

EU ETS – the Slovenian perspective

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**The Future of GHG Emission trading in the EU
Ljubljana, 20.-21.3.2008**



GHG Emissions

- **Kyoto target: -8% (base year 1986)**
- **GHG decreased by 2% in 2003 in comparison with 1986 levels**
- **Total emissions (2003): 19.8 mio t CO₂ eq.**

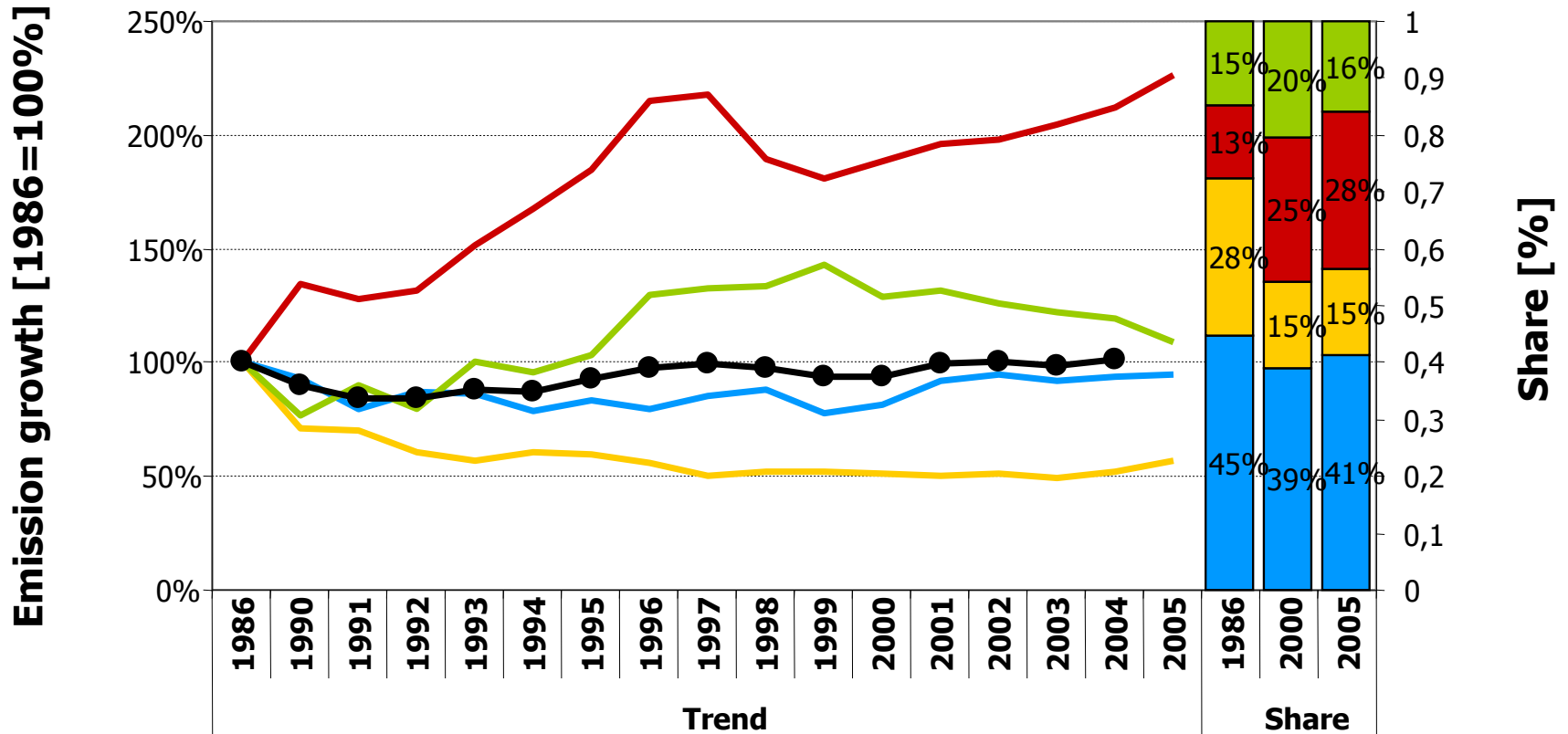
- **2003 vs. 1986: CO₂ +1%, CH₄ -12%, N₂O -9%**
- **10 t CO₂ eq. per inhabitant**
- **1,317 EUR per t CO₂ eq.**



SLOVENIA: Unique features

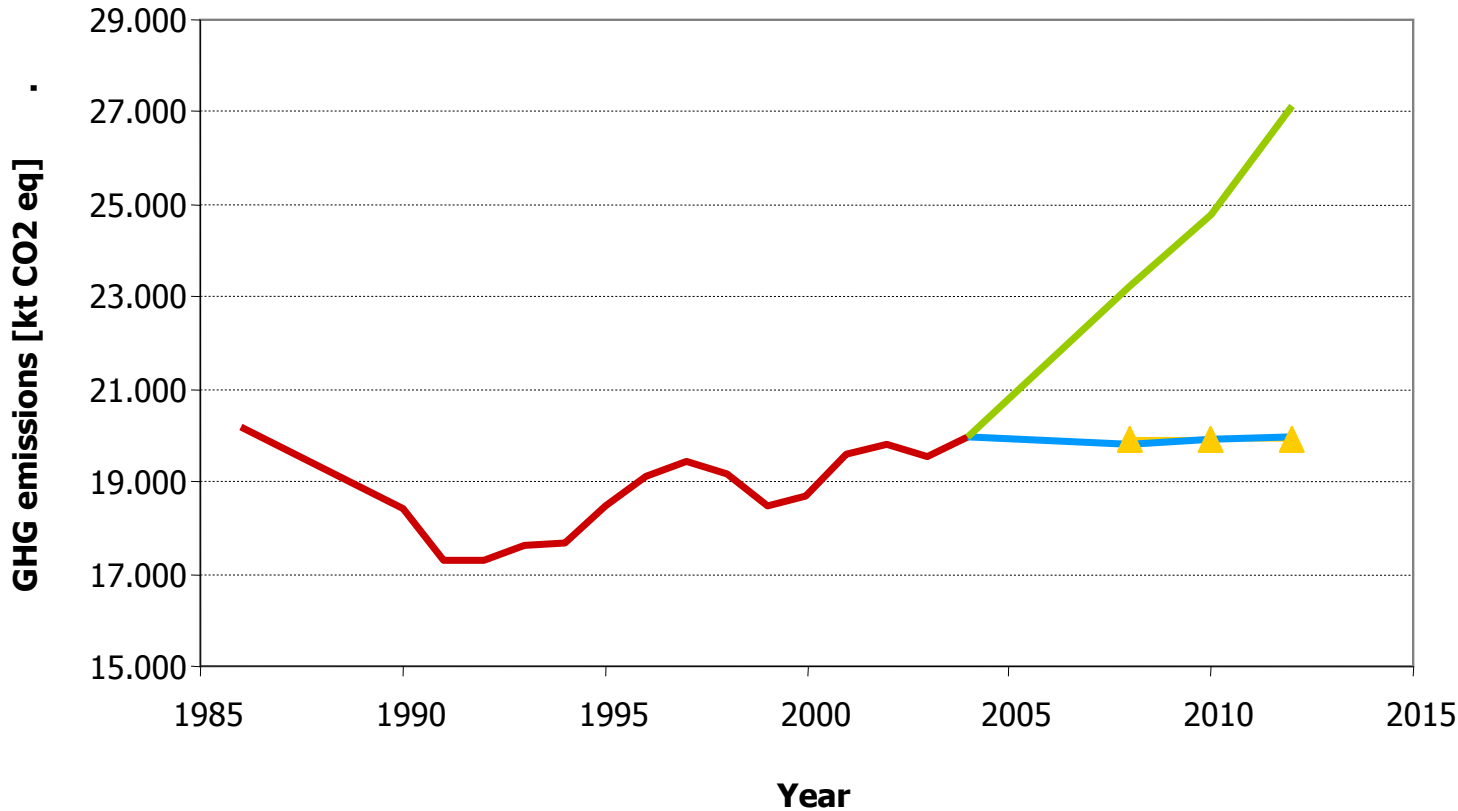
- **Slovenia is the only country in transition without hot air**
- **Slovenia is not a part of EU-15 burden sharing agreement**
- **High implement efforts are needed – full implementation of all proposed measures.**

GHG Emission Trends by Sectors



Attainability of Kyoto Target

- ▲ Kyoto target with sinks
- Emissions
- WAM Projection
- WOM Projection



Emissions
2008-2012:
19.896
MtCO₂eq
0.1% below
Kyoto target
with sinks



The Action Plan for Reducing GHG Emissions up to 2012

- Adopted by Government in July 2003, revised in 2006
- The legal and policy framework: Environmental protection Act; National plan for environmental protection, 2004
- The total effect of all measures (implemented, adopted and additional) in 2010 amounts to 2,6 Mt CO₂ eq, and to 5,3 Mt CO₂ eq. in 2020
- The potential planned to be tapped in the energy sector, especially in energy supply

Climate change is a priority of environmental policy since 1998



GHG Action Plan: Core Instruments

- **Emission trading**
- **CO₂ tax/voluntary agreements** (1998)
- **Feed in tariffs** for renewable electricity and combined heat and power production (2003)
- **Subsidies** for energy efficiency measures and renewable energy use in households, services and industry

- Regulation: building codes, equipment standards
- Soft measures: network of energy advisers, audits etc, training
- Labelling



NAP1 (2005-2007)

- Approx. 100 installations
- Total allocation (with NER) 26,2 mio tCO₂
- Average annual allocation 8,7 mio tCO₂
- NER: 0,2 mio tCO₂ (for 3 years)

- Power sector share: 70%
- Industry share: 30%
- Opt-in: 15-20MW
- Allocation method: grandfathering (industry), projected emission according to OP GHG (power sector)
- Verified emissions: 8,7 mio tCO₂ (2005), 8,8 mio tCO₂ (2007)

- **Although 2005-2007 phase is (now) considered as a policy-learning phase...Slovenia is one of the very few MS without overallocation...**



towards NAP2 (2008-2012)

- Total allocation (with NER) 41,5 mio tCO₂
- Average annual allocation 8,16 mio tCO₂ (**approx. -5% compared to NAP1!**)
- NER: 0,65 mio tCO₂ (for 3 years) – support for CHP

- **Most of installations will have to purchase allowances...in total up to 1 mio tCO₂!!!**

Post 2012....



- EU-wide benchmarks (instead of grandfathering)
- Towards auctioning (also for industry)
- ...



Implications for (SLO) Power sector

- Relatively low efficiency of existing (coal-fired) power plants – significant reduction potential
- Problem: domestic electricity consumption is growing (3-5% annualy)...

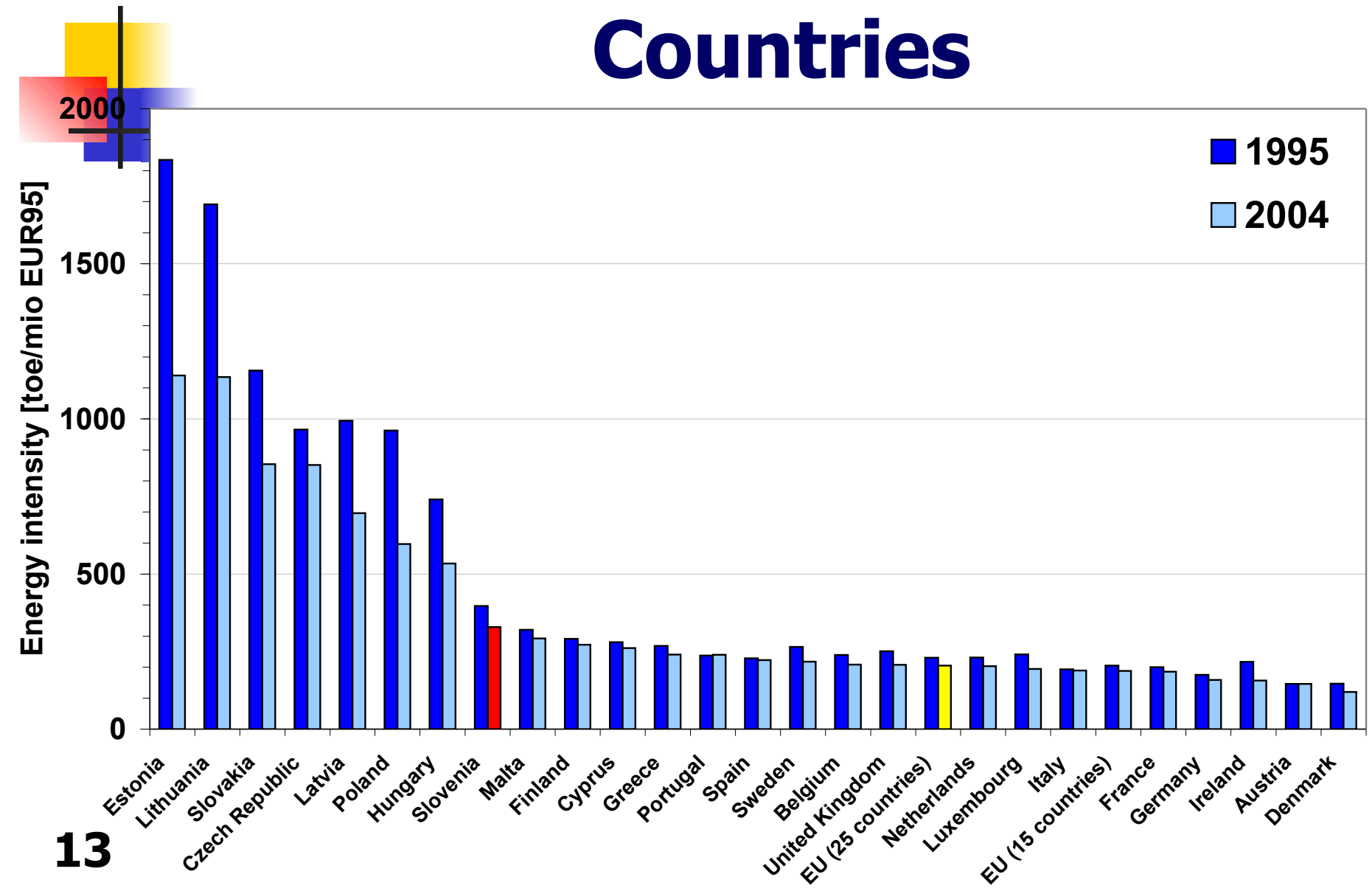
- General problem in EU: windfall profits in Power sector....100% auctioning after 2012



Implications for (SLO) Industry

- 50% reduction of emission in last 15-20 years...
- Economic growth (cca 5% annualy)...emissions increase...
- Use of natural gas
- Purchase of allowances (2008-2012 and onward)... free allocation (NAP2) will not cover actual emissions...
- Biggest pressure on cement/lime industry.....process emissions!!!
- Problem: high energy intensity (high share of energy intensive industries)

Energy Intensity by EU Countries





CO₂ tax complements ET

- **1998:**
 - **Level 13 EUR/t CO₂**
 - **Tax reliefs**

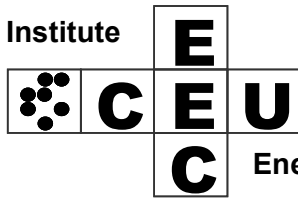
- **2005:**
 - **Covers smaller installations only – complements ETS**
 - **Tax reliefs linked to voluntary agreements**

- **Positive experiences:**
 - **Early carbon price signal to end users**
 - **Decrease of carbon intensity**
 - **Better acceptability of EU ETS**
 - **Good data base for NAP**



SLOVENIA: Prospects (in EU ETS)

- **Relatively high (or expensive) emission targets**
- **Long-term agreements with larger polluters (included in ETS); good experience with CO₂-tax scheme**
- **Greatest potential in power generation sector**
- **Industry: not much reduction potential left as many measures were already implemented within the last 10 to 15 years**
- **RES: increasing, many potential still left (biomass)**
- **For investors: necessity for a long-term policy signal (next 20-30 years)**



Thank you for your attention!!!

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