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Emissions trading: Small installations have a choice

Germany invites public opinion on exemption of small emitters from emissions trading

The EU Emissions Trading Directive allows industrial and firing installations with low greenhouse gas emission volumes to be exempted from the EU emissions trading scheme. In return, these small emitters must make compensatory payments or take measures to reduce specific emissions. The deadline for installations to file as a small emitter was 23 January 2012. The interested public may respond to the applications for exemption from 27 February to 26 March 2012.

Installations that emitted less than 25,000 tonnes of CO₂ equivalent in 2008-2010, or have a thermic output capacity of less than 35 megawatts, are classified as small emitters by the EU Emissions Trading Directive. They may apply to be exempted from surrendering allowances in emissions trading during the 2013-2020 third trading period. In return the small emitters must either make compensatory payment or reduce the emissions of their individual installation. A combination of these two alternatives is also allowable.

The amount of compensatory payment is based on the number of CO₂ certificates the installation would have had to purchase if it participated in emissions trading. Calculations are based on emissions of the previous year and the potential volume of allowances allocated free of charge.

The mathematic difference is multiplied by the average auction price of the reporting year or the previous calendar year to produce the sum to be paid. In the case of specific emissions reductions, an installation must demonstrate an annual reduction rate of 1.74 per cent, as according to the guidelines of EU emissions trading in the third trading period (2013-2020).

The EU Emissions Trading Directive makes provisions for the public to react to the applications of small emitters for exemption from the obligations of emissions trading. The German Emissions Trading Authority (DEHSt) at the Federal Environment Agency launched the four-week consultation phase on 27 February 2012. Their website www.dehst.de features a list of the installations, their proposed "equivalent measures", and an inventory of the greenhouse gas emissions produced by the installations in 2008-2010.

The German Emissions Trading Authority (DEHSt)

The German Emissions Trading Authority at the Federal Environment Agency is the national authority entrusted with the implementation of emissions trading for stationary installations and for the aviation industry. Its mandate includes management of the allocation and issuance of emission allowances, revision of emissions reports and operation of the emissions trading registry. It is also in charge of the administration of the project-based mechanisms Joint Implementation and Clean Development Mechanism.

Dessau-Roßlau, 29 February 2012