



October 2008

## COMMENTS ON THE 2008-2012 NAP TABLE FOR GERMANY

## **LIST OF 1665 INSTALLATIONS IN THE FORMAT RECOMMENDED BY THE EU COMMISSION**

The tables found on the DEHSt websites [NAP-table\\_2008-2012\\_de.pdf](#) or [NAP-table\\_2008-2012\\_en.pdf](#) contain all 1665 installations that are subject to emissions trading in Germany on 01/01/2008. The list is referred to as National Allocation Plan and follows the formatting specifications given by the EU Commission. The list is to be submitted to the European Commission for approval once the national allocation process has been completed. Emission allowances can only be issued to operators once the allocation list has been approved. The formatting specification contains a row for what is known as JI reserve, which is intended for designated Joint Implementation Mechanism projects. As Germany does not provide for such a reserve, the corresponding row is right at the end of the document and a zero has been entered.

For each installation, its ID code, name of the installations and its operator as well as its location and quantity of allocated allowances are entered. Also on the list are the verified annual emissions from the first trading period 2005 - 2007. The quantity of allowances given in the table refers to the status of February 2008, the date at which the decision of the EU Commission is based. Any individual changes that may have occurred since that date are not yet reflected in this table.

## END OF NATIONAL ALLOCATION SCHEME IN 2012

### NUMBER OF INSTALLATIONS SUBJECT TO EMISSIONS TRADING (31/01/2008)

1652 applications for free allowance allocation for the 2008-2012 trading period were submitted during the national allocation process. 1625 installations were allocated a total of 388,859,006 free emissions allowances (EUAs) per year, in compliance with the Allocation Act 2012 (ZuG 2012), whereas 40 installations subject to emissions trading did not receive an allocation. 27 installations did not receive allowances free of charge according to Article 10 Section 5 ZuG 2012. For the remaining 13 installations, operators had not submitted an application. On the 31/01/2008, 1665 installations in Germany were subject to emissions trading in the second period, which started on 01/01/2008.

1566 installations figured already in the prognostic NAP table submitted to the EU Commission in September 2006 as preliminary reference in connection with the submission of the German NAP. This list, henceforth referred to as prognostic NAP table, has been published on the EU Commission website ([http://ec.europa.eu/environment/climat/pdf/list\\_installations\\_germany.pdf](http://ec.europa.eu/environment/climat/pdf/list_installations_germany.pdf)). To these, 99 further installations were added.

The prognostic NAP table contained a total of 1855 entries. Before the ZuG 2012 entered into force, it had been assumed that these installations would need an annual allocation of 414,408,929 EUAs. This figure exceeds the current figure of 388,859,006 EUAs per annum. It is, however, also well below the aggregated figure of Verified Emissions Table (VET) entries for 2006, 476,624,729 t CO<sub>2</sub> (March 2006) for the 1855 installations originally registered.

The number of installations subject to emissions trading has changed compared to the prognostic NAP table, due to mergers, splitting and decommissioning of installations, as well as incumbent installations and new entrants leaving the scheme during the first trading period. Another factor is the extension of emissions trading in Germany from 01/01/2008. Figure 1 shows what has been happening. Installations that left the scheme are shown with negative figures. The emissions of the 51 merged installations remain in Emissions Trading Scheme (EU ETS) although the installations are no longer registered under their former ID. Conversely, the emissions of 32 installations that have now been split up are already contained in the prognostic NAP table although they cannot be identified individually in the prognostic NAP.

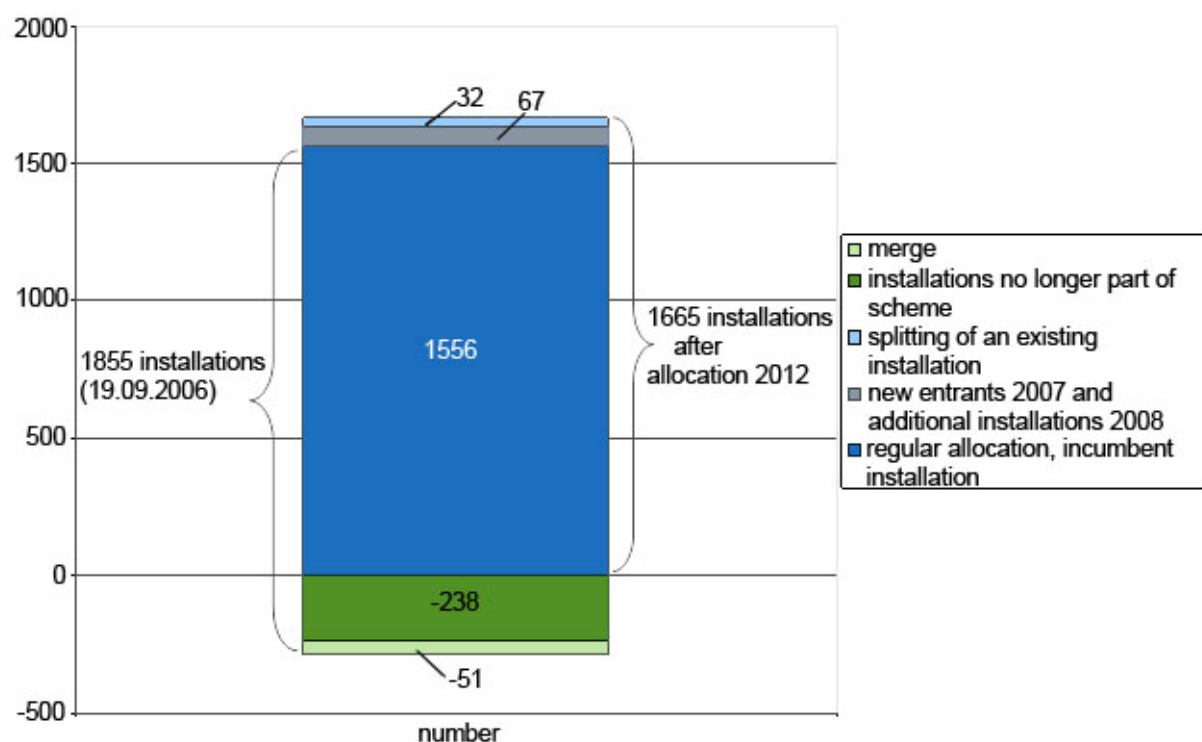


Figure1: Number of installations after allocation (1665) and in the prognostic NAP table (1855) of 19/09/2006

## NUMBER OF ALLOWANCES ALLOCATED TO INSTALLATIONS SUBJECT TO EMISSIONS TRADING

The budget for Germany as approved by the European Commission amounts to 453,070,150 EUAs per annum, including a reserve of 23 million EUAs and a ceiling of 11 million EUAs for allocation to installations that fall under the extended scope of emissions trading as of 01/01/2008. The National Allocation Act 2012 makes use of a provision laid down in the EU ETS Directive of selling a proportion of EUAs (40 million EUAs), which leaves a total of 379,070,150 EUAs per annum to be allocated to incumbent installations free of charge.

After adjustment, an allocation of 9,788,856 EUAs per annum was allocated to installations falling under the extended scope of emissions trading, i.e. installations that became subject to emissions trading through the extension of the scheme to new sectors from 01/01/2008. The National Cap was raised accordingly, but remained well below the ceiling of 11 million EUAs per annum.

Operators' initial applications for free allocation amounted to a total of 441,431,280 tonnes of CO<sub>2</sub> per annum for 1625 installations. Once these applied allocations were reduced by the compliance factor (CF=0.9875) for some industrial installations and by the auctioning factor (AF<sub>auct.</sub>=0.844) for electricity generated, preliminary allocations amounted to 401,141.288 EUAs per year, exceeding the budget for free allocations by 13,232,862 EUAs. By applying the efficiency standard for installations of activities I to V according to Annex I and making proportional adjustments, the available budget of 388,859,006 EUAs was used up entirely.

The national reserve of 23 million EUAs per year and the 40 million EUAs set aside for auctioning each year remain unaffected by the allocation procedure.

After the conclusion of the allocation process, the cap for Germany thus amounts to 451,859,006 EUAs per annum for the 2008-2012 trading period.

A more detailed account of the results of the allocation process can be found on the DEHSt website (currently only a German version available):

[http://www.dehst.de/cIn\\_090/nn\\_476194/DE/Home/Textbausteine/Auswertung\\_Zuteilung\\_2008-2012.html?\\_\\_nnn=true](http://www.dehst.de/cIn_090/nn_476194/DE/Home/Textbausteine/Auswertung_Zuteilung_2008-2012.html?__nnn=true)

## **CHANGES IN THE ALLOCATION FOR THE RELEASE OF blast furnace gas IN THE 2008-2012 TRADING PERIOD**

Whereas during the 2005-2007 trading period, allowances were issued for installations burning blast furnace gases - i.e. power stations - in the 2008-2012 trading period, allowances are allocated to installations producing blast furnace gases, such as the steel industry. According to ZuG 2012 Article 11 Section 7, these installations must transfer the corresponding number of emission allowances to installations that use the gas free of charge. Thus, the number of allowances issued to installations producing blast furnace gas is comparatively high, while the allocation to power stations burning blast furnace gas is fairly low in relation to their annual actual emissions. This change in the allocation pattern accounts for roughly 25 million emissions allowances per year.

## **ALLOCATION FOR ADDITIONAL INSTALLATIONS**

Overall, 30 installations have been registered as installations receiving their allocation from the budget for installations that have entered the ETS due to its extended scope. Through changes to

TEHG Article 26, 29 installations in Germany are subject to emissions trading from 01/01/2008, including iron and steel production (steel mills), primary matter production, (crackers and ethylene and carbon black). Through these installations, carbon emissions from recycling blast furnace gases are subject to emissions trading, a combustion process that was hitherto not included. However, according to the changed allocation rules, the EUAs for installations producing blast furnace gas are allocated to existing installations (ZuG 2012 Article 11). Thus, an installation with an existing ID (i.e. an existing installation from the 1st trading period) will receive an additional allocation. When calculating the extension of the budget by a maximum of 11 million EUAs p.a., direct allocations to additional installations (7,399,741 EUAs p.a.) as well as allocations to existing installations for unavoidable gas transferred to additional installations (2,389,115 EUAs p.a.) must be included.

The overall allocation recorded for additional installations (26.940.743 EUAs p.a.) does not correspond to the additional allocation for the extended scope of ETS according to ZuG 2012 Article 6 Section 10, which is 9,788,856 EUAs p.a., and thus well below the ceiling of 11 million EUAs. The reason for this discrepancy is that only additional parts of existing installations were considered in the 9,788,856 figure. In one case, steel mills that burn blast furnace gas received an additional allocation as part of an existing integrated plant, known as "bubble" ("Glocke" in German). This led to an increase in the overall allocation for the integrated installation, since the installation that generated the blast furnace gas in the first place formed part of the same "bubble".