

EU Emissions Trading System (EU ETS)

Summary

General Information

Status: ETS in force

Jurisdictions: Member states: 28 EU Member States and three European Economic Area-European Free Trade Association (EEA-EFTA) states: Iceland, Liechtenstein and Norway

The European Union Emissions Trading System (EU ETS) represents the central pillar of the EU climate change policy and is the oldest and still largest ETS for GHGs operating worldwide. Introduced in 2005 and now in its third phase, the system has gone through several reforms and will change again with the start of phase 4 in January 2021. The system covers emissions from the power, industrial, and aviation sectors, with the aviation sector being limited to flights within the European Economic Area (EEA).

In 2017, the EU and Switzerland signed an agreement linking the Swiss ETS to the EU ETS—the first such agreement for the EU. Both parties ratified the linking agreement in December 2019, enabling it to enter into force on 1 January 2020.

Overall GHG emissions (excluding LULUCF)

General Information

Emissions: 4,323 MtCO_{2e} (2017)

Overall GHG emissions by sector

General Information

Sector Name	MtCO _{2e}
Energy	3391
Industrial Processes	386
Agriculture	436
Waste	140

Overall GHG reduction target

General Information

By 2020: 20% below 1990 GHG levels

By 2030: At least 40% below 1990 GHG levels

By 2050: EU leaders have committed to reducing emissions by 80-95% below 1990 GHG levels

Carbon Price

General Information

Current Allowance Price (per t/CO_{2e}): EUR 15.82 (USD 18.76) (average 2018 price on secondary market [EEX]; updated prices available [here](#))

Emissions covered by the ETS

ETS Size

0.40

GHG covered

ETS Size

CO₂, N₂O, PFCs

EU Emissions Trading System (EU ETS)

Sectors covered and thresholds

ETS Size

PHASE 1 (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, iron and steel plants, as well as production of cement, glass, lime, bricks, ceramics, pulp, paper, and board.

PHASE 2 (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 below). Nitrous oxide emissions from the production of nitric acid were included by a number of countries. The EU ETS also expanded to include Iceland, Liechtenstein, and Norway.

PHASE 3 (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 introduced.

PHASE 4 (2021-2030): No changes to the scope are envisaged for phase 4.

International 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 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. A further review and assessment will be carried out once there is clarity surrounding the content and nature of CORSIA, as well as the extent of participation by Europe's international partners.

Point of regulation

ETS Size

Downstream

Number of liable entities

ETS Size

More than 11,000 power plants and manufacturing installations. Aircraft operators are covered for all flights. However, a temporary exemption applies to flights between the EEA and a third country.

No information available yet.

Institutions involved

Other Information

The European Commission and the relevant authorities of the 28 Member States, Iceland, Liechtenstein, and Norway.

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Developed and designed by [Lucid.Berlin](#)

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