ICAP Tokyo Symposium 2017
Session 1: Focus on ETS in Europe and North America

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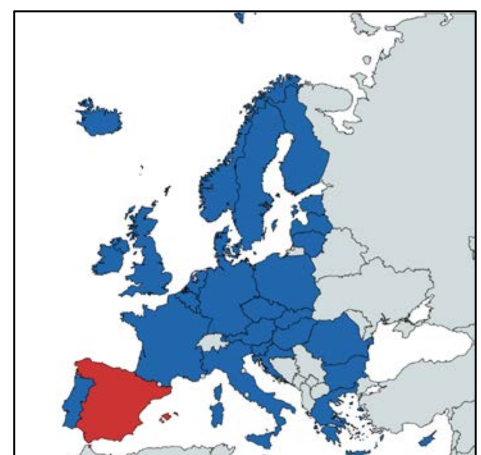
Session I: EU ETS – Spanish experience and perspectives

Outline

- Introduction and context
- Main results
- Challenges

EUETS – introduction

- Up and running since 2005
- Applied in 31 countries (EU & Norway & Iceland & Liechtenstein)
- Around 12,000 stationary installations and 1,300 aircraft operators
- Around 40% of total GHG emissions: 1.8 bn tons of CO2-eq/year
- Scope:
  - Power generation
  - Industry: refineries; cement; steel; paper; chemicals…
  - Internal flights
- Structured in periods:
  - 2005-2007
  - 2008-2012
  - 2013-2020
  - 2021-2030



Spain – context

- Macro indicators:
  - Population 46M (9.1% of EU total)
  - GDP per capita: 23.2 thousand EUR pc (80% of EU average)
  - GHG emissions per capita: 7.2 tCO2-eq pc (85% of EU average)
  - Decentralized country (19 regions/autonomous cities)

- EU ETS applied to Spain:
  - Around 7.6% of total EUETS emissions
  - Around 8.3% of total EUETS installations
  - Regions are responsible for MRV
  - Central government is responsible for auctioning, free allocation, registry
  - Decision making related to ETS policy: all relevant ministries participate

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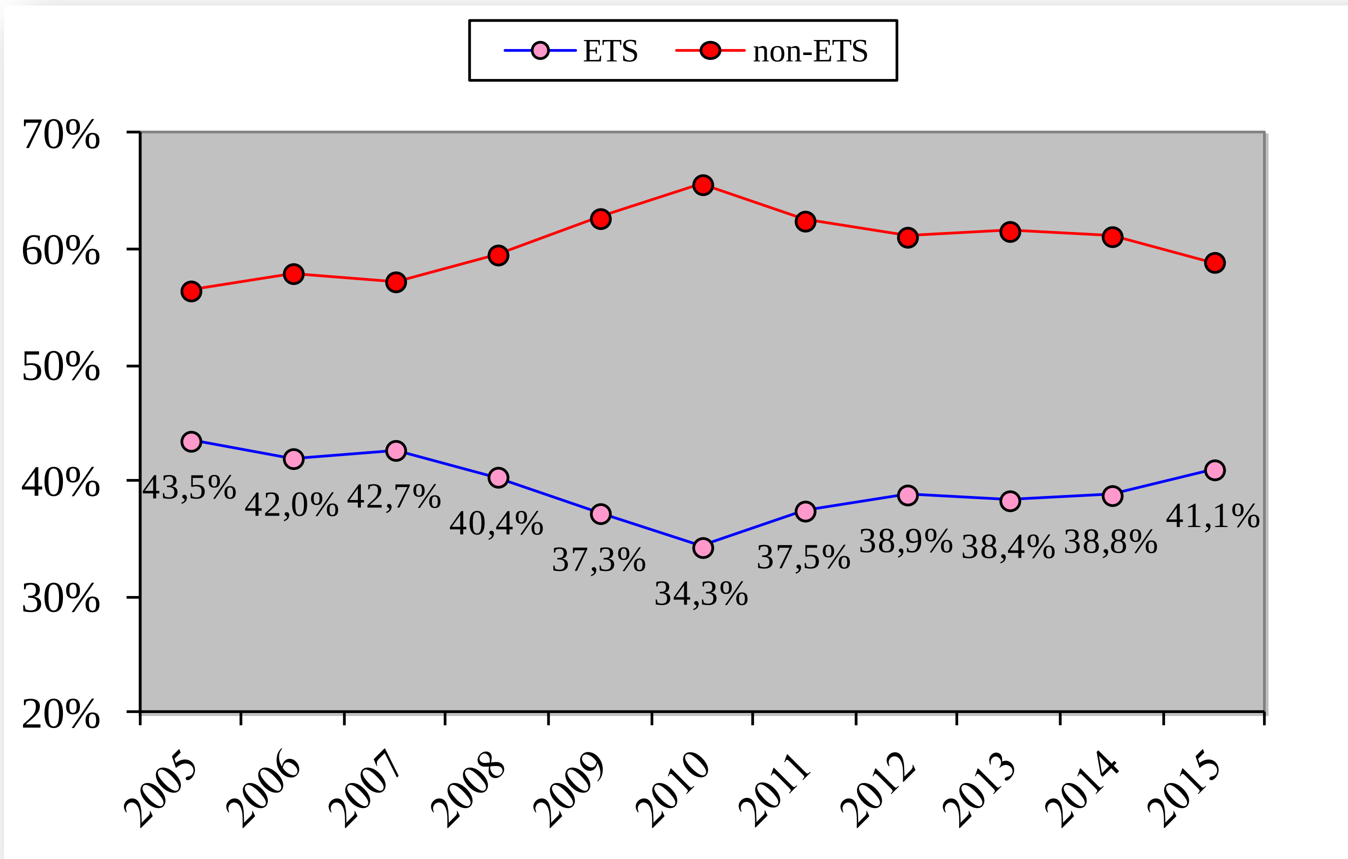
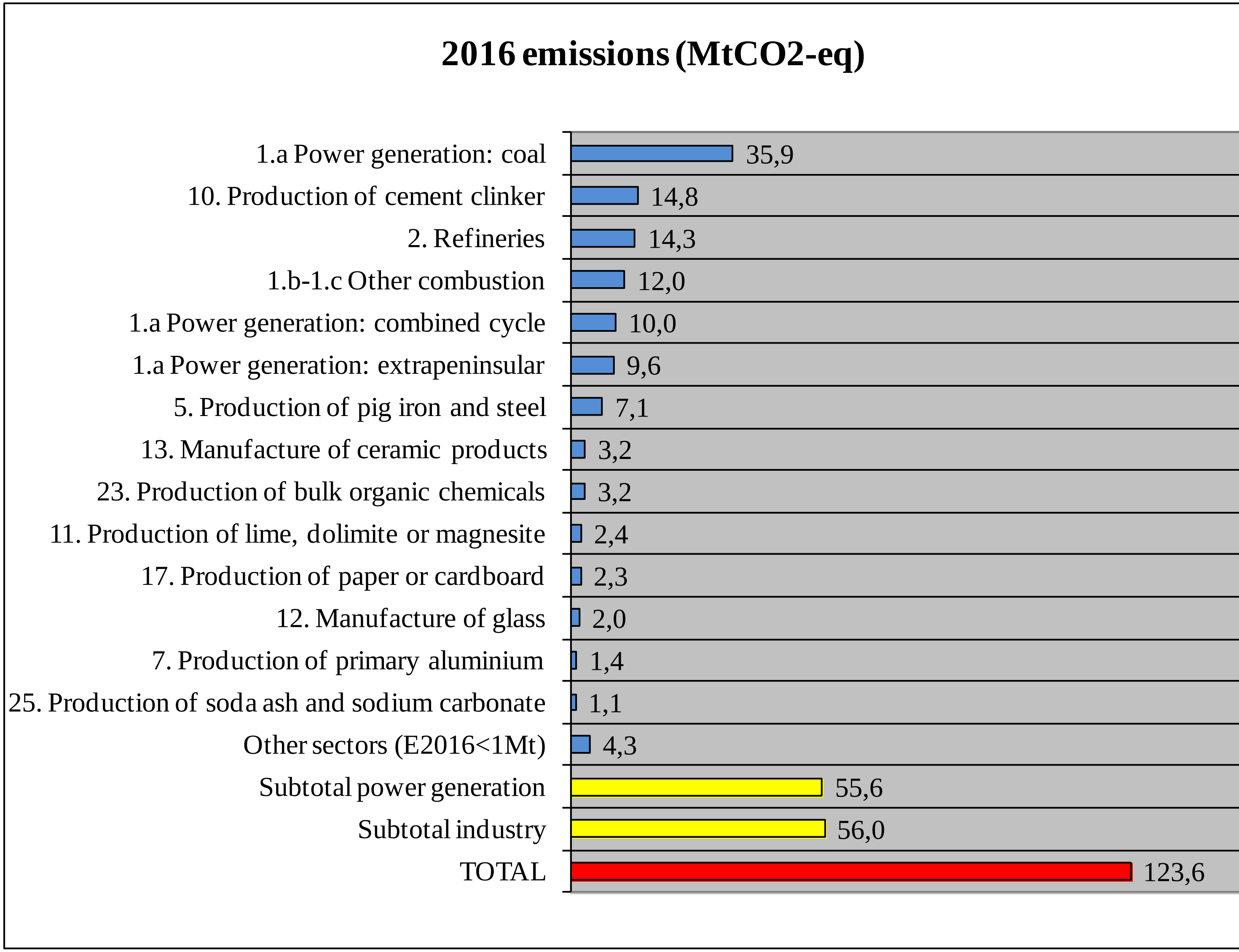
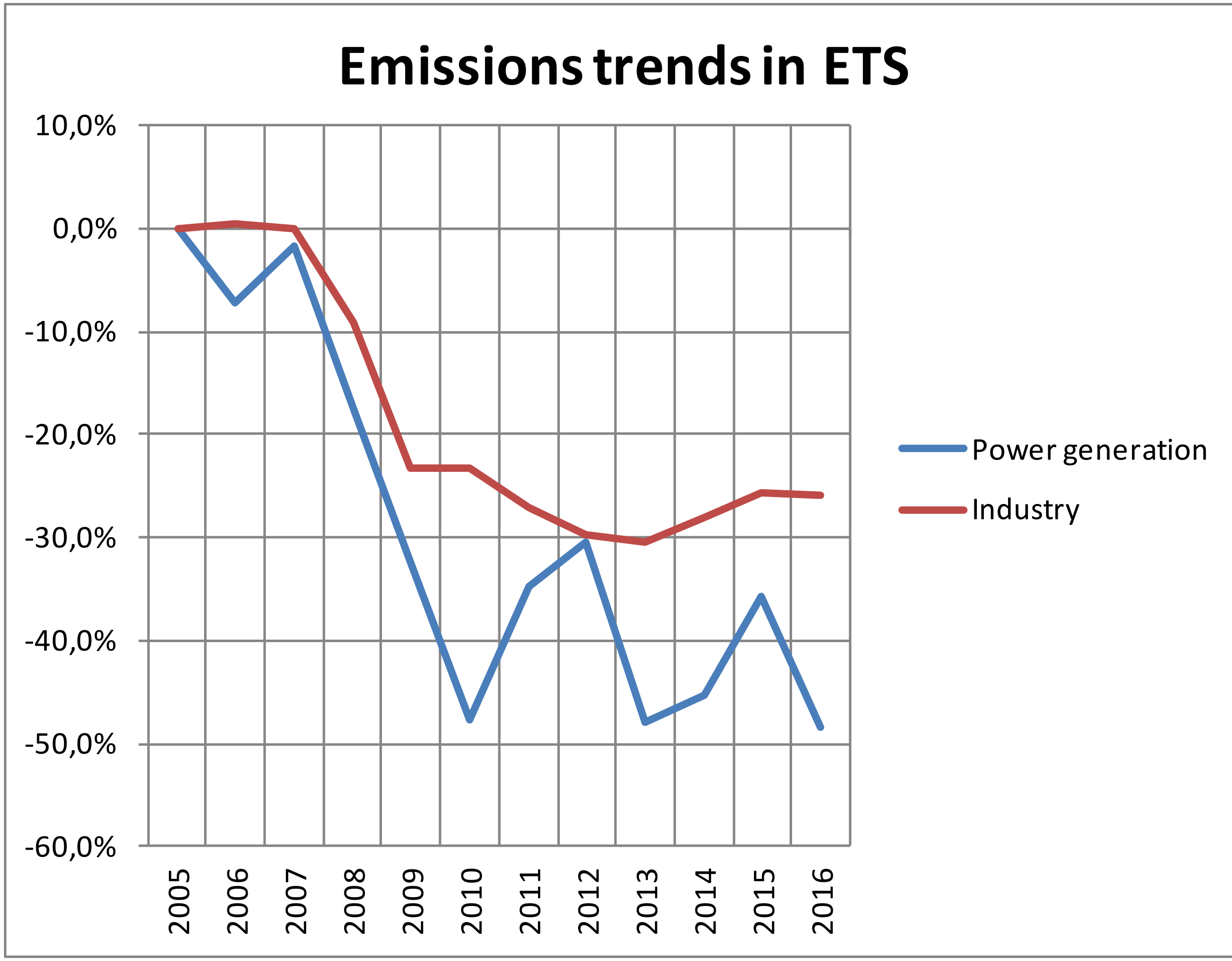
ETS vs non-ETS emissions



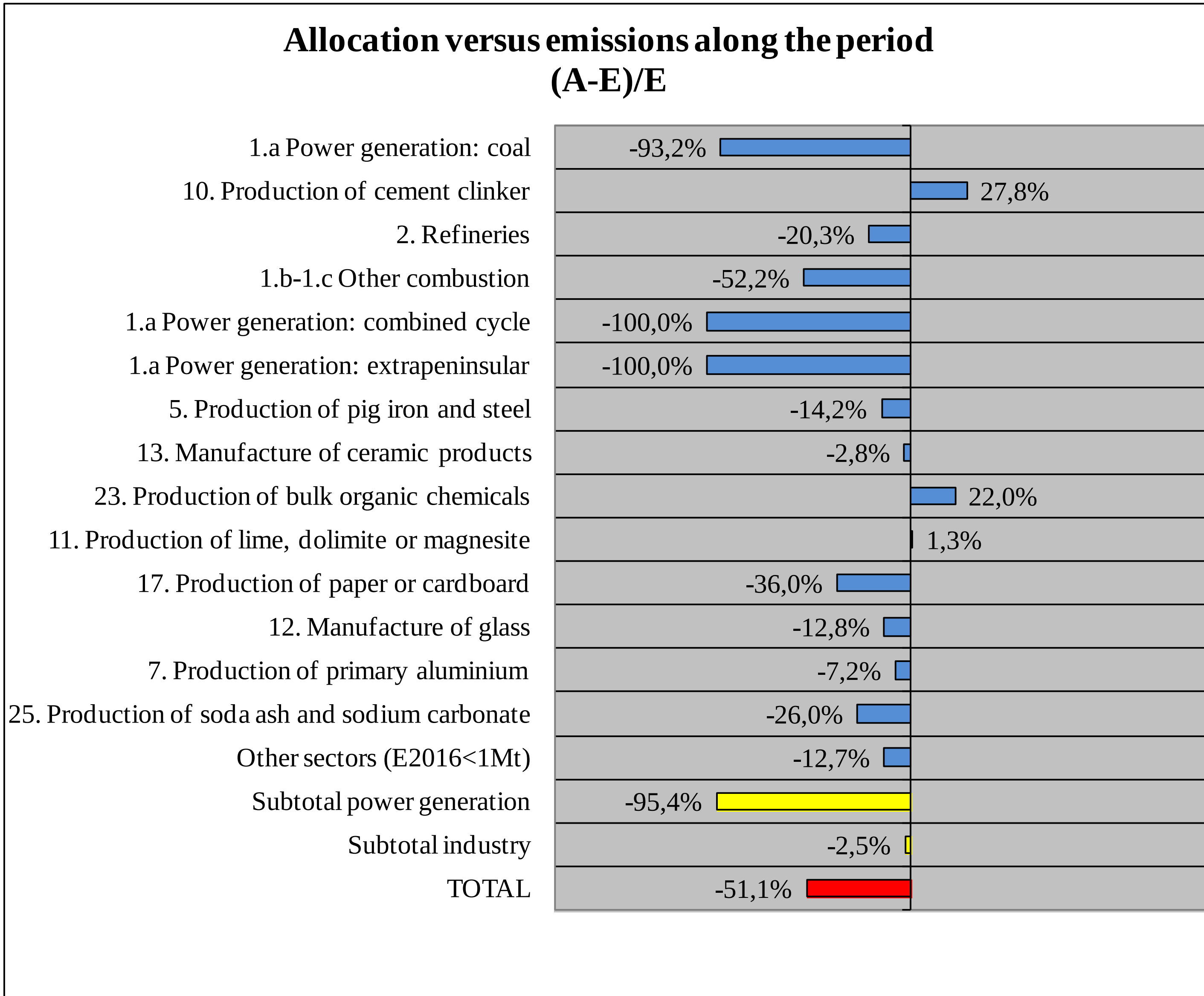
Sectoral distribution



ETS emission trends



Allocation vs. emissions in 2013-2016



Other results & lessons learned

- Revenue raised by Spain in 2013-2016:
  - 590 auctions; 1.6 bn €
- Level of compliance:
  - 99.64% of installations/ 99.96% of emissions
- No evidence of industry relocation
- Strong MRV – detailed data at plant level:
  - Assessment of other policies
  - Elaboration of national inventory
- Registry system in operation
- Complementary services are in place (intermediaries, trading platforms, consultancy,…)
- Carbon cost has been integrated in the decision making process of management boards
- ETS accepted by industry as a flexible instrument to contribute to CC mitigation

Challenges

- Initially, to have sufficiently detailed/accurate data:
  - Start collecting data before start, or be ready to make adjustments
- Distribution of competences among national authorities:
  - Difficult to fit, but not a major issue
- Risk of impact on industry competitiveness:
  - Free allocation for industrial installations
  - Continuous monitoring of situation
- Accumulated surplus due to unexpected economic scenario:
  - Backloading
  - Market Stability Reserve
  - Increased ambition for 2021-2030

Thanks!