

EMISSIONS TRADING: COMMISSION SETS OUT GUIDANCE ON NATIONAL ALLOCATIONS FOR 2008-2012

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The European Commission has published a Communication setting out guidance to help member states when they draw up national plans for allocating carbon dioxide emission allowances for 2008-2012 under the EU Emissions Trading Scheme (EU ETS).

This second trading period is significant because it coincides with the five-year period in which the EU and member states must meet their targets for limiting or reducing emissions of greenhouse gases under the Kyoto Protocol on climate change.

Member states need to ensure that their emissions strategies, in which allocations under the ETS are an important element, achieve their targets.

Experience with the first round of National Allocation Plans (NAPs), covering the 2005-2007 trading period, has shown that such plans need to be more transparent and easier to implement. Therefore, the Commission's new guidance document proposes a set of standardized tables for presenting important information, such as projected emissions, assumptions regarding fuel prices and the reductions expected from other policies and measures.

Given that the 2008-2012 trading period under the European Trading Scheme coincides with the 'commitment period' for meeting emission targets under the Kyoto Protocol, the guidance document signals the Commission's intention to look very closely at the overall policy mix – including use of the ETS – which member states propose in order to achieve their targets. It also offers a consistent methodology for Member States to set caps for their emissions.