

CLIMATE CHANGE UNIT

EUROPEAN COMMISSION

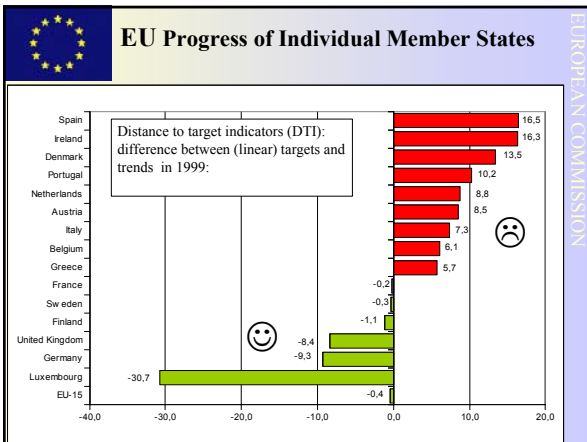
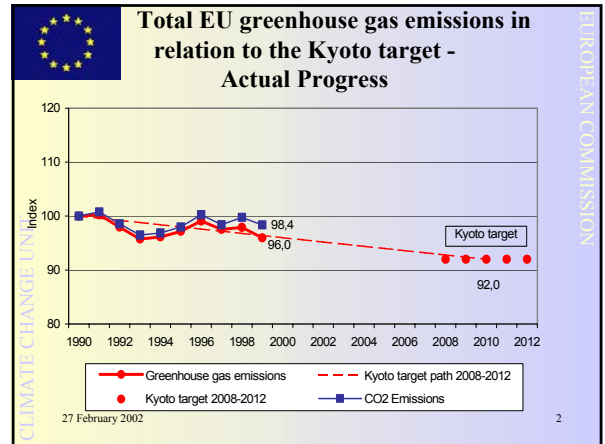
Directive establishing a framework for GHG emissions trading within the EC

Key elements

Peter VIS
European Commission

27 February 2002

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23 October 2001

- Proposal to ratify the Kyoto Protocol by the European Community
- Communication on the ECCP and the key measures for the implementation strategy
- Proposal for a framework Directive for GHG emissions trading across the EU

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Permits Allowances

<ul style="list-style-type: none"> • Installation-specific • Non-transferable • Sets monitoring and reporting obligations • Sets obligation to hold allowances to match emissions each calendar year 	<ul style="list-style-type: none"> • Entitlement to emit a tonne of CO2 equivalent • Issued by MS • Tradeable across EU • Held in electronic form in the national registry system
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Key elements (1)

- Timing
- Voluntary or mandatory participation
- Allocation – method (harmonised) and quantities (national allocation plans)
- Coverage – gases and sectors
- Treatment of emissions of the electricity sector

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Key elements (2)

- The organisation of the market
- Monitoring, reporting and verification
- Compliance regime
- Linking with different entity trading schemes
- The project mechanisms
- Review and subsequent amendment

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FAQs

- How is emissions trading compatible with voluntary agreements?
- Why isn't the proposal more detailed on initial allocation?
- How does it fit with the Kyoto Protocol?
- Will trading not impair competitiveness and cause "leakage" of jobs & investment outside the EU?

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Next steps

- Negotiations underway in the Council and European Parliament ...
- Analysis & lobbying (hopefully in that order)
- Improvement

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http://www.europa.eu.int/comm/environment/climat/home_en.htm

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