	-29.5	-8.2%
Firing installations 20-50 MW heat input	7.2	6.7	-0.5	-6.3%
Compressor stations	1.6	1.6	0.0	-2.6%
Refineries	23.6	22.9	-0.7	-2.8%
Iron and steel	33.8	25.3	-8.5	-25.2%
Cement	20.4	18.8	-1.7	-8.2%
other Minerals processing industry	14.3	11.8	-2.4	-17.0%
Paper and pulp	6.2	5.6	-0.6	-9.5%
Base chemicals	5.8	5.4	-0.3	-6.1%
Total result	472.5	428.2	-44.3	-9.4%

Germany's budget covers 2009 emissions

The national budget for the emissions trading sector in the 2008-2012 trading period is an annual 451.86 million emissions certificates, of which 390 million were allocated by DEHSt to installations free of charge. Taking into account the additional 41 million certificates that are auctioned off every year, there is a volume of approx. 431 million certificates that corresponds to the volume available in the German budget and equivalent to roughly the total annual emissions of 2009 428 million tonnes CO_2. This casts the German emissions trading sector as more a seller than a buyer on the European market.

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If the use of certificates issuing from international climate protection projects is taken into consideration (CDM for projects between industrialised and developing countries, JI for projects between industrialised countries), Germany ends up with a slight surplus.
A total of 1654 installation operators in the energy sector and emissions-intensive industry in Germany are obliged to submit annual emissions reports. These operators must surrender a corresponding volume of certificates to DEHSt by 30 April 2010 of offset the emissions volume of their installations in 2009.
The 2009 reports from operators subject to emissions trading must be submitted to UBA by 31 March 2010. UBA has begun review of operator emissions reports. Detailed evaluations of carbon dioxide emissions in the emissions trading sector will be posted soon on the DEHSt Internet portal. Once emissions and surrendered certificates of every installation have been verified, the information can be accessed in the public reports of the Registry starting 15 May 2010.

Dessau-Roßlau, 1 April 2010