

PROJECT

Climate

Ecologic Legal

Further Development of International and European Emissions Trading II



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The project accompanies the further development of international and European emissions trading. At international level the focus is on the implementation and development of emissions trading systems, their role in international climate policy and the potential of linking between individual ETS or with other economic instruments (e.g. taxes, offset mechanisms). At the European level, and partly also at the national level, the main focus of the project is the future design of the European emissions trading scheme (EU ETS), the inclusion of the aviation sector in the ETS, issues concerning EU ETS market oversight, and the interdependencies with other climate and energy policy instruments. In this context, Ecologic Institute is providing the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) with economic and legal analyses concerning the development and implementation of new concepts and legislation.

Emissions trading covers about 50% of all German greenhouse gas emissions and is one of the main climate protection instruments in Germany and the EU. The objective of the ETS is to mitigate greenhouse gas emissions efficiently. Introduced in 2005, the EU ETS developed over the last three trading periods from a pilot system with nationally determined emissions caps to an EU-wide harmonised system. In its third trading period since 2013, the EU ETS still suffers from a low carbon price despite being well established institutionally, legally, politically and administratively.

As a result, the EU ETS was reformed in 2015 to strengthen the price signal. Starting in 2019, the resulting market stability reserve will gradually transfer the existing surpluses in the market to a reserve, thus reducing the amount of certificates in the system and ultimately increasing the carbon price. Moreover, discussions are under way on how to design the fourth trading period from 2021 to 2030, also in view of the recently concluded Paris Agreement.

In this context the project accompanies the further development of the European emissions trading scheme by developing proposals for further reform of the EU ETS. Furthermore, the project offers support related to the continued development of the international carbon market within the Carbon Market Platform, the future inclusion of the aviation sector (against the background of the ICAO negotiations aiming at the development of a Global Market-based Measure), the further development of market oversight structures, as well as the design of other climate protection instruments and their interdependencies with the EU ETS.

Related Articles

- Further Development of International and European Emissions Trading
- The Emissions Trading Scheme in the Third Trading Period

Funding

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