



## Introduction

On the 13th of October 2003, the emission trading directive (RL 2003/87/EG) came into force. The central theme of the directive: From 2005, operators of plants in energy intensive industries and energy supply companies have an emissions certificate that corresponds to the scale of their emissions. The certificates are issued by the EU nation states and are tradeable. Emission trading should have the effect of reducing the greenhouse gas emissions in the targetted sectors in line with the national climate targets at commercially justifiable cost levels.

## Participants in emission trading

The threshold values stated below generally apply to production capacities or outputs. If an operating company carries out several activities under the same name in a plant or at a location, the capacities of these activities are added together.

Activities	Greenhouse gasses
<b>Energy conversion and transformation</b>	
Furnace units with a furnace heat output of more than 20 MW (excepting plants for the burning of hazardous or domestic waste)	Carbon dioxide
Mineral oil refineries	Carbon dioxide
Coking plants	Carbon dioxide
<b>Iron smelting and processing</b>	
Roasting and sinter plants for iron ore (including sulphide ores)	Carbon dioxide
Plants for the manufacture of raw iron or steel (primary or secondary smelting operations), including line pouring with a capacity greater than 2.5 tonnes per hour	Carbon dioxide
<b>Mineral processing industry</b>	
Plants for the manufacture of cement clinker in rotating tube kilns with a production capacity of more than 500 tonnes per day or of lime in rotation tube kilns with a production capacity of more than 50 tonnes per day or in other kilns with a production capacity of more than 50 tonnes per day	Carbon dioxide
<b>Plants for the manufacture of glass including fibre glass with a smelting capacity of over 20 tonnes per day</b>	Carbon dioxide
Plants for the manufacture of ceramic products by firing (in particular roof tiles, cellular bricks, furnace bricks, paving tiles, pottery or porcelain) with a production capacity of more than 75 tonnes per day and/or a kiln capacity of more than 4 m <sup>3</sup> and a stocking level of more than 300 kg/m <sup>3</sup>	Carbon dioxide



### Miscellaneous industrial branches

Industrial plants for the manufacture of

a) cellulose from wood and other fibrous materials

Carbon dioxide

b) Paper and cardboard with a production capacity of more than 20 tonnes per day

Carbon dioxide

Plants or parts of plants that are used for the purpose of research and development and the testing of new products and processes do not fall under this directive.

### Contents of the emission trading directive

- Scheduling into trading periods: 2005 until 2007, 2008 until 2012, further 5 year periods
- In the first period, only trading and reduction obligations for CO<sub>2</sub>, later for all greenhouse gasses
- Operations in all the above named branches **must** participate in emission trading
- Operations that are affected obtain permits and emission allowance certificates from the national authorities
- The permit basically authorises the operation to issue emissions. They relate only to the operation for which they were acquired.
- The member states can allow plant operators to establish asset funds within a particular activity area. All the rights and obligations of the combined plants that arise as a result of emission trading are handled through an appointed trustee.
- The operator must possess sufficient certificates to cover their existing emission levels.
- The allocation of certificates takes place based upon a national allocation plan. For the first period, the national allocation plan is to be completed by March 31, 2004.
- The allocation of the certificates for the first period in Austria took place at no cost.
- At the end of each year, the actual emission certificates must be returned to the appropriate authorities (up until April 30th of the following year).
- Participants can freely trade the certificates between each other (EU wide including the acceding countries).
- In order to be able to comply with the return obligations, allocated licences, certificates which are bought, and emission reduction units from JI and CDM projects (the "Linkage Directive" – currently in the draft phase – defines the exact modality) can be used as permitted by the allocation plan
- If the operation does not have sufficient certificates on hand to fulfil the reduction obligations, a penalty of € 40 per tonne of CO<sub>2</sub> in the first trading period and a penalty of € 100 per tonne of CO<sub>2</sub> in the following period must be paid.
- Up until September 30, 2003, the guidelines for monitoring and reporting in regard to emissions should have been made public through the Commission. These cover how the monitoring rules for all the activities affected, and a definition of biomass as defined by the directive, should be applied. At the moment this is a just a proposal.
- A register is being set up to keep track of the allocation, ownership, transfer and cancellation of certificates.