International Carbon Action Partnership
ETS Detailed Information

Swiss ETS

General Information

Summary	**Status:** ETS in force **Jurisdictions:** Switzerland The Switzerland (Swiss) ETS started in 2008 with a five-year voluntary phase as an alternative option to the CO2 levy on fossil fuels. Revised regulations entered into force in January 2013. The system subsequently became mandatory for large, energy-intensive entities, while medium-sized entities may join voluntarily. The ETS applies to industrial entities, largely comprising companies from the cement, chemicals, pharmaceuticals, paper, refinery, or steel sectors. It now covers about 11% of the country's total GHG emissions. In the 2013-2020 mandatory phase, participants in the ETS are exempt from the CO2 levy.
Year in Review	In October 2018, the Swiss parliamentary Environment Commission of the National Council voted in favor of the agreement between the EU and Switzerland signed on November 2017 to link their ETSs. In December 2018 the National Council of the Swiss Parliament voted in favor of linking both systems. Following approval by the Swiss Council of States (expected early 2019) and, when all criteria within the agreement are met (for this, amendments to Swiss legislation are necessary), following ratification of the agreement by both the EU and Switzerland the link could become operational as of 1 January 2020. An optional referendum in Switzerland on the linking of the Swiss and EU ETS might delay the ratification process.
Overall GHG emissions (excluding LULUCF)	**Emissions:** 48.29 $MtC0_2e$ (2016)
Overall GHG emissions by sector	Sector Name — MtCO2e Energy (excl. transport) — 22.34 Transport — 15.15 Industrial processes — 4.09 Agriculture — 5.96 Others (incl. waste and solvent) — 0.76
Overall GHG reduction target	**BY 2020:** At least 20% reduction from 1990 GHG levels (unconditional, domestic target) **By 2025:** 35% reduction from 1990 GHG levels (NDC) **BY 2030:** 50% reduction from 1990 GHG levels (NDC) **BY 2050:** 70-85% reduction from 1990 GHG levels (aspirational)
Carbon Price	*Current Allowance Price (per t/CO2e):* CHF 6.58/tCO2e (USD 6.73) (average auction price in 2018; updated prices available here)

ETS Size

Emissions covered by the ETS	0.11
GHG covered	CO_2, NO_2, CH_4, HFCs, NF_3, SF_6, and theoretically PFCs. (In principle, all these gases are covered in accordance with the CO_2 Ordinance. In practice, monitoring is only required for CO_2, NO_2, and PFCs, since there are no adequate approaches to monitor the other gases and since their share is negligible.)
Sectors covered and thresholds	**MANDATORY PARTICIPATION:** Industries listed under Annex 6 of the revised CO_2 Ordinance (25 subsectors) must participate in the Swiss ETS. This includes companies from the cement, chemicals and pharmaceuticals, refineries, paper, district heating, steel, and other sectors. **INCLUSION THRESHOLDS:** Facilities pertaining to the sectors included in Annex 6 that have a total rated thermal input of >20MW. **POSSIBLE VOLUNTARY OPT-IN:** Industries a) listed under Annex 7 of the revised CO_2 Ordinance (21 sub-sectors) and b) with a total rated thermal input of >10MW. A company that newly fulfils the participation conditions must submit the application no later than six months from the date of fulfilment. **POSSIBLE OPT-OUT:** Industries with a total rated thermal input of >20MW, but yearly emissions <25,000 tCO_2e/year in each of the past three years. Should their future emissions rise above the threshold during at least one year, they must start participating in the ETS the following year and cannot opt out anymore for the remainder of the compliance period. **DOMESTIC AVIATION:** Coverage of domestic aviation (domestic flights within Switzerland or flights from Switzerland to member states of the European Economic Area) is a requirement of the linking agreement between Switzerland and the EU. In July 2017, to prepare for the inclusion of aviation in the Swiss ETS, Switzerland introduced the legislation for mandatory reporting of tonne-kilometer data for aircraft operators that are likely to fall within the scope of the Swiss ETS, when linked with the EU ETS. Aircraft operators submitted their monitoring plans and mandatory reporting began in January 2018. Verified monitoring reports containing tonne-kilometer data must be submitted by 31 March 2019.
Point of regulation	Downstream
Number of liable entities	54 (2017) No information available yet.
Cap	The absolute cap is set at the installation level. **VOLUNTARY PHASE (2008-2012):** Each participant received its own entity-specific reduction target. **MANDATORY PHASE (2013-2020):** Overall cap of 5.63 $MtCO_2e$ (2013), to be reduced annually by a constant linear reduction factor (currently 1.74% of 2010 emissions), to 4.9 $MtCO_2e$ in 2020. The 2019 cap amounts to 5.01 $MtCO_2e$.

Phases & Allocation

Trading period	**VOLUNTARY PHASE:** 2008 - 2012 **MANDATORY PHASE:** 2013 - 2020
Allocation	**VOLUNTARY PHASE (2008-2012):** **Free Allocation:** Each participant was granted free allocation of allowances covering emissions up to their own entity-specific emissions target. **MANDATORY PHASE (2013-2020):**

	Free allocation: Free allocation is based on industry benchmarks using a similar methodology to the EU ETS. Free allocation for sectors not exposed to the risk of carbon leakage will be phased out gradually: in 2013, such entities received 80% free allocation whereas in 2020 the share of free allocation will be reduced to 30%. An overarching correction factor is applied given the benchmarked allocation exceeds the overall emissions cap. **Auctioning:** Allowances that are not allocated for free are auctioned. Auctions take place two or three times a year, depending on available auction volumes. 5% of the allowances are set aside in a reserve for new entrants and significantly growing operators.

Flexibility

Banking and borrowing	Banking within and across phases is allowed without limits. Valid certificates (CERs, ERUs) from the 2008-2012 phase could be banked into the mandatory phase and surrendered until April 2015. Certificates from the 2008-2012 phase that were not requested to be carried over within the deadline have been canceled. Borrowing is not allowed.
Offsets and credits	**QUALITATIVE LIMIT:** Only international offsets are allowed. Exclusion criteria are listed in Annex 2 of the revised CO2 Ordinance. Most categories of credits from CDM projects in least developed countries are allowed. Credits from CDM and JI projects from other countries are eligible only if registered and implemented before 31 December 2012. **QUANTITATIVE LIMIT:** Industries that already participated in the voluntary phase (2008-2012): for 2013-2020, the maximum amount of offsets allowed into the scheme equals 11% of five times the average emissions allowances allocated in the voluntary phase (2008-2012) minus offset credits used in that same time period. Industries entering the Swiss ETS in the mandatory phase and newly covered emission sources (2013-2020): 4.5% of their actual emissions in 2013-2020.
Market Stability Provisions	No information available yet.

Compliance

Compliance Period	One year (1 January to 31 December). Covered entities have until April 30 of the following year to surrender allowances.
Monitoring, Reporting, Verification (MRV)	Monitoring plans are required for every installation (approved by a competent authority) no later than three months after the registration deadline. **REPORTING FREQUENCY:** Annual monitoring report, based on self-reported information (by 31 March). **VERIFICATION:** The Federal Office for the Environment may order third-party verification of the monitoring reports.
Enforcement	The penalty for failing to surrender sufficient allowances is set at CHF 125/tCO2 (USD 127.82/tCO2). In addition to the fine, entities must surrender the missing allowances and/or international credits in the following year.

Linking

Links with other Systems	Switzerland has concluded negotiations with the EU on linking the Swiss ETS to the EU ETS and is waiting for approval of the agreement by the Swiss Parliament in 2019. The link will become operational on 1 January the year following ratification of the linking agreement.

Other Information

Institutions involved	The Federal Office of the Environment
Evaluation / ETS review	The Federal Act on the Reduction of CO2 Emissions, which contains the main legislation on the Swiss ETS, is in the process of being reviewed and revised for the period of 2021-2030. Implications for the design of the ETS are possible.
Revenue	Since beginning of programme: CHF 26.20 million (USD 26.79 million) Collected in 2018: CHF 4.41 million (USD 4.51 million) Revenues from auctioning allowances are fed into the federal government budget.
Implementing Legislation	Federal Act on the Reduction of CO2 Emissions (CO2 Act) Ordinance on the Reduction of CO2 Emissions (CO2 Ordinance)

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