

# Including Ground Traffic in the EU ETS - bvek proposal -

Jürgen Hacker

bvek Side-Event at Carbon Market Insights 2008  
Copenhagen, 12<sup>th</sup> March 2008

**bvek** Bundesverband  
Emissionshandel  
und Klimaschutz

## Overview

- Essentials of the bvek proposal
- Connecting upstream transport system with downstream stationary plant system
- Determination of transport cap
- Mobile versus stationary emission sources
- Combined auctioning of allowances
- Monitoring + reporting of transport emissions
- Conclusions

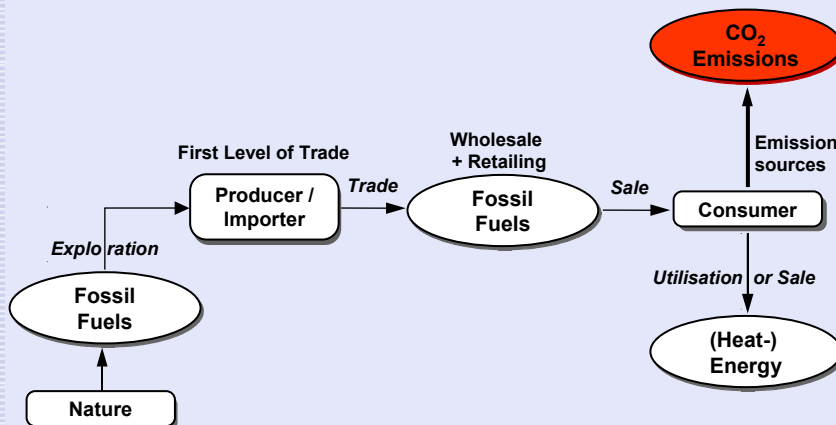
**bvek** Bundesverband  
Emissionshandel  
und Klimaschutz

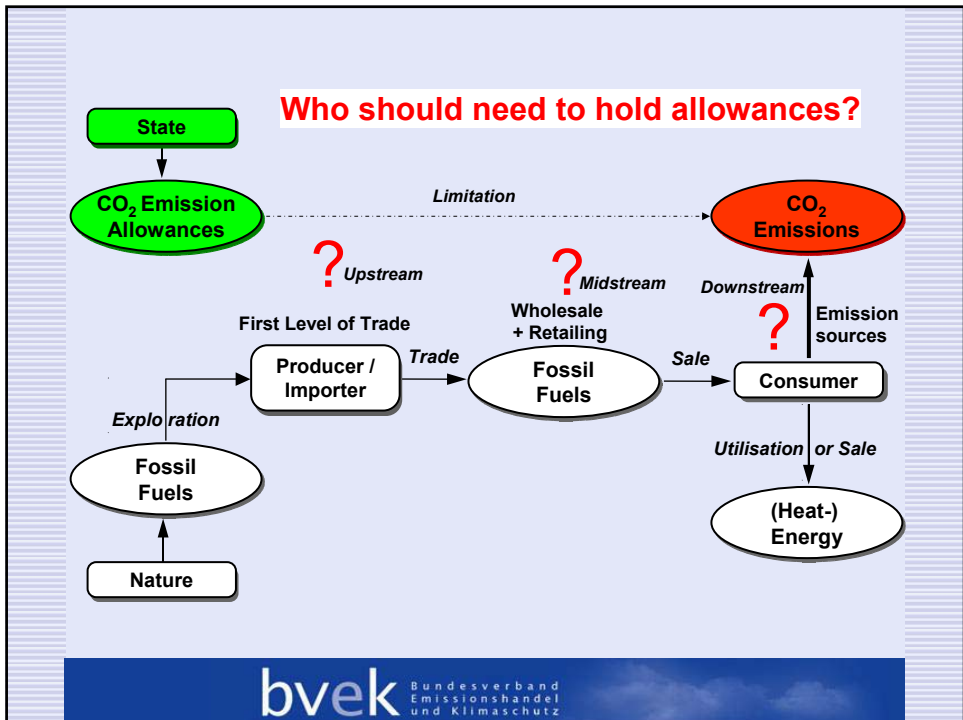
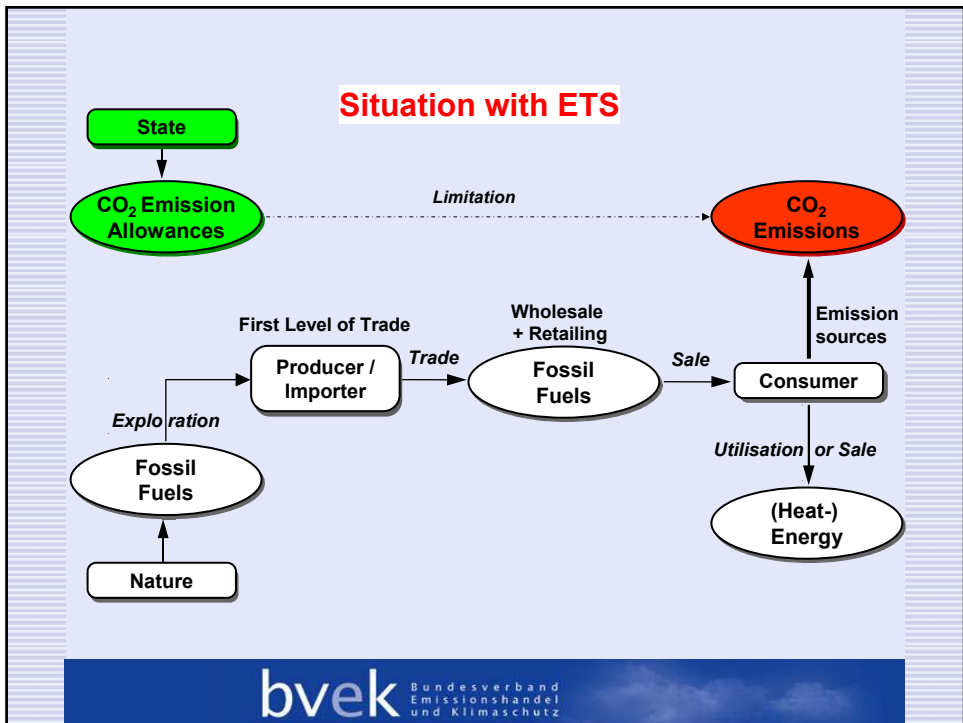
# Essentials of the bvek Proposal

- Including Ground Traffic with upstream system starting 2013
- Oil companies bringing petrol + diesel onto the market (first level of trade) need corresponding emission allowances
- Wholesale + retailing of traffic fuels including emission allowances
- Traffic cap could be derived from projections of traffic emissions in NAP II + Commission proposal for 3 period
- Full auctioning of traffic allowances
- Utilisation of existing measuring + supervising systems for traffic fuel streams
- Monitoring + reporting like stationary plant operators

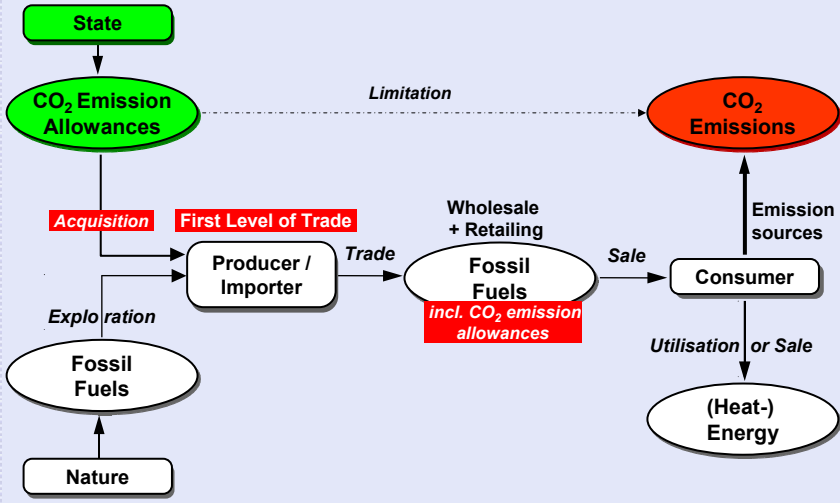
## Connecting upstream transport system with downstream stationary plant system

Situation in the past (until 2004)



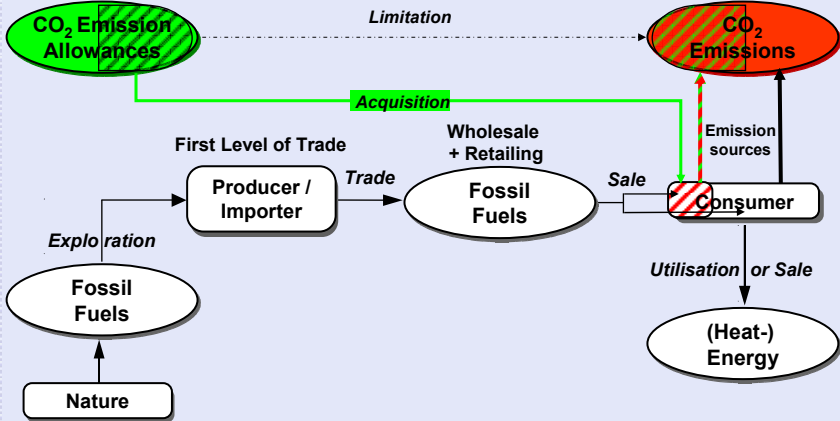


Though environmental economists proposed upstream approach,

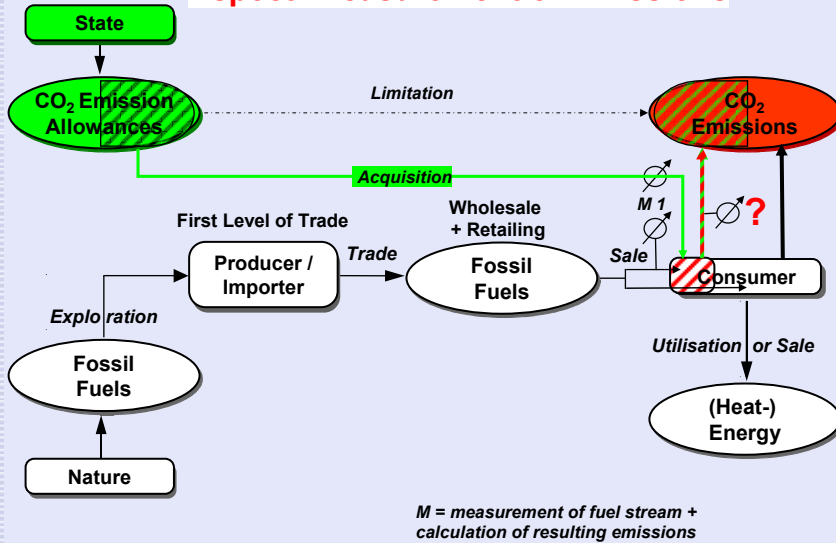


Though environmental economists proposed upstream approach,

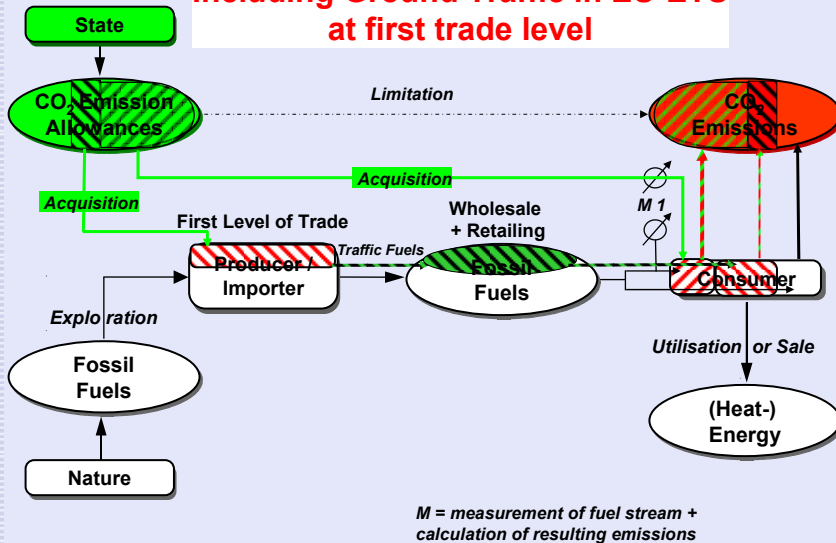
the EU implemented downstream approach, but only for large, stationary emitters!

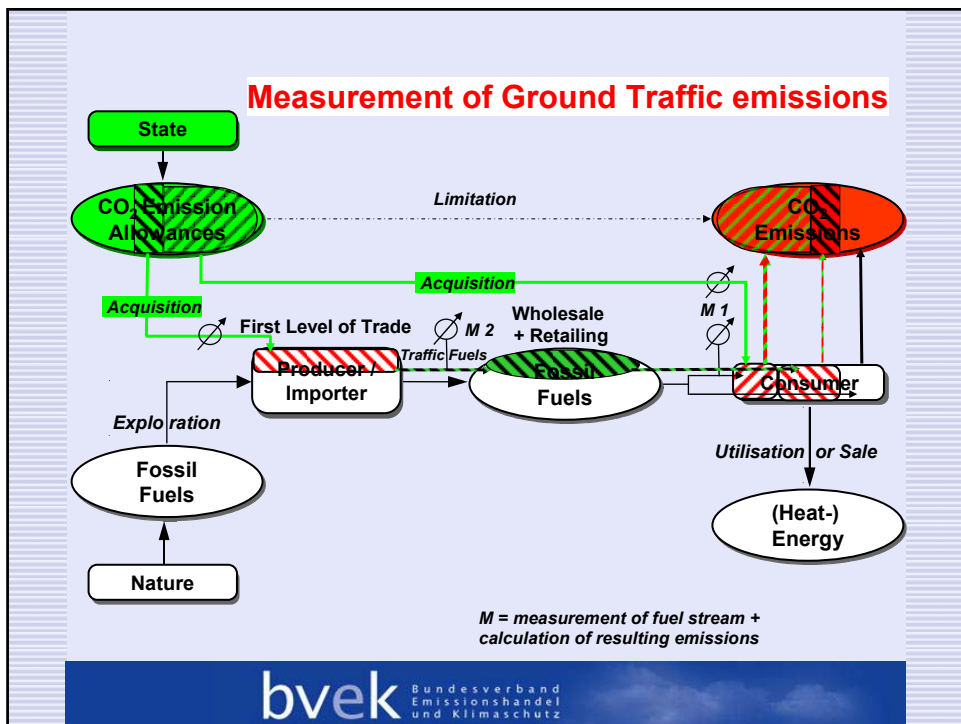


## Aspect: Measurement of Emissions



## Including Ground Traffic in EU-ETS at first trade level



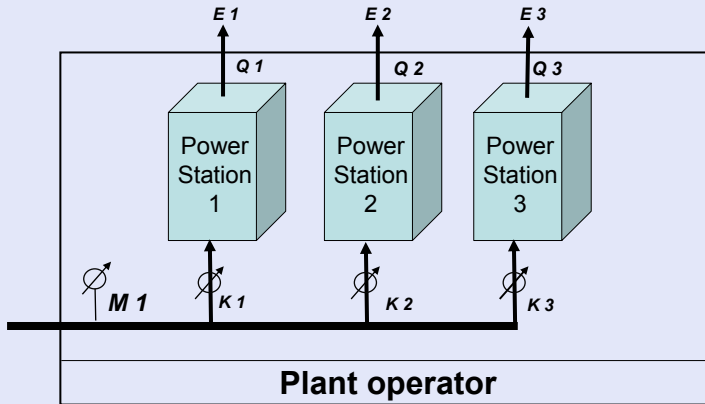


## Determination of transport cap

- As first step all NAP II split up national Kyoto / EU burden-sharing budgeted into ETS budgeted + Non-ETS budgeted.
- Non-ETS budgeted compromises projection of traffic sector emissions.
- Therefore traffic sector emissions are politically fixed already for 2nd period.
- EU Commission effort sharing proposal for period 2013-2020 also comprise targets for traffic sectors.
- Emission projections/targets could be traffic sector cap.
- Cap for EU-ETS extended by traffic sector is sum of so far ETS cap + traffic cap.

## Mobile versus stationary emission sources

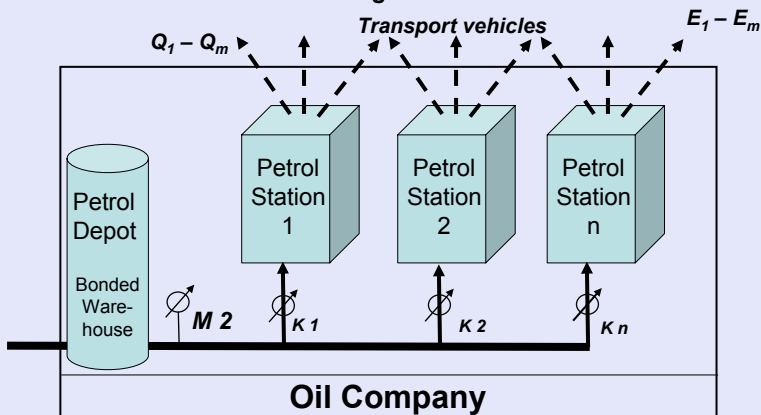
- After measuring traffic fuel streams at first level of trade, traffic fuels are distributed to many mobile emitters at the end. Is this a substantial difference to existing ETS?



bvek Bundesverband  
Emissionshandel  
und Klimaschutz

## Mobile versus stationary emission sources

- After measuring traffic fuel streams at first level of trade, traffic fuels are distributed to many mobile emitters at the end. Is this a substantial difference to existing ETS?



bvek Bundesverband  
Emissionshandel  
und Klimaschutz

## Mobile versus stationary emission sources

- After measuring traffic fuel streams at first level of trade, traffic fuels are distributed to many mobile emitters at the end. Is this a substantial difference to existing ETS?
- No, it is not. The distances between depot + stations may be bigger but are irrelevant for measurement.
- Petrol depots can be seen as a stationary plant. Oil companies can be treated like normal plant operators.

## Combined auctioning of allowances

- As oil companies can prize in costs of emission allowances without any problem, the criteria of the Commission for allocation of allowances in 3rd period leads to full auctioning already from 2013 onwards.
- Allowances of traffic sector can be auctioned together with all other allowances to be allocated by auctioning.



## Monitoring + reporting of transport emissions

- As the bringing of petrol + diesel onto the market by companies is already controlled by state authorities (in Germany by customs authority) for taxation reasons with high accuracy, no new bureaucracy or any new personnel is needed.
- Only additional task for customs authority: multiplication of fuel sales figures by the emission factors for the fuel and then to pass on the results to the national emission registries of the EU ETS.
- And oil companies need to open + hold plant operator accounts in the national registries to acquire allowances and to transfer the necessary amounts to the national compliance account.

## Conclusions

- Including ground traffic in the EU ETS would be very easy + the simultaneity of upstream and downstream approach would cause no problems!
- Additional administration costs would be marginal and could be ignored.
- The so far not effective attempts of the EU Commission to regulate the CO<sub>2</sub> emissions of the traffic sector by technical standard could be replaced by a very efficient regime.