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Emissions trading: companies to receive certificates

Pressure to act mounts on inefficient power stations

The second phase of emissions trading, scheduled to run from 2008 to 2012, is beginning: as of now, certificates for 2008 are available to companies. "The pressure to act on implementing more climate protection measures is mounting inasmuch as operators of inefficient lignite power stations will in some cases receive up to 50 per cent fewer certificates," says Dr. Thomas Holzmann, Vice President of the Federal Environment Agency (UBA). As of now, the certificates for 2008 are available in the accounts held in the emissions trading register. Technical coordination with the worldwide trading system developed under the terms of the Kyoto Protocol means that emissions trading is also now possible with states beyond Europe's borders.

A list published by the German Emissions Trading Authority (DEHSt) of the Federal Environment Agency of all those installations participating in the emissions trading scheme gives in each case details of certificates granted compared with the levels of carbon dioxide emissions from the previous year. In accordance with this, companies in the energy sector will only get two-thirds of the certificates free of charge. In the case of energy installations the DEHSt has applied the law as follows: the more inefficient the use of fuels and the greater the levels of CO₂ released into the atmosphere, the smaller the proportion of free certificates awarded. Companies in the industrial sector, however, receive by law nearly all their certificates free of charge. Low-level emitters - those whose emissions do not exceed 25,000 tonnes of CO₂ per annum - receive 100 per cent of the necessary certificates free of charge (see figure below). A total of 451.81 million emissions allowances were distributed free of charge to 1,625 participating companies. The emissions trading sector includes some 50 per cent of the total national carbon dioxide emissions.

The granting of certificates for 2008 means that the European emissions trading system (Community Independent Transaction Log - CITL) is now interlinked at the level of the UN climate secretariat (International Transaction Log - ITL) with the international trading system stipulated by the Kyoto Protocol. This means that, after some technical delays, the second European trading period 2008 to 2012, which coincides with the first UN commitment period of the Kyoto Protocol, can finally begin. Alongside those of the member states of the European

Union, the registers of Norway, Liechtenstein, Switzerland, Russia, New Zealand and Japan have also been brought into line. The way has thus been paved for international emissions trading to begin in earnest.

The publication **“Emissionshandel: Die Zuteilung von Emissionsberechtigungen in der Handelsperiode 2008 - 2012“ (German only)** is available as a free download at

http://www.dehst.de/cIn_099/nn_476194/DE/Home/Textbausteine/Auswertung_Zuteilung_2008-2012.html?_nnn=true

Information on the granting of certificates (German only) can be found at:

http://www.dehst.de/cIn_090/nn_476194/DE/Home/Textbausteine/NAP_Tabelle_2008_Ausgabe.html?_nnn=true

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