EURACOAL WORKSHOP ON EMISSIONS TRADING

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EU-ETS REGULATIONS
on
COKE OVEN EMISSIONS

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1. Background

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- ETS Review 17 December 2008 (Directive 2009/29/EC): Number of items to be regulated by COM prior to begin of the Trading Period 2013 – 2020
- In particular:
- Definition and delineation of so-called carbon leakage sectors (ie sectors subject to international competition from outside EU Art. 10a (1, 15, 16) (tbd before end of 2009):
- Cost increase more than 5 % and trade exposure more than 10%; or 30 % cost increase or more than 30% trade exposure
- Definition of allocation rules for carbon leakage sectors
- Definition of benchmarks for carbon leakage sectors (tbd by 30 June 2010; Art 10a (2), 10b)
- In the case of coke ovens, definition of allocation rules for coking gases ("industrial waste gases whose production can not be avoided in the industrial production process", here: production of coke from hard coal); free allocation for those gases

1. Background
- Flow Chart Coke Production

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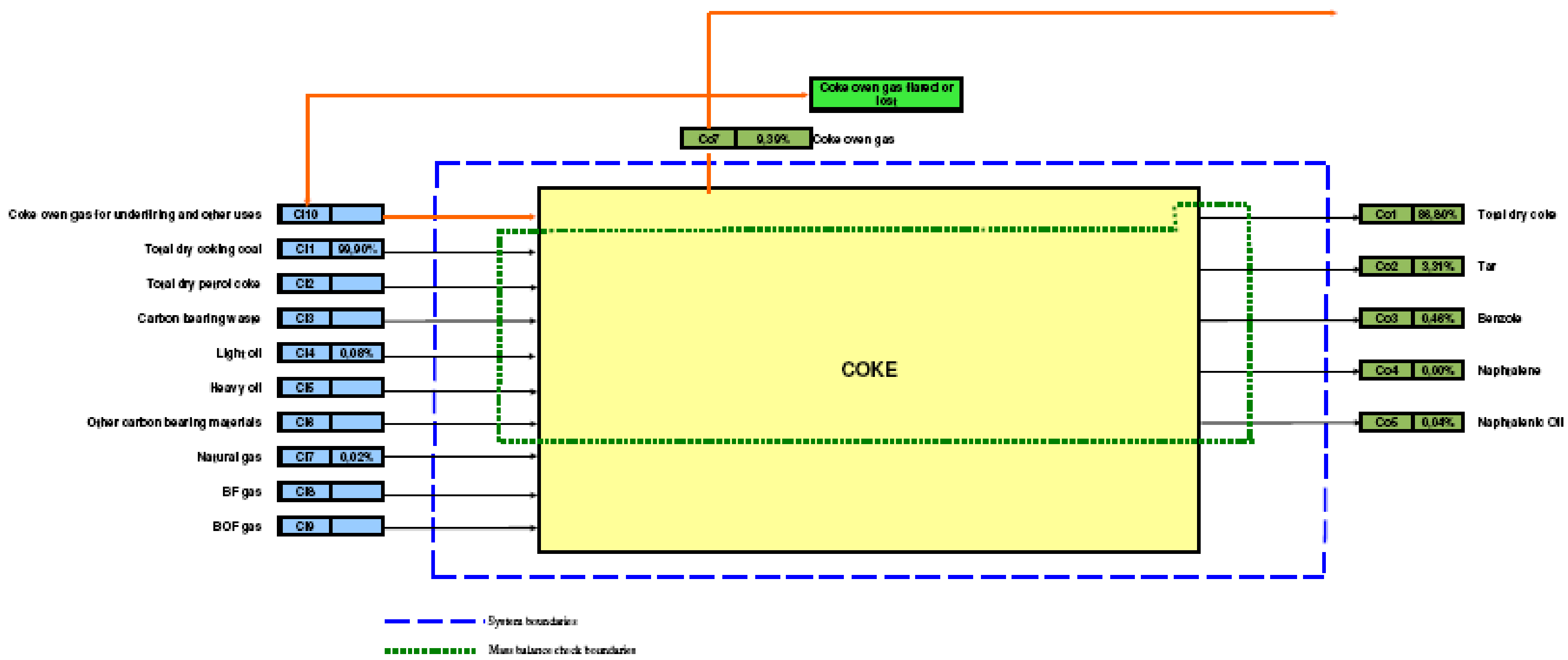

2. What happened so far?

- Two stakeholder consultations by COM:
- 29 April 2009: basically a data gathering exercise on the basis of NACE codes, coke ovens: 2310)
- 1 July 2009: definition of carbon leakage sectors on the basis of NACE codes by COM
- NACE code 2310 (coke production) falls into carbon leakage: “free” allocation
- “Free” allocation on the basis of a benchmark of the 10 % most efficient installations in the EU (Art 10a (2)
- Question: How about the remaining 90%? How much “free allocation” will they receive?

3. What happens next?

- **Consultants (ECOFYS; Fraunhofer, Öko-Institut) are working on “Free allocation methodology for the ETS post 2012”**
- **Open for written comment until 1 July 2009**
- **Submission deadline to COM end of first week September 2009**
- **Internet consultation in autumn of 2009**
- **COM decision on benchmarks and allocation methodology expected by summer of 2010**

4. What are the issues?

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- **Definition of a benchmark for coke-making: Differences between “stand-alone” coke ovens and coke ovens that are part of a steel-making complex?**
- **Strictly for coke making, benchmark should be the same and probably will be**
- **Allocation methodology for coke gases:**
- **According to the ETS Directive, free allocation could either be to the producer of the waste gases or to the user (emitter) (consideration 23)**
- **Steel industry prefers allocation to the producer (coke ovens) because of their complex system where coke gases are only a small part of the steel making process; German coal mining prefers allocation to the user (because of past experience in Germany)**
- **Allocation to producer would be acceptable if under-allocation could be avoided (no obligation to the producer to pass on more rights to the consumer than he was allocated to begin with)**

5. Where to go from here?

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- **Determine who in the EU operates stand-alone coke ovens (EUROFER says there are 41)**
- **Common lobbying position with independent and coal industry owned stand alone coke ovens?**
- **Lobby for an acceptable benchmark for coke making**
- **Lobby for acceptable allocation scheme for coke gases**
- **No lobbying to countervail steel industry’s position – steel industry is main customer of coke oven products, namely coke, but also – to some extent – coking gas**