

EMISSION TRADING SYSTEM

(Emissionszertifikatehandel)

Name of Supreme Audit Institution

Österreichischer Rechnungshof (Austrian Court of Audit)

Title of summary report on audit findings

Report; Bericht des Rechnungshofes Reihe Bund 2008/11; published in November 2008

Audit issues

Climate change

Audit type

Combined audit

Description of the Audit

Main audit objectives were to investigate, whether the specifications and targets of the emission trading system were realistic. The contribution of the emission trading system to reaching the Kyoto targets by allocating certificates was to be evaluated.

The audit was conducted in October and November 2007.

Scope of audit

Allocation of emission allowances covering the periods 2005 to 2007 and 2008 to 2012
Actual use of emission allowances during the first period
Administration, costs and benefits of the system

Audited units

Federal Ministry of Agriculture, Forestry, Environment and Water Management, Federal Ministry of Economics and Labour

Summary of the audit findings and evaluation of the audited activities

The European Emission Allowance Trading Directive (October 2003) is the statutory framework concerning emission allowances, plants and gases to be included, the allocation and the registration of emission allowances, emission monitoring and sanctions.

In the first period 197 plants were included in the Austrian emission trading system. From 33 million emission allowances annually distributed 38 % were allocated to plants of the energy sector and 62 % to plants of the industry sector. Generally speaking the allocated emission allowances corresponded to the CO₂ emissions. The relative amount of CO₂ emissions of the specific plants differed significantly. In 2006 the biggest plant emitted approx. 13 % of the total emissions, while all plants with emissions of less than 10000 t CO₂ per year (about one third of all plants included) emitted less than 1 % thereof. In Austria the emission trading system covered about 42 % of the total CO₂ emissions. To extend the effect of the system, the inclusion of other relevant emitters such as air traffic or chemical industry as well as the inclusion of other gases beside CO₂ (e.g. N₂O) was recommended.

The original allocation plan for the second period was rejected by the European Commission and had to be reduced to annually 30.7 million mission allowances, 1.3 % of which will be auctioned. To consider new participants (plants opening during the period) a fixed reserve of 1 % of the total amount of emission allowances was created. In case that this reserve is insufficient a unit assigned for this purpose will buy the needed emission allowances and will provide them to the new participants free of charge (flexible reserve). In the third period the equivalent amount of EA will be allocated free of charge to the assigned unit in return from the reserve for this period.

The Court of audit stated that the flexible reserve constitutes an anticipation of the following period with the effect that only a reduced quantity of emission allowances will be available. This might cause a significant financial disadvantage for plant operators in the third period.

The costs for the allocation process, for the authorization and monitoring of emissions, for the installation and operation of the emission trading registry and for the contacts to the European Commission came up to approx. 1.95 million EUR for Austria at the federal level from 2004 to 2007. Unlike in other European countries Austrian plant operators bore the costs for the emission trading registry by paying user fees. The plant operators also paid for the emission monitoring and for the verification of the emission reports. This represented an implementation of the polluter pays principle.

The Austrian emission trading system was successfully established. The objective to reduce emissions was not achieved in the first period because of the oversupply of EA available on the market. The adaptation of the Austrian Climate Strategy 2007 set targets, which approximately correspond to the emissions in 1990. The allocation of the second period therefore complies with the objective of emission stabilisation.

Addressees of the summary report on audit findings

The report was forwarded to the Nationalrat (federal legislation) of Austria

Results of the audit

Enhanced benchmarking will be used for the period after 2012.
Small plants will be exempted from the system.

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