

SWEDEN: part of EU ETS

9.15 Roundtable: Summary of recent developments on emission trading

- Existence and implementation status of domestic emissions system;

The Emissions trading scheme 2005-2007 has been implemented insofar as installations have received their CO₂- permits, allocation and have accounts in the national registry. The registry has been up and running – connected to the CITL – since March 2005. The EU linking directive is planned to be adopted in national law by February 2006. Work to prepare for the next allocation plan for 2008-2012 is underway. No decisions are taken yet. It is expected that Sweden will meet the deadline for submission of the next NAP in June 2006.

- Coverage and projected reductions in emissions from base year;

About 23 Mton per year is allocated to the trading sector during the period 2005-2007. About 30% of total Swedish greenhouse gas emissions are covered by the scheme. The historical emissions from the trading sector in the period 1998-2002 were approximately 20,2 Mton. It is however more relevant if the allocation is consistent with the burden sharing agreement and not more than the projected business as usual (BAU) emissions of the trading sector (the two criteria on the total allocation in the annex III of the EU ETS directive). A linear intrapolation of total emissions from 1990 to reach the burden sharing target in 2008-2012 leads to the conclusion that the Swedish trading sector could be allocated up to 25,6 Mton /year in the period 2005-2007 and still be on track to meet Kyoto. The exact reduction from the BAU is difficult to assess since our top-down macro estimate of 24,1 Mton/year is based on macro-level assumptions of growth and not on the particular circumstances of the very few large industrial installations covered by the EU ETS in Sweden.

General information about the Swedish implementation of the EU ETS can be found at www.utslappshandel.se and the Swedish NAP in English at: <http://www.regeringen.se/content/1/c6/02/98/96/549d16ba.pdf>

- Allocation mode (including choice of base year, if grandfathering was chosen), treatment of new entrants, and plant closures;

The average 1998-2001 was used as the basis to calculate allocation. The average emissions are multiplied with a factor 0,8 for combustion installations within the energy sector. For other sectors the factor 1,0 is used. Industry can get extra allocation for expected increases of certain process emissions. For new entrants benchmarks are used for the energy sector and best available technique for other sectors. There is no specific rule for closures, installations maintain their allocation as long as they have their permit to emit CO₂.

- Access of entities to the international market, including project-based mechanisms;

The use of CER and ERU is possible through the EU linking directive. There is no national cap for the period 2005-2007. The cap for 2008-2012 is not decided yet.

- Prospects of linking with other systems and potential issues arising from linking;

A linking of the EU scheme to other schemes is open for discussion (currently with Norway).

- Government's intentions to participate in the emissions trading market (including via Green Investment Schemes) and plans to purchase CDM/JI Credits.

There is a governmental JI- and CDM-programme that will result in a reserve of 5 Mton CO₂ (total).