

TAXATION OR ALLOCATION

LEGISLATIVE LESSONS IN AUSTRALIA AND EU ETS

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A decorative graphic consisting of several horizontal lines of varying lengths and colors (teal and white) extending from the right side of the slide towards the center.

Syllabus

- Carbon Tax
 - Australian Carbon Pricing Mechanism
- Allowance allocation
 - Emission Trading System of European Union
- Conclusion

Carbon Pricing Mechanism (CPM)

- Australia — Annex I Parties under UNFCCC
 - Kyoto Protocol, 2007 — international obligation
- Clean Energy Act 2011
 - Clean Energy Future Package
 - Started from July 2012
- A Hybrid System — Divided into two periods
 - 2012~2015 : Fixed price period ~ Carbon Tax
 - 2015~ : Flexible price period ~ ETS

CPM - Fixed Price Period (2012~2015)

- Who is Liable?
 - Emit over 25,000 tonnes of covered GHG per year.
 - If a liable entity fell to pay, it will be charged a higher shortfall fee.
- Fixed Price on Carbon Units (CUS)
 - AU\$23.00/tonne in 2012-2013.
 - 2.5% raise in real terms per year

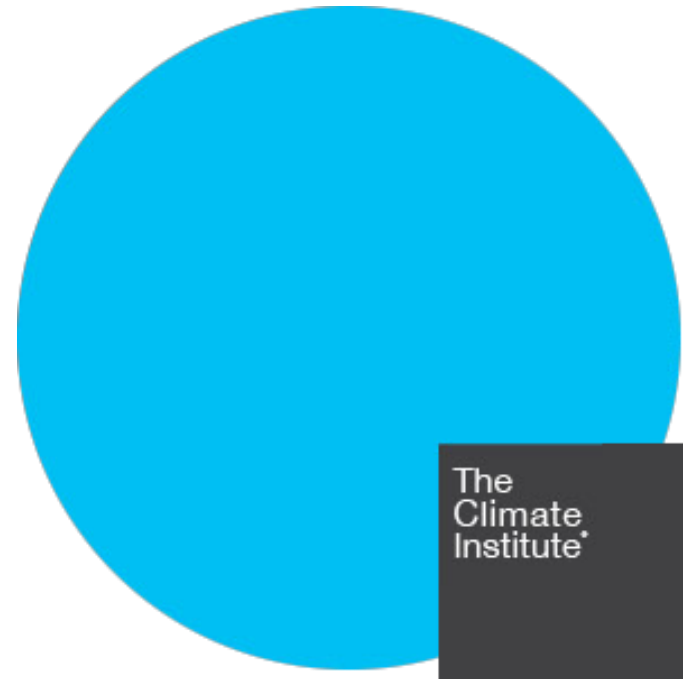


CPM - Fixed Price Period (2012~2015)

- Fixed Price Period = Carbon Tax ?
 - Misnomer ?
 - Just a forerunner to ETS.
 - Not as a form of tax or levy.
 - But
 - Put a fixed price on carbon
 - Pay to Government
- A Priced-Based Policy Instrument.

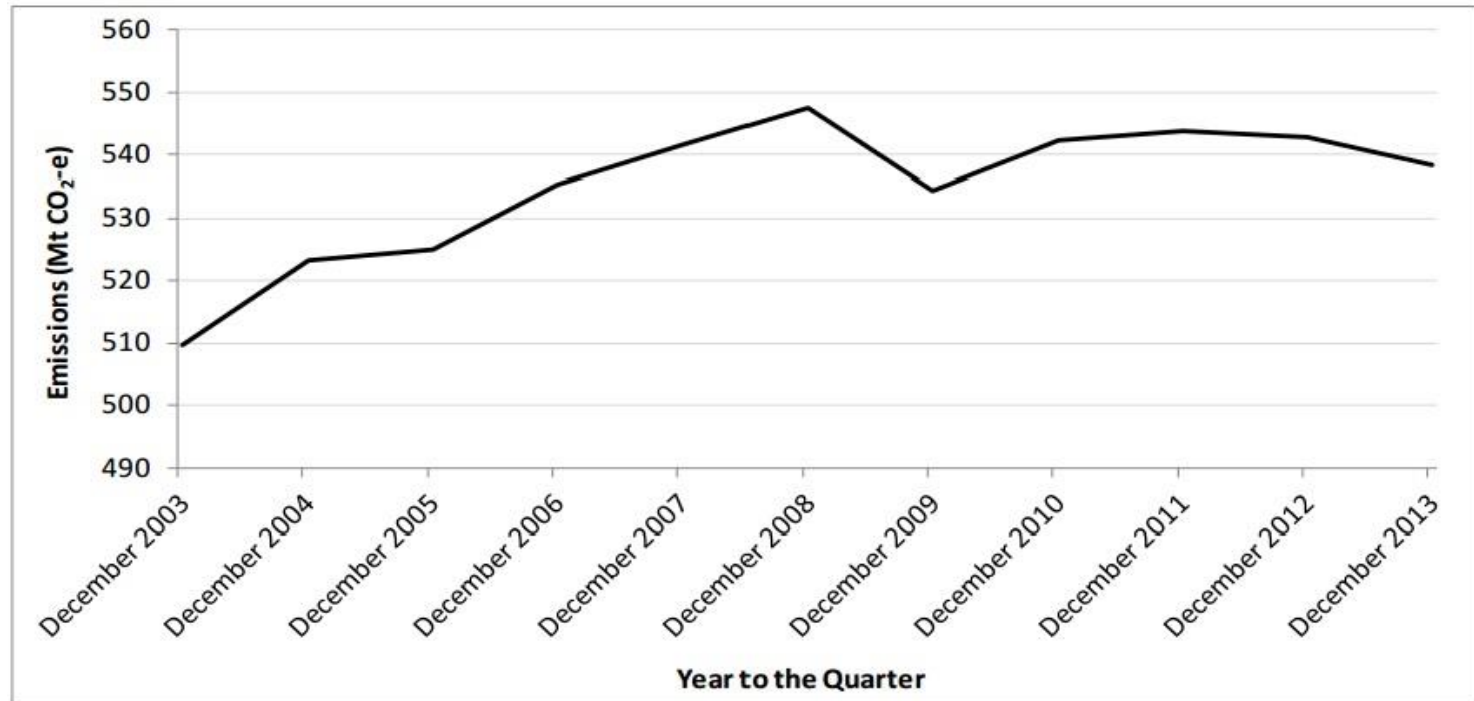
Repeal CPM...

- CPM has been repealed on July 17, 2014
 - July 17, 2014
 - Direct Action Plan
- But... Climate Institute
 - Pollution is down
 - Energy is cleaner
 - Economy is growing



CPM - Emission Reductions

- Continuing reduction....



Australian Dep. of the Environment

CPM - Emission Reductions

- 2012~2013 : 4.3 million tonnes / 0.8% drop

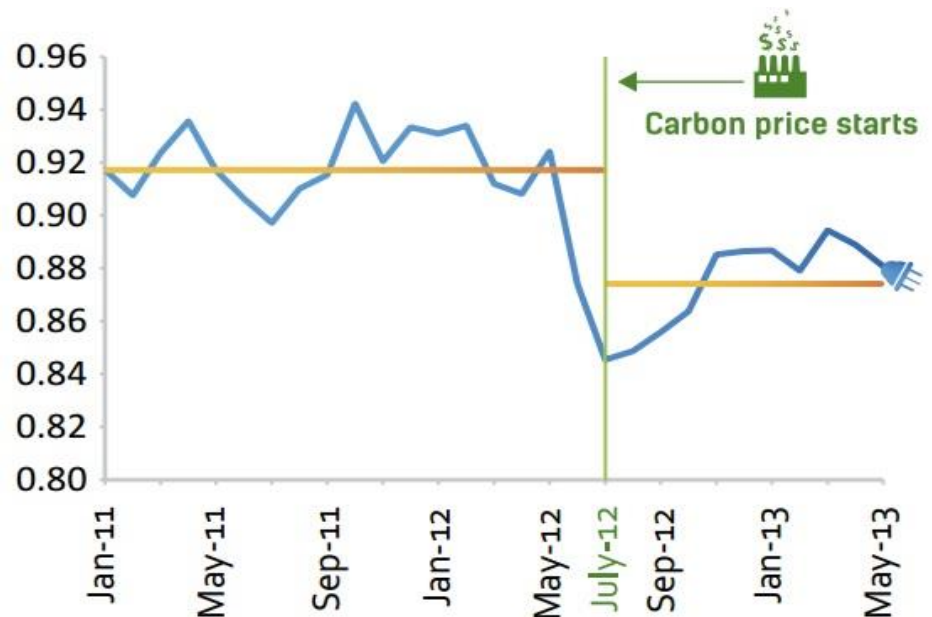
Sector	Annual emissions (Mt CO ₂ -e)		
	Year to December 2012	Year to December 2013	Change (%)
Energy – Electricity	185.8	176.6	-5.0%
Energy – Stationary energy excluding electricity	91.3	92.2	0.9%
Energy – Transport	92.0	92.5	0.6%
Energy – Fugitive emissions	42.8	45.6	6.7%
Industrial processes	30.5	30.2	-0.9%
Agriculture	88.6	89.6	1.1%
Waste	11.7	11.7	-0.3%
National Inventory Total (excluding LULUCF)	542.7	538.4	-0.8%

Quarterly Update of Australia's National Greenhouse Gas Inventory: December 2013

CPM - Emission Reductions

- National Electricity Market
 - 2013.03~2014.03 : 5.4 million tonnes
 - 2012.07~2014.03 : 13.7 million tonnes / 4.2 % drop

- Aus. Energy Market
 - Emissions per megawatt hour sent out (tCO₂-e/MWh)



EU-ETS : Allowance Allocation

- How the allowances are allocated?
 - First of all....NAP of Member States
 - The total quantities of allowance that it intends to allocate for that period
 - How it proposed to allocate them
 - Then...
 - Free allocation
 - Auction

EU-ETS : Allowance Allocation

- Phase I & II (2005~2012)
 - Almost 100% of EUAs are freely allocated.
 - Auctions...
 - Phase I : 4 members ; 0.13% EUAs
 - Phase II : 8 members ; 3.0% EUAs
- Ended up....

EU-ETS : Allowance Allocation

- Phase III (2013~2020)
 - EU-Wide Cap
 - 2013 : 2.04 billion tonnes ; reduce by 1.74% each year
 - Overall reduction of 21% below 2005 levels by 2020
 - Auction... main method of allocating EUAs
 - More than 40% of EUAs will be auctioned
 - Plan to phase out all free EUAs by 2027

EU-ETS : Emission Reductions

- EU GHGs inventory report 2013 & 2014
 - 2010~2011 : 159.6 million tonnes / 4.2%
 - 2011~2012 : 30 million tonnes / 0.8%
- EU Commission, Union Registry
 - At least 3% drop
 - Allowance surplus increase more than 2.1 billion.

Conclusion - CPM v.s EU ETS

- Despite...
 - Price Predictability
 - Less Fraud and Manipulation
 - Polluter-Pays Principle
- Put a fixed price on Carbon Unit
 - For governor
 - Public revenue
 - Gathering more accurate data
 - For liable entities
 - Familiar with transactional process

Thanks a lot

謝謝大家