

CAP: CO2 allocation plan Netherlands



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Topics

- z Voluntary agreements
- z National Allocation Plan
- z Public consultation



Starting points



- z EU-directive
- z National CO2 targets
- z Voluntary agreements: Benchmarking and LTA
- U in close co-operation with industry



Voluntary agreements 1999 - 2012



Covenant Benchmarking

y Large industry > 0,5 PJ

Long term agreements

y Industry < 0,5 PJ



Covenant Benchmarking Energy Efficiency 1999 - 2012

- z The energy-intensive companies in the Netherlands have to be (or become) among the best in the world in terms of energy efficiency
- z The government will impose no additional specific measures aimed at energy conservation or reduction of CO2 emissions on the companies taking part -->no CO2 cap!




Conclusions Benchmarking

- z Covenant Benchmarking works
 - y Industry > 80%
 - y Energy sector nearly 100%
 - y Verification and monitoring
- z International Benchmarks of all processes available
- z High energy efficiency level in NL
- z Industry: license to grow!
- z Good for environment and economy



Long term agreements 2001 - 2012



- z Middle sized companies
- z All measures with pay back time of < 5 years
- z Energy care system
- z Optimisation of transport, logistics and product chains.
- z Monitoring system
- z More than 700 companies, 15% energy use in industry



Dilemma




- z EU-directive
- z CAP and trade

- z Voluntary agreements
- z Efficiency level




NAP: main issues



- z Allowances
 - z CO2 cap
 - z Allocation method
 - z Participants and small installations
 - z New entrants
 - z Reserve
- 


Allowances



- z All allowances free, no auction
 - z Every year 1/3 of total
 - z No banking allowed
- 


CO2 cap



- z Bottom-up: industry and energy emissions 2005 if VAs are met: 119 Mton
 - z 2005 emission target: 115 Mton
 - z Allowances: 98,1 Mton (4 reserve)
 - z 2010 emissions target: 112 Mton
 - U Kyoto target within reach
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CO2 cap



- z Is in line with VAs: Benchmarking en LTA
 - z Rewards early action
 - z Allows production growth
 - z Means a correction factor in allocation formula
 - z Brings Kyoto within reach
- 

Allocation mechanism 1

$$\text{Allowances} = \text{HE} \times \text{Gr} \times \text{Eff} \times \text{C}$$

- z HE = historic emissions (2001, 2002)
- z Gr = sector production growth
- z Eff = energy efficiency level (early action)
- z C = 3% correction factor for total cap

energy efficiency level (early action)

$$\text{Allowances} = \text{HE} \times \text{Gr} \times \text{Eff} \times \text{C}$$

- Eff = energy efficiency level (early action)
 - y Benchmark --> global top standard
 - y LTA --> efficiency plan
 - y Others --> 15% efficiency increase
 - y Electricity --> fixed standards

Installations



- z Total 329 installations: 50% CO2 in NL
- z 152 installations < 25.000 ton
- z Less than 1,5% of the CO2!
- z High costs --> industry and government
- z 123 installations out of the scheme
- Û Opt-out



New entrants



- z New installation or increase production capacity
- z Allowances for free
- z Known new entrants in NAP
- z Unknown new entrants get allowances from reserve



Reserve



- z Reserve 4 Mton p.a.
 - y Unknown new entrants
 - y Legal procedures
- z Existing companies place allowances in deposit to accommodate new entry
- z Reserve allocated in 2007 to all participants



Public consultation



- z Two weeks, 137 letters
 - y fundamental comments: no changes in plan
 - y data errors: revision of plan
- z March 31st NAP in parliament
- Ù NAP today to Brussels!



Conclusions



- z Netherlands on target for Kyoto
- z Successful combination of Voluntary agreements and Directive
- z Allocation mechanism is complex but fair and feasible
- z Not everyone 100% satisfied
- z Concerned about situation in other MS
 - y definition combustion installations
 - y NAPs on time?

