

NEHG 2022

NATIONALE EMISSIONSZERTIFIKATE HANDELSGESETZ

The aim is to reduce greenhouse gas emissions in sectors that are not subject to the EU emissions trading scheme, i.e. in non-EU-ETS sectors

FOCUS ON NON-EU-ETS SECTORS

- including buildings, transport, agriculture and small industry/energy

SCOPE OF APPLICATION

- all fossil fuels subject to national energy taxation (mineral oil, natural gas, and coal tax) upon production or import: gasoline, diesel, natural gas, liquefied petroleum gas, coal and kerosene
- only energetic use of fossil fuels, i.e. combustion, is covered by the national emission trading scheme

LIABILITY

- large number of small emitters in the target sectors
- for reasons of technical feasibility and administrative efficiency, the point of liability is established not with the emitters, but further upstream the supply chain, at the level of distributors (producers/importers) of fuels

IMPLEMENTATION PHASES

Fixed price phase

(1 October 2022 – 31 December 2025)

- Introductory phase** (1 October 2022 – 31 December 2023)
- Transition phase** (1 January 2024 – 31 December 2025)

} similarity with CO₂ taxes

Market phase

(1 January 2026 –)

- Option 1:** "free trade" of national emission certificates
- Option 2:** (Partial) merger with the future EU-ETS II scheme

} emission trading

CONCEPTS OF CO₂ TAXES AND EMISSION TRADING SCHEMES

CO₂ tax

- greenhouse gas emissions have a fixed price
- greenhouse gas emissions are not capped
- linkage to the distributor – actual consumption has no significance

Emissions Trading System (ETS)

- pollution rights (certificates) are defined by the state & must be purchased at auction
- fixed quantity of emissions certificates to be auctioned annually & reduced according to climate targets
- price arises from supply and demand
- linkage to the emitter

NEHG: ASSESSMENT AND POTENTIAL DEVELOPMENT BEYOND 2025

During the fixed-price phase until the end of 2025, there are strong similarities to the concept of CO₂ taxes, both in terms of the point of liability (distributor instead of actual emitter) and in terms of pricing (fixed price instead of market based price formation).

The concrete design of the market phase is still open and the law is largely undetermined in this respect. However, it is to be expected that because of the characteristics, especially of the building and transport sector, a fully developed emission trading system in those sectors would combine aspects of CO₂ taxes and an ETS. This would include the linkage to the distributor.

Depending on progress/structure regarding a future EU-ETS II covering buildings and road transport, the NEHG may be partially merged with such a union-wide approach for the "market phase". § 19 (1) NEHG explicitly requires to take into account developments at the EU-level in an evaluation of development options for the "market phase" scheduled for 2024.