## EU Emissions Trading System (EU ETS)

<table>
<thead>
<tr>
<th>Covered emissions</th>
<th>ETS Size</th>
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<tbody>
<tr>
<td>0.39</td>
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<table>
<thead>
<tr>
<th>GHGs covered</th>
<th>ETS Size</th>
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<tbody>
<tr>
<td>CO2, N2O, PFCs</td>
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### Sectors and thresholds

**PHASE ONE (2005-2007):** Power stations and other combustion installations with >20MW thermal rated input (except hazardous or municipal waste installations), industry (various thresholds) including oil refineries, coke ovens, and iron and steel plants, as well as production of cement, glass, lime, bricks, ceramics, pulp, paper, and cardboard.

**PHASE TWO (2008-2012):** Aviation was introduced in 2012 (>10,000 tCO2/year for commercial aviation; >1,000 tCO2/year for non-commercial aviation since 2013) (see "Aviation" section). A number of countries included NOx emissions from the production of nitric acid. The EU ETS also expanded to include Iceland, Liechtenstein, and Norway.

**PHASE THREE (2013-2020):** Carbon capture and storage installations, production of petrochemicals, ammonia, nonferrous and ferrous metals, gypsum, aluminum, as well as nitric, adipic, and glyoxylic acid (various thresholds) were included.

**PHASE FOUR (2021-2030):** Based on the current legislation, no changes to the scope have been agreed on for Phase 4. Changes are being considered as part of the review of the ETS foreseen under the 2030 Climate Target Plan (see “Year in Review” section).

**Aviation:** Emissions from international aviation were included in the EU ETS in 2012. In November 2012, the EU temporarily suspended enforcement of the EU ETS requirements for flights operating from or to non-EEA countries (“stop the clock”) while continuing to apply the legislation to flights within and between countries in the EEA. Exemptions for operators with low emissions have also been introduced.

In light of the progress made under the International Civil Aviation Organization (ICAO) towards a global measure to reduce emissions from the aviation sector (the Carbon Offsetting and Reduction Scheme [CORSIA]), the EU will maintain the intra-EEA scope for the ETS Aviation until 31 December 2023. In 2020, the Commission initiated a process to revise the ETS Directive to address the implementation of CORSIA in EU law in a way that is consistent with the EU’s 2030 climate target, with a view of adoption in 2021.

### Point of regulation

- **Downstream**

### Number of entities

- 10,569 power plants and manufacturing installations.

### Institutions involved

The European Commission and the relevant authorities of all EU Member States as well as Iceland, Liechtenstein, and Norway.
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