

# Union Registry - Items of Interest



Phase IV – EU ETS Workshop  
27 February 2019  
Jacinta Ponzi, Union Registry

# Phase IV ETS – 2021-2030

## Free Allocation

Free allocation is foreseen to be phased out after 2026 - decreasing from a maximum of 30% to ZERO at the end of Phase 4 (2030).

## Volume of Allowances

Overall number of emission allowances in circulation will **decline at an annual rate of 2.2% from 2021 onwards**, compared to 1.74% currently.

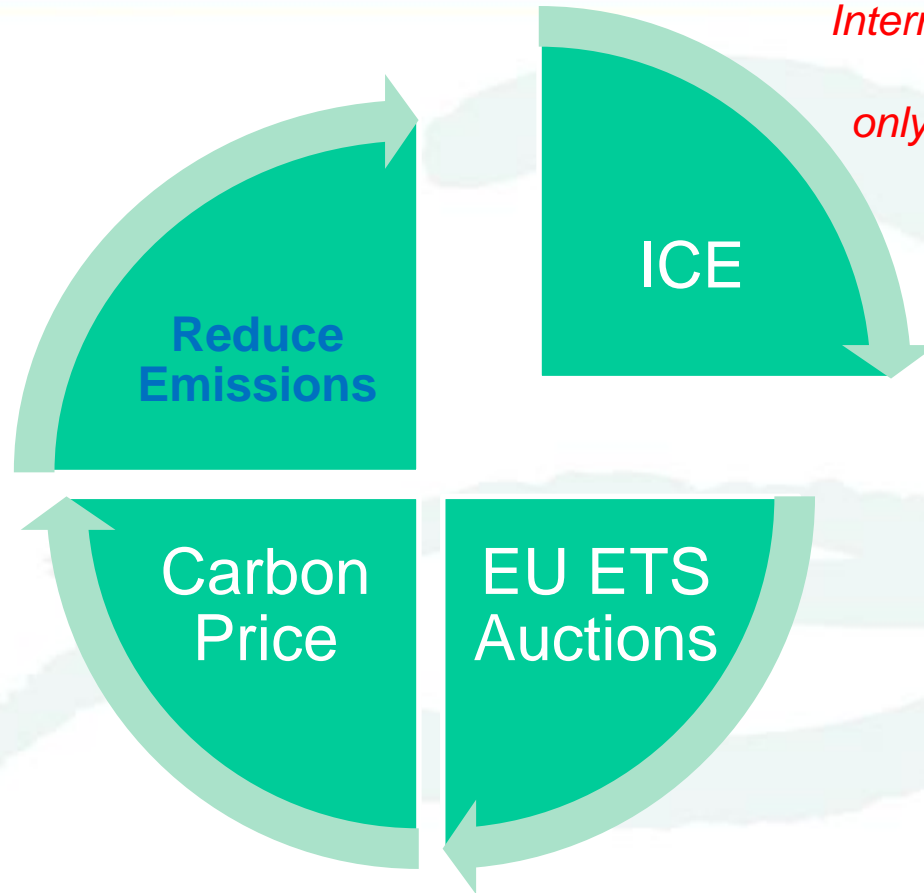
**Market Stability Reserve** will be substantially reinforced.

## Carbon Price

**Increasing €€€ - 200% increase in 2018**

Analysts estimate that carbon prices could average **€35-40/tonne over 2019-2023.**

# For Your Consideration



*International Credit Entitlement  
(ICE) –  
only until 31 December 2020*

# ICE in current Phase III EU ETS

- Number of areas to consider:
- **Type** of international credits eligible in Phase III
- **Amount/Limit** of international credits for use in Phase III
- **How to use** international credits in Phase III
- **Deadline** for use in Phase III

# Type of IC Eligible in Phase III

- International Credits marked as **eligible** or **ineligible** in the Union Registry

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[Account Main](#) **Holdings** [Authorised Representatives](#) [Additional Authorised Representatives](#) [Trusted Accounts](#) [Account Statements](#)

ID	Account Holder Name	Account Name	Account Status	Account Type
		Operator Account	Open	

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Unit Type	Original CP	Project Number	Project track	Eligible	Ineligible	Balance	Reserved for transaction
CER	1	CERAABB		8181	0	8181	
CER	1	CER XXYY		0	1000	1000	0
<b>Total:</b>				9181			

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GREEN: eligible to be held and used on an EU ETS account      RED: ineligible to be held and used on an EU ETS account.

[Propose a transaction](#)

# Type of IC Eligible in Phase III

- European Commission Guidance and FAQ whereby you can assess the status of International Credits

- **FAQ:**

[http://ec.europa.eu/clima/policies/ets/linking/faq\\_en.htm](http://ec.europa.eu/clima/policies/ets/linking/faq_en.htm)

- **General Positive/Negative List:**

[http://ec.europa.eu/clima/policies/ets/linking/documentation\\_en.htm](http://ec.europa.eu/clima/policies/ets/linking/documentation_en.htm)

- **Further Documentation:**

[http://ec.europa.eu/clima/news/articles/news\\_2013071701\\_en.htm](http://ec.europa.eu/clima/news/articles/news_2013071701_en.htm)

# Amount/Limit of IC in Phase III

- **RICE Regulation** No 1123/2013

*Regulation on International Credit Entitlements (RICE)*

- This Regulation established the **Limit** on the use of international credits by Operators in Phase III of EU ETS (2013-2020).



# Amount/Limit of IC in Phase 3

- **Limit** on the use of IC= **Entitlement**
- Visible on your account on Union Registry

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Account Main **Holdings** Authorised Representatives Additional Authorised Representatives Installation Contact Person Information

Compliance Verifier Trusted Accounts Account Statements

ID	Account Holder Name	Account Name	Account Status	Account Type
EU-100-xxxxxxxxxxx		Operator Account	Open	Operator holding account

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Unit Type	Original CP	Project Number	Project track	Eligible	Ineligible	Balance	Reserved for transaction
General allowance	2			0	0	1066	0
				<b>Total:</b>	1066		

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GREEN: eligible to be held and used on an EU ETS account      RED: ineligible to be held and used on an EU ETS account.

Propose a transaction

Name	Value
Entitlement ★	1000
Surrendered International Credits in Phase 2	0
Exchanged International Credits in Phase 3	250
Pending exchanges	0
Remaining Entitlement ★	750



# How to Use International Credits

In Phase III EU ETS (2013-2020), an Operator may:

- EXCHANGE *International Credits* into *EU Allowances* up to a set entitlement;
- Account users perform this EXCHANGE via their account on the Union Registry
- The resulting *EU Allowances* may then be used as desired - for Phase 3 compliance; transferred; sold etc.
- Exchange only possible until **31 December 2020 – Article 60.1 of Registry Regulation No 389/2013**
- *Draft RegReg provides for ICE usage until 30 April 2021.*

# International Credits – Phase IV ETS

In Phase IV EU ETS (2021-2030):

- the use of international credits in the EU ETS is **NOT** envisaged.
- Refer to European Commission website:  
[https://ec.europa.eu/clima/policies/ets/credits\\_en](https://ec.europa.eu/clima/policies/ets/credits_en)

# Phase 4 Allowances for Phase 4 Emissions

Phase 4 EU ETS (2021-2030):

- Allowances created and allocated in Phase 4 are only valid for Phase 4 emissions from 01 January 2021 onwards.
- Such Phase 4 allowances **cannot be used** during compliance cycle in March/April 2021.

**The compliance cycle in March/April 2021 accounts for the year 2020 which is the last year in Phase 3 (2013-2020).**

- **Phase 3 allowances remain valid and can be used for Phase 4 emissions**
- **Phase 4 allowances can only be used for Phase 4 emissions.**

# Participation in EU ETS Auctions

- Auctioning is the default method of allocating allowances in ETS - an increasing proportion of allowances will be acquired through auctions.
- **European Energy Exchange (EEX)** in Germany was appointed as the common auction platform to auction emission allowances on behalf of 25 EU MS;

EEX also appointed as auction platform by Germany & Poland separately.

# Participation in EU ETS Auctions

- **Stationary & Aircraft Operators (compliance buyers) are eligible to participate in EU ETS Auctions.**
- EEX website has very useful information – EEX.com

<https://www.eex.com/en/products/environmental-markets/emissions-auctions/access-to-the-auctions>

<https://www.eex.com/blob/75616/b562b8029abe9b43766492f91ebc74e4/20171101-auctions-for-operators-draft-data.pdf>

# Participation in EU ETS Auctions

Participation in Emissions Auctions explained in 5 minutes

Business Development,  
Leipzig, 22 January 2018

› eex group

- › eex
- › ecc
- › epexspot
- › powernext
- › pegas
- › pxe
- › cltx
- › nodal
- › nodalclear

Participation in Emissions Auctions

Business Development,  
Leipzig, 13 February 2018

› eex group

- › eex
- › ecc
- › epexspot
- › powernext
- › pegas
- › pxe
- › cltx
- › nodal

# Carbon Price

## Auction Price General Allowances 2018





# EU Allowances – International Credits

- EU Allowances – auction clearing price on 25 February 2019 = **€18.62**
- 22 January 2019 = **€24.42**
- Eligible International Credits – trade under €1.00

- **EU: Brexit Preparedness Notice**

[https://ec.europa.eu/info/sites/info/files/emissions-trading-system\\_en.pdf](https://ec.europa.eu/info/sites/info/files/emissions-trading-system_en.pdf)

- **UK: How to prepare if the UK leaves EU with no deal; Meeting climate change requirements**

<https://www.gov.uk/government/publications/meeting-climate-change-requirements-if-theres-no-brexit-deal/meeting-climate-change-requirements-if-theres-no-brexit-deal>

# Questions? Feedback?

