

## German National ETS

### General Information

Summary	<p><b>Status:</b> ETS implementation scheduled</p> <p><b>Jurisdictions:</b> Germany</p> <p>The German government plans to introduce a national ETS for fuels used in the building and transport sector starting in 2021. This measure will form part of the Climate Protection Program 2030, a package of measures to reach Germany's 2030 climate targets and climate neutrality by 2050.</p> <p>The national ETS will start with a fixed price per tCO<sub>2</sub> in the first phase followed by a minimum and maximum price per tCO<sub>2</sub> in the second phase. Since GHG emissions from Germany's energy, industry, and domestic aviation sectors are already covered by the EU ETS, the introduction of the national ETS will lead to most major sectors in Germany facing a CO<sub>2</sub> price by 2021.</p>										
Year in Review	No information available yet.										
Overall GHG emissions (excluding LULUCF)	<b>Emissions:</b> 906,611 MtCO <sub>2</sub> e (2017)										
Overall GHG emissions by sector	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO<sub>2</sub>e</th> </tr> </thead> <tbody> <tr> <td>Energy</td> <td>765,661</td> </tr> <tr> <td>Industry</td> <td>64.496</td> </tr> <tr> <td>Agriculture</td> <td>66.273</td> </tr> <tr> <td>Waste</td> <td>10.182</td> </tr> </tbody> </table>	Sector Name	MtCO <sub>2</sub> e	Energy	765,661	Industry	64.496	Agriculture	66.273	Waste	10.182
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Overall GHG reduction target	<p>By 2020: - 40 % from 1990 GHG levels</p> <p>By 2030: - 55 % from 1990 GHG levels</p> <p>By 2050: - 80 to - 95 %, from 1990 GHG levels</p>										
Carbon Price	<i>Current Allowance Price (per t/CO<sub>2</sub>e):</i> No information available yet.										

### ETS Size

Emissions covered by the ETS	No information available yet.
GHG covered	CO <sub>2</sub>
Sectors covered and thresholds	The CO <sub>2</sub> price will be charged to fuel distributors and suppliers and applies to fuels (heating oil, LPG, natural gas, coal, petrol, and diesel) used in the building and transport sector.
Point of regulation	Upstream

Number of liable entities	No information available yet.
Cap	No information available yet.

## Phases & Allocation

Trading period	No information available yet.
Allocation	<p>PHASE ONE (2021-2025): The government will start with a fixed price on CO<sub>2</sub> emissions by issuing allowances for EUR 10/tCO<sub>2</sub> (USD 11) in 2021. This price will double in 2022 to EUR 20/tCO<sub>2</sub> (USD 22) and rise EUR 5/tCO<sub>2</sub> per year afterwards, reaching EUR 35/tCO<sub>2</sub> (USD 38) in 2025.</p> <p>In case the allocation of allowances within the national ETS exceeds the available German emissions budget set out in the EU Effort Sharing Regulation (ESD), allowances for emissions reductions will be acquired through inter-member state trade, as allowed under the ESD.</p> <p>PHASE TWO (from 2026): From 2026 onwards, a cap on emissions will replace the fixed price and decline each year. Allowances will be allocated through auctions, and the cap will be based on Germany's reduction targets for the non-EU ETS sectors as defined in the ESD.</p>

## Flexibility

Banking and borrowing	Banking is not allowed during Phase I.
Offsets and credits	No information available yet.
Market Stability Provisions	In 2026 auctions of allowances will contain a price corridor of a minimum EUR 35/tCO <sub>2</sub> (USD 38) and a maximum EUR 60 tCO <sub>2</sub> (USD 66). A potential price corridor for the time after 2026 will be decided upon in 2025.

## Compliance

Compliance Period	From 1 January until 31 August the following year (20 months).
Monitoring, Reporting, Verification (MRV)	<p><b>Reporting Frequency:</b> Annual self-reporting in form of an emissions report based on electronic templates. Emissions data are recorded in a national registry and are publicly available.</p> <p><b>Verification:</b> Verification by independent accredited verifiers.</p>
Enforcement	<p>During the first phase entities must pay an excess emissions penalty for each tCO<sub>2</sub> emitted for which no allowance has been surrendered. This penalty amounts to three times the fixed price for which allowances are sold during this phase. Mistakes in the emissions reports also lead to payments in the equivalent amount.</p> <p>During the second phase, when a cap on emissions will replace the fixed price, entities must pay an "excess emissions penalty" of EUR 100/tCO<sub>2</sub> (USD 118/tCO<sub>2</sub>) for each tCO<sub>2</sub> emitted for which no allowance has been surrendered.</p>

## Linking

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Links with other Systems

The long-term goal is to integrate the building and transport sectors into the EU ETS.

## Other Information

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Institutions involved	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety German Emissions Trading Authority
Evaluation / ETS review	The German government publishes reports on the functioning and implementation of the national ETS every two years until 2024 (until end of November 2022 and 2024) and every four years from 2024 onwards.
Revenue	No information available yet. Revenue from selling allowances at the fixed price and from auctioning will be used for financing the measures of the program.
Implementing Legislation	The <a href="#">Cornerstones for the design of a national emissions trading scheme for heat and transport</a> were released on 16 October 2019. The <a href="#">implementation legislation</a> has been adopted by the first parliamentary chamber on 15 November 2019.

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