

## Appendix B: Comparison of emissions trading scheme design approaches

### Part 1: Australian models

Design feature	White Paper final position	Green Paper preferred position	Garnaut Final Report
Scheme objective	<p>The objective of the Carbon Pollution Reduction Scheme (the Scheme) is to meet Australia's emissions reduction targets in the most flexible and cost-effective way; to support an effective global response to climate change; and to provide for transitional assistance for the most affected households and firms.</p> <p>Design options are to be assessed against the following assessment criteria:</p> <ul style="list-style-type: none"> <li>• environmental integrity</li> <li>• economic efficiency</li> <li>• minimisation of implementation risk</li> <li>• policy flexibility</li> <li>• promotion of international objectives</li> <li>• implications for the competitiveness of traded and non-traded industries</li> <li>• accountability and transparency</li> <li>• fairness.</li> </ul>	<p>The objective of the Carbon Pollution Reduction Scheme (the Scheme) is to meet Australia's emissions reduction targets in the most flexible and cost-effective way; to support an effective global response to climate change; and to provide for transitional assistance for the most affected households and firms.</p> <p>Design options are to be assessed against the following assessment criteria:</p> <ul style="list-style-type: none"> <li>• environmental integrity</li> <li>• economic efficiency</li> <li>• minimisation of implementation risk</li> <li>• policy flexibility</li> <li>• promotion of international objectives</li> <li>• implications for the competitiveness of traded and non-traded industries</li> <li>• accountability and transparency</li> <li>• fairness.</li> </ul>	<p>The primary policy objective is reducing emissions. In designing the Emissions Trading Scheme, there should be a single clear objective, "to provide a transactional space that enables the transmission of permits to economic agents for whom they represent the greatest value". Other policy objectives – environmental, economic or social – should be pursued through complementary policy instruments.</p> <p>Furthermore, for a market in emissions permits to operate effectively and efficiently, five principles must be met. There needs to be scarcity, credibility of institutions, simplicity, tradability of permits and integration with other markets.</p>
Long-term emissions reduction target	The Commonwealth Government has set a target to reduce emissions by 60% below 2000 levels by 2050.	The Commonwealth Government has set a target to reduce emissions by 60% below 2000 levels by 2050.	Australia's approach to targets should be linked to comprehensive global agreement on emissions reductions. Unconditional target of 60% on 2000 levels by 2050. Conditional targets depending on the level of international ambition (partial mitigation, stabilisation at 500ppm or 450ppm) range from 60 – 90%.

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Short- and medium-term targets	<p>The White Paper includes a medium-term target range, an indicative national trajectory, and the timing of further announcements of the trajectory.</p> <p>The target range for emissions reductions to be achieved by 2020 is between 5% and 15% below 2000 levels.</p> <p>The higher boundary of the range represents Australia's minimum commitment to emissions reductions irrespective of the actions of other countries. The lower boundary represents the extent to which Australia will accept tighter targets in the context of stronger international action.</p> <p>The first indicative national emissions trajectory will be:</p> <ul style="list-style-type: none"> <li>• In 2010-11, 109 percent of 2000 levels</li> <li>• In 2011-12, 108 percent of 2000 levels</li> <li>• In 2012-13, 107 percent of 2000 levels</li> </ul> <p>In 2010, the Government will announce either a further two years of the trajectory (for the years 2013-14 and 2014-15) or an indicative trajectory to the end of any new international commitment period. The trajectory will be updated from 2011, such that the trajectory for the current year and four forward years are known as of 1 July each year. The indicative trajectory will not represent emissions projections or benchmarks to be met.</p>	<p>At the end of 2008, the Government will announce a range for 2020 and the indicative national emissions trajectory for the period from 2010–11 to 2012–13.</p> <p>The Government will take into account a range of factors, including the work of the Garnaut Climate Change Review and modelling undertaken by the Treasury.</p>	<p>Consistent with unconditional policy commitment to achieve 60 per cent reduction by 2050, reduction of 5 per cent from 2000 levels by 2020. Conditional targets for 2020 of between 5 and 25%.</p>
Emissions trajectories: Cap duration and extension intervals	<p>Caps will be set for five years in advance, with the option to extend this certainty period to the end of any existing international commitment period, if longer. Scheme caps will be extended by one year, every year, to maintain a five year cap horizon.</p> <p>In early 2010, the Government will announce scheme caps for the first five years of the scheme (2010–11 to 2014–15) and intends to announce up to ten years of gateways beyond this period, taking into account progress in international negotiations.</p>	<p>Caps could be set for five years in advance, or longer in the event that international obligations extend for longer than this. Scheme caps would be extended by one year, every year, to maintain a five year cap horizon.</p> <p>In early 2010, the Government will announce scheme caps for the first five years of the scheme (2010–11 to 2014–15) and ten years of gateways beyond this period.</p>	<p>The Government should set the emissions limit for Australia. This emissions limit should be expressed as a trajectory of annual emissions targets over time, which define long term budgets.</p>

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Emissions trajectories: Gateway duration and extension	<p>The Government will use gateways to provide guidance over future scheme caps beyond the period of fixed scheme caps.</p> <p>The Government intends to provide up to 10 years of gateways beyond the minimum five years of scheme caps, taking into account progress in international negotiations.</p> <p>Gateways will be extended by five years and narrowed, every five years, as part of a strategic review of international conditions and Australia's likely future international commitments.</p>	<p>The Government to provide guidance over future scheme caps beyond the initial certainty period through the use of a gateway in each of the following years, to the end of the gateway period.</p> <p>The initial length of the gateway will be 10 years beyond the minimum five years of scheme caps.</p> <p>Gateways will be extended by five years, every five years, as part of a strategic review of international conditions and Australia's likely future international commitments.</p>	<p>In the period up to 2012, there should be trajectory based on Australia's Kyoto commitments.</p> <p>Beyond 2012, along with targets, Australia's approach to trajectories should be linked to the outcome of international negotiations. One possible trajectory based on unconditional targets. Two different trajectories conditional upon the level of international ambition, based on stabilisation at 450ppm and 550ppm.</p> <p>Five years' notice to be provided by Government before movement to another trajectory. If international obligations require Australia to move to lower emissions within 5 years, the independent carbon bank will be responsible for purchasing international emissions entitlements to meet this commitment.</p>

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Sectoral coverage	<p>Coverage of stationary energy, transport, fugitive emissions, industrial processes, waste and forestry sectors and all six greenhouse gases.</p> <p>Emissions from landfill waste sites that closed prior to 30 June 2008 will not be included in the scheme. Emissions from waste deposited prior to 1 January 2009 will be excluded from the Scheme until 2018.</p> <p>Forestry to be included on an 'opt in' basis from scheme start - only forestry activities that are recognised in Australia's Kyoto Protocol accounts will be eligible for inclusion in the Scheme. Deforestation will not be included in the Scheme. It is not practical to include agricultural emissions in the emissions trading scheme at commencement. The Government is disposed to cover agricultural emissions in 2015 with final decision in 2013.</p> <p>The Government has committed to cut fuel taxes on a cent -or-cent basis to offset the initial price impact on fuel associated with the scheme and will periodically assess the adequacy of this measure for three years and adjust accordingly. At the end of the three year period it will review this mechanism. To assist rural and regional areas, the Government will provide an equivalent CPRS fuel credit payment to businesses in the agricultural and fishing industries for three years. The Government will review this measure after three years.</p> <p>It will also provide a CPRS fuel credit payment to heavy vehicle road users, to offset the initial price impact associated with the scheme. The Government will review this measure after one year.</p> <p>CPRS fuel credit payments will also be provided to CNG and LNG for one year, and to LPG for three years, at rates that reflect the lower emissions of these fuels.</p>	<p>Coverage of the stationary energy, transport, fugitive emissions, industrial processes, waste and forestry sectors at scheme commencement and all six greenhouse gases counted under the Kyoto Protocol. Forestry to be included on an 'opt in' basis from scheme start - only forestry activities that are recognised in Australia's Kyoto Protocol accounts will be eligible for inclusion in the Scheme. Deforestation would not be included in the Scheme. It is not practical to include agricultural emissions in the Scheme at commencement. Dispensation to cover agricultural emissions in 2015 with final decision in 2013.</p> <p>The Government has committed to cut fuel taxes on a cent-for-cent basis to offset the initial price impact on fuel associated with the scheme and will periodically assess the adequacy of this measure for three years and adjust accordingly. At the end of the three year period it will review this mechanism. To assist rural and regional areas, the Government will provide an equivalent rebate to businesses in the agricultural and fishing industries for three years.</p> <p>It will also cut fuel taxes cent-for-cent for heavy vehicle road users, to offset the initial price impact associated with the scheme. The Government will review this measure after one year.</p>	<p>All six Kyoto gases. In terms of sectors, as broad as possible: stationary energy, industrial processes, fugitives and transport covered from commencement. Waste and forestry covered as soon as practicable. The inclusion of agriculture subject to progress on measurement, administration and cost effectiveness.</p>

<b>Design feature</b>	<b>White Paper final position</b>	<b>Green Paper preferred position</b>	<b>Garnaut Final Report</b>
Point of obligation	<p>Point of obligation set as a combination of direct and indirect:</p> <ul style="list-style-type: none"> <li>Stationary energy (combination of direct emitters above 25,000t CO<sub>2</sub>-e and fuel supplier for small emitters)</li> <li>Transport (upstream point of obligation only, via excise system)</li> <li>Industrial process emissions (direct emitters, 25,000t CO<sub>2</sub>-e threshold)</li> <li>Fugitive emissions (direct emitters only, 25,000t C CO<sub>2</sub>-e threshold)</li> <li>Waste (direct emitters only, 25,000t CO<sub>2</sub>-e in rural areas, 10,000t CO<sub>2</sub>-e if a landfill facility is operating within proximity to another landfill facility, with a distance to be determined in the regulations)</li> <li>Large users (emissions of greater than 25,000t CO<sub>2</sub>-e from a single source) and other eligible entities will be able to 'net out' (purchase without a carbon price) their fuel purchases and directly manage their scheme obligations.</li> </ul>	<p>Point of obligation be set as a combination of direct and indirect:</p> <ul style="list-style-type: none"> <li>Stationary energy (combination of direct emitters above 25,000t CO<sub>2</sub>-e and fuel supplier for small emitters)</li> <li>Transport (upstream point of obligation only, via excise system)</li> <li>Industrial process emissions (direct emitters, 25,000t CO<sub>2</sub>-e threshold)</li> <li>Fugitive emissions (direct emitters only, 25,000t CO<sub>2</sub>-e threshold)</li> <li>Waste (direct emitters only, threshold to be determined).</li> </ul>	<p>Point of obligation should be set at emissions source where efficient. Otherwise, an upstream or downstream point of obligation should be preferred where transaction costs are lower, accuracy of emissions measurement higher, or coverage greater.</p>

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Definition of a liable entity	<p>In general, entities with operational control over covered facilities or activities will be liable for emission obligations arising from those facilities or activities under the scheme. With the approval of the scheme regulator, entities will have the ability to transfer scheme obligations arising from a covered facility to another entity with financial control over that facility, where certain criteria are met.</p> <p>For corporations, obligations will be placed on the controlling corporation of a company group where either the controlling corporation or a member of the group has operational control over a covered facility or activity. With the approval of the scheme regulator, entities will have the ability to transfer scheme obligations arising from the controlling corporation to another legal entity within the same corporate group, where certain criteria are met.</p> <p>Where a covered facility is operated in accordance with an unincorporated joint venture agreement, the entity with operational control over the facility (the operator) will be the liable entity under the scheme.</p> <p>Where a partnership, trust with multiple trustees, or an unincorporated association has operational or financial control over a covered facility or activity, the partnership, trust or association will be obliged to nominate a single partner, trustee or member of the management committee of the association to meet scheme obligations arising from the controlled facility, for which the partners, trustees or the members of the management committee of the association respectively will be jointly and severally liable.</p>	<p>In general, entities with operational control over covered facilities or activities would be liable for emission obligations arising from those facilities or activities under the scheme.</p> <p>Where multiple entities exercise a degree of operational control over a covered facility or activity, a single responsible entity would be required to register and meet scheme obligations. For corporations, obligations would be placed on the controlling corporation of a company group where either the controlling corporation or a member of the group has operational control over a covered facility or activity.</p> <p>Unincorporated entities would also be liable under the scheme if they have operational control over a covered facility or activity.</p> <p>Further consultation and analysis would be undertaken on the definition of liable entities under the scheme in relation to the forestry sector and upstream fuel suppliers.</p>	No specific definition of liable entity.
Domestic offsets	The Scheme's broad initial coverage leaves limited scope for domestic offsets. Offsets will not be allowed from agriculture emissions in the period prior to coverage of these emissions. The Government will consider the scope for domestic offsets in 2013.	The Scheme's broad initial coverage leaves limited scope for domestic offsets. Offsets would not be allowed from agriculture emissions in the period prior to coverage of these emissions.	Domestic offsets allowed from uncovered sectors if it is cost effective to do so. Unlimited offset credits for net sequestration should be accepted from forestry and possibly soil management practices. Appropriateness of offsets from agriculture assessed in light of coverage.
Banking of permits	Unlimited banking of permits will be allowed under the Scheme (except those accessed under the price cap arrangements).	Unlimited banking of permits allowed under the Scheme.	Unlimited banking.
Borrowing of permits	The Scheme will allow liable entities to discharge up to 5% of their obligations by surrendering permits dated from the following year.	There would be a limited amount of short term borrowing by allowing liable entities to surrender up to a certain percentage (less than 5%) of their liabilities by using permits dated from the following year.	Official lending of permits by the independent authority to the private sector allowed, but may be subject to limits, in terms of quantity and time, determined by the independent authority.

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Price cap	<p>The scheme will have a transitional price cap for the period 2010–11 to 2014–15.</p> <p>The level of the price cap will be set at \$40 commencing in 2010-11.</p> <p>The level of the price cap will rise in real terms by 5% per year.</p>	<p>The scheme would have a transitional price cap for the period 2010–11 to 2014–15.</p> <p>The level of the price cap will be set high enough above the expected permit price, taking into account the allowance for banking, to provide a very low probability of use.</p> <p>The price cap would also be reviewed at the first review point, taking into consideration banking and borrowing arrangements, importation allowance for international units, the maturity of the market and future international linking commitments.</p>	<p>Price controls not supported except during the transition period to end 2012. During the transition period, permit price should be fixed, starting at \$20 per tonne and increasing 4% per annum plus the rate of inflation.</p>
Assurance (verification)	<p>Assurance will be carried out in accordance with guidelines made under the <i>National Greenhouse and Energy Reporting System Act, 2007</i>.</p> <p>The Government will finalise the standards (if any) to be referenced in these guidelines after considering submissions made in response to its public consultation paper, <i>National Greenhouse and Energy Reporting Act 2007</i> and Carbon Pollution Reduction Scheme—external audit consultation paper. All third-party emissions auditors will be registered to ensure the development of a pool of properly trained and qualified providers. The form and nature of registration (including whether it is conducted by the Government or a non-government body) will be finalised following the consideration of submissions in response to the public consultation paper <i>National Greenhouse and Energy Reporting Act 2007</i> and Carbon Pollution Reduction Scheme—external audit paper.</p> <p>Large emitters (obligations under the Scheme of 125,000 t CO<sub>2</sub>-e or more) will be required to have their annual emissions reports assured by an independent third-party prior to their submission.</p> <p>The Scheme regulator will have powers to conduct assurance audits. The regulator will also have the power to review an annual emissions report for up to four years after its submission, except in the case of fraud, in which case the period will be unlimited.</p>	<p>Assurance would be carried out in accordance with guidelines made under the <i>National Greenhouse and Energy Reporting System Act</i> and standards to be produced by the Australian Government's Auditing and Assurance Standards Board.</p> <p>Large emitters (obligations under the Scheme of 125,000 t CO<sub>2</sub>-e or more) required to have their annual emissions reports assured by an independent accredited third-party prior to their submission.</p> <p>The Scheme regulator would have powers to conduct assurance audits. The regulator would also have the power to review an annual emissions report for up to four years after its submission, except in the case of fraud, in which case the period would be unlimited.</p> <p>The Government would investigate further the scope to align financial and emissions reporting and verification systems.</p>	<p>In order for a sector to be covered by an emissions trading scheme, there must be a reliable and accurate way to monitor, measure or estimate, and verify emissions from that sector. It is easier to do this for some sectors than others, depending on the nature of emissions and activities.</p>

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Governance	<p>The functions of three regulators, Greenhouse and Energy Data Officer, the Renewable Energy Regulator and the Carbon Pollution Reduction Scheme Regulator, will be amalgamated into a single regulator. This will streamline procedures, improve regulatory outcomes and reduce the burden on businesses.</p> <p>The combined regulator's responsibilities will include monitoring, facilitating and enforcing compliance, running auctions for permits, allocating free permits in accordance with rules clearly specified by the Government, publishing information relating to the scheme and maintaining the national registry.</p> <p>Also, the combined regulator will continue to perform existing functions under the <i>National Greenhouse and Energy Reporting Act, 2007</i>, and functions under the expanded renewable energy target.</p> <p>An independent expert review committee will be constituted on a five yearly basis to conduct public strategic reviews of the scheme, with the first review being completed in 2014.</p>	<p>Establish an independent scheme regulator, whose primary responsibilities will be to monitor and enforce compliance, run auctions for permits, allocate free permits according to rules clearly specified by the Government, and maintain the national registry.</p> <p>Independent scheme reviews are proposed for a number of scheme components every five years.</p>	<p>The emissions limit and policy framework for the scheme should be set directly by the Government.</p> <p>The scheme should be administered by an independent authority (independent carbon bank).</p>
Reporting and compliance	<p>The National Greenhouse and Energy Reporting System will provide the framework for monitoring, reporting and assurance under the scheme, and elements of that system will be strengthened to support the Scheme.</p> <p>For the first five years of the scheme, liable entities may apply to the regulator to allow contractors to report commercially sensitive data directly to the regulator.</p> <p>Provisions relating to documentation and record keeping under the scheme will be those set out under the <i>National Greenhouse and Energy Reporting Act 2007</i>.</p> <p>The Government will consider whether more frequent than annual reporting of emissions is justified following the commencement of the scheme.</p>	<p>The National Greenhouse and Energy Reporting System will be the starting framework for monitoring, reporting and assurance under the scheme, and elements of that system would be strengthened to support the scheme.</p> <p>A single report would be sufficient to satisfy an entity's obligations under both the National Greenhouse and Energy Reporting System and the emissions trading scheme, with reports to be submitted by 31 October each year.</p> <p>The compliance period would be on a financial year basis.</p>	<p>Compliance period not defined.</p> <p>A penalty should be set as a compliance mechanism. The penalty does not replace the obligation to acquire permits; a make-good provision should apply.</p>
Linking to international schemes/markets	<p>In the longer term, the Government has a preference for open linking within the context of an effective global emissions constraint.</p>	<p>In the longer term, the Government has a preference for open linking within the context of an effective global emissions constraint.</p>	<p>Opportunities for international linking of the Australian scheme should be sought in 'a judicious and calibrated manner' due to the variable quality of mitigation approaches in other countries and the risk of price volatility due to the small relative size of the Australian market.</p>

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Acceptance of international units	<p>Liable entities will be able to meet their obligations by using eligible international units for compliance in the scheme.</p> <p>The use of eligible international units will not be subject to quantitative restrictions.</p> <p>Liable entities will (initially) be able to surrender certified emission reductions (with the exception of long-term and temporary certified emissions reductions), emission reduction units and removal units.</p>	<p>Liable entities would be able to meet their obligations by using eligible Kyoto units for compliance in the scheme.</p> <p>In the short term, there will be limits on the number of international offset credits that liable entities can surrender for compliance. International emissions units that would be accepted, subject to this limit, would be Certified Emission Reductions and Emissions Reduction Units. However, temporary or long-term Certified Emission Reductions would not be accepted.</p>	<p>Accept Kyoto units associated with clean development mechanism to encourage participation by low-income developing countries that do not yet have target. Acceptance of such units subject to restrictions on the source and quantity.</p> <p>Re-evaluation of acceptance of certified emissions reductions to occur after 2012 if clean development mechanism is substantially changed or expanded.</p>
Acceptance of non-Kyoto units	<p>International non-Kyoto units will not be accepted for compliance in the scheme. This will be reviewed for the post-2012–13 period in the light of future developments in international negotiations.</p>	<p>International non-Kyoto units would not be accepted for compliance in the scheme. This would be reviewed for the post-2012–13 period in the light of future developments in international negotiations.</p>	<p>No constraints specified. Should consider accepting credits from avoided deforestation.</p>
Exporting permits	<p>In the initial years of the scheme, export of carbon pollution permits will not be allowed. A minimum of five years notice will be given on a decision to allow the sale and transfer of carbon pollution permits, except where an independent review finds that establishing a bilateral link will not have a significant impact on the permit price in the scheme, and the responsible minister decides to waive or shorten the notice period.</p> <p>Australia will not host joint implementation projects in sectors that are covered by the scheme. Decisions on joint implementation projects in uncovered sectors will be aligned with decisions on domestic offsets. Australia will not host joint implementation projects prior to the commencement of the scheme.</p>	<p>In the initial years of the scheme the Government proposes not to enable the export of Australia's own Kyoto Protocol compliance units.</p>	<p>Export of permits precluded by the fixed price of permits in the transition period.</p> <p>Under floating price regime, export may be possible as options to link with New Zealand, European Union and emerging United States and Japanese markets are pursued.</p>
Permit allocation (free allocation/auctioning)	<p>Allocations should progressively move towards 100% auctioning as the scheme matures, subject to provision of transitional support for emissions-intensive trade-exposed industries and strongly affected industries.</p>	<p>Allocations should progressively move towards 100% auctioning as the scheme matures, subject to provision of transitional support for emissions-intensive trade-exposed industries and strongly affected industries.</p>	<p>Permits should be released according to the emissions reduction trajectory, with all permits auctioned. Auctions should take place at regular intervals. There should be no limit on the use of permits (that is, no date stamping).</p> <p>During the transition period, permits should be sold at a fixed price as of right. Permits to be released according to demand, rather than in line with the emissions reduction trajectory.</p> <p>Permits for post-2012 should be auctioned as soon as possible.</p>

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Use of auction revenue	Every cent raised for the Australian Government from the Scheme will be used to help Australians – households and businesses – adjust to the scheme and to invest in clean energy options	Every cent raised from the Scheme will be used to help Australians – households and businesses – adjust to the Scheme and to invest in clean energy options.	<p>All of the revenue from the Scheme should be returned to households or business:</p> <ul style="list-style-type: none"> <li>• Half of the permit revenue should be returned to the household sector</li> <li>• Twenty per cent of the permit revenue should be allocated to support for research, development commercialisation of low-emissions technologies</li> <li>• Cash reserves should be used to purchase international permits/offsets to reconcile domestic emissions with international commitments.</li> </ul>
Treatment of households	<p>The Government will use every cent it raises by putting a cost on carbon pollution to help households and businesses adjust and move Australia to the low pollution economy of the future.</p> <p>Pensioners, seniors and carers will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme.</p> <p>Other low-income households will receive additional support, above indexation, to fully meet the expected overall increase in the cost of living flowing from the Scheme.</p> <p>Around 89% of low-income households (or 2.9 million households) will receive assistance equal to 120% or more of their cost of living increases.</p> <p>Middle-income households will receive additional support, above indexation, to help meet the expected overall increase in the cost of living flowing from the Scheme. For middle-income families receiving Family Tax Benefit Part A, the Government will provide assistance to meet at least half of those costs.</p> <p>Around 97% of middle-income households will receive some direct cash assistance. Around 60% of all middle-income households (or 2.4 million households) will receive sufficient assistance to meet the overall expected cost of living increase.</p> <p>Motorists will be protected from higher fuel costs from the Scheme by 'cent for cent' reductions in fuel tax for the first three years.</p> <p>Each year, the Government will review the adequacy of the household assistance package in the context of the Budget.</p>	<p>The Government is committed to providing low-income households with increases in assistance through the tax and payment system and all households with other assistance to address the impact on their living standards. It is committed to:</p> <ul style="list-style-type: none"> <li>• Increase payments, above automatic indexation, to people in receipt of pensioner, carer, senior and allowance benefits and provide other assistance to meet the overall increase in the cost of living flowing from the scheme.</li> <li>• Increase assistance to other low-income households through the tax and payment system to meet the overall increase in the cost of living flowing from the scheme.</li> <li>• Provide assistance to middle-income households to help them meet any overall increase in the cost of living flowing from the scheme.</li> <li>• Review annually in the Budget context the adequacy of payments to beneficiaries and recipients of family assistance to assist households with the overall impacts of the scheme.</li> <li>• Provide additional support through the introduction of energy efficiency measures and consumer information.</li> </ul>	<p>Assistance could be provided through the tax and welfare system, and to facilitate greater efficiency in energy use and reduce dependence on emissions-intensive goods and services. A focus for this assistance should be on the bottom half of the income distribution.</p>

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Mechanisms for emissions-intensive, trade-exposed industry (EITE) assistance	<p>Assistance will be provided to EITE industries with up front (ex-ante) free allocation of permits at the beginning of each compliance period contingent on continuing production. This assistance is provided with the dual purpose of reducing carbon leakage and providing a measure of transitional assistance. Assistance will be reduced at 1.3 per cent per year so that the EITE sector shares the task of meeting the national commitment to reduce emissions. The EITE assistance program will be reviewed at the five year Scheme review or at an earlier date at the request of the Minister. Five years' notice will be provided of changes to the program unless required for compliance with Australia's international trade obligations.</p>	<p>Assistance be provided to EITE industries with upfront (ex-ante) free allocations of permits contingent on continued production. Assistance would be calibrated over time such that the share of assistance provided to the EITE sector does not increase significantly over time. Assistance would be withdrawn in the event of acceptable international action.</p>	<p>Global and sectoral agreements to achieve comparable treatment of emissions in important competitors should be pursued as a priority. If not reached by 2012, transitional assistance should be provided to EITE firms by way of cash or cash-equivalent credits towards a liable firm's obligation to acquit permits at the end of a compliance period.</p>
Eligibility for and calculation of assistance	<p>Eligibility for EITE assistance will be determined using industry average estimates of emissions intensity. The activity must also be demonstrated to be trade exposed. Emissions intensive activities are those with an emissions intensity above 1000t CO<sub>2</sub>/\$m revenue or 3000t CO<sub>2</sub>/\$m value added.</p> <p>There are two assistance rates — 90% and 60% — with the most emissions intensive activities, over 2000t CO<sub>2</sub>/\$m revenue, receiving a 90% assistance rate and those with an emissions intensity above 1000t CO<sub>2</sub>/\$m revenue receiving a 60% assistance rate.</p> <p>Assistance will be provided to new and existing entities at the same rates on the same basis. Allocative baselines will be based on historic information on the emissions intensity of all entities conducting a given activity.</p> <p>Assistance will be provided in relation to direct emissions and some indirect emissions. Permit allocations for indirect emissions will be related to the cost increase associated with the use of electricity, steam, and natural gas and its components where these are used as feedstocks by an activity.</p> <p>Administrative allocations of permits to EITE entities will be around 25% of permits, which is equivalent to around 35% including agriculture.</p>	<p>Wherever possible, simple, clear and transparent methodologies should be used to determine those entities that are eligible for EITE assistance and to calculate the assistance for these entities.</p> <p>EITE assistance should be provided to those traded activities which face the largest material impact from the introduction of the scheme.</p> <p>Assistance could be provided with respect to direct and indirect (electricity) emissions from an EITE activity.</p> <p>Assistance could be provided on the basis of an industry-average emissions intensity baseline.</p> <p>Assistance could be provided in respect of activities that have an emissions intensity above 1500t/\$m, but at two rates of assistance — 90 % and 60%.</p> <p>Overall, allocations to EITE activities could be up to around 30 per cent including agriculture..</p>	<p>For every unit of production, eligible firms receive a credit against their permit obligations, equivalent to the expected uplift in world production prices that would eventuate if Australia's trading competitors had similar policies.</p> <p>Eligibility determined by threshold of expected percentage uplift in price in compliance period, such that:</p> <ul style="list-style-type: none"> <li>only products whose price is expected to increase by a percentage in excess of the threshold would be eligible for assistance;</li> <li>assistance would only be provided for that part of the price uplift in excess of the threshold; and</li> <li>firms would not receive assistance in excess of their permit obligations in the compliance period.</li> </ul> <p>An independent authority would be responsible for calculating the expected price uplift factors at regular intervals (minimum yearly) based on a transparent and consultative process.</p> <p>As trading competitors adopt carbon mitigation policies, the gap between observed world and Australian product prices will narrow and assistance will decrease accordingly.</p>

Design feature	White Paper final position	Green Paper preferred position	Garnaut Final Report
Assistance to strongly affected industries	<p>Provide limited direct assistance to coal-fired electricity generators, in the form of allocations of administrative allocation of permits, to the value of \$3.9 billion over five years, based on a \$25 carbon price.</p> <p>Assistance to workers and regions to be delivered through the Climate Change Action Fund (CCAF).</p> <p>Assistance for the development and deployment of carbon capture and storage technologies to be delivered through existing programs.</p>	<p>Provide assistance to workers and regions in the form of structural adjustment assistance.</p> <p>Provide support for investment in carbon capture and storage research and technologies.</p> <p>Provide some limited direct assistance to coal-fired electricity generators.</p>	<p>\$1 to \$2 billion fund proposed to support new investments that reduce emissions in coal-based generation, as a form of 'pre-emptive' structural adjustment assistance. No direct assistance for generators as compensation for loss.</p>
Complementary measures	<p>The scheme will be the primary measure to achieve Australia's emissions reduction targets. Other measures will be required to address market failures that a carbon price alone cannot overcome, or to deal with the distributional consequences of the scheme.</p> <p>Across all levels of government an overarching framework has been adopted for assessing and developing complementary measures to ensure initiatives contribute to Australia's emission reduction targets and do not undermine them in the context of the scheme. These principles will guide the future direction of Australia's emission reduction strategy and in particular will ensure that the impact of intervention options are evaluated against the lowest cost market price determined by the scheme.</p> <p>State and territory governments are encouraged to terminate the Greenhouse Gas Reduction Scheme (GGAS) and the Queensland Gas Scheme.</p>	<p>The emissions trading scheme will be the primary measure to achieve Australia's emissions reduction targets. Other measures will be required to address market failures that a carbon price alone cannot overcome, or to deal with the distributional consequences of the scheme.</p> <p>Across levels of government, a coordinated approach to assessing and developing complementary measures is desirable. The Council of Australian Governments is currently developing a set of criteria to assess whether other measures are genuinely complementary, and reviewing existing programs to assess whether they meet those criteria. State and territory governments are also considering the ongoing role of GGAS and the Queensland Gas Scheme. The Government will continue to work cooperatively with the New South Wales, Australian Capital Territory and Queensland governments to assist them in their development of appropriate transitional arrangements.</p>	<p>Complementary measures (e.g. renewable energy target schemes) continue in parallel.</p> <p>New South Wales/Australian Capital Territory GGAS and Queensland Gas Generation Scheme to transition into the national emissions trading scheme; transition arrangements to be developed.</p> <p>The scheme to be complemented by other greenhouse gas abatement policies, particularly relating to energy efficiency and low-emissions technology R&amp;D.</p>

Design feature	White Paper final position	Green Paper preferred position	Garnaut Final Report
Climate Change Action Fund	<p>The Government will commit \$2.15 billion to the CCAF between 2008-09 to 2012-13 to assist in smoothing the transition for businesses, community sector organisations, workers, regions and communities to an operating environment that includes a price on carbon. An additional \$300 million (between 2013-14 to 2014-15) will be provided for adjustment in the coal mining sector.</p> <p>The CCAF will be structured in four streams:</p> <ul style="list-style-type: none"> <li>• Addressing information gaps for business and community organisations about the operation of the scheme and how these entities can minimise the expected financial impacts.</li> <li>• Grants and incentives to support the investment in energy efficiency and low emissions technologies, processes and products.</li> <li>• Structural adjustment assistance for workers and communities significantly impacted by the introduction of the scheme. The Government will stand ready to provide assistance where a clear, identifiable and significant impact arises, or is highly likely to arise, as a direct result of the scheme.</li> <li>• Adjustment assistance for the coal sector to address impacts arising from emission intensive components of the coal mining sector.</li> </ul>	<p>To assist businesses more generally, the Government proposes to establish the CCAF. The Fund will focus predominately on those industries not receiving free permit allocation, but which nevertheless need assistance to adjust to the carbon price.</p>	<p>No comment.</p>

## Part 2: International models

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
Status	Currently operating. Phase I in the period 2005–07, Phase II in the period 2008–12. Established under Directive 2003/87/EC and adopted on 25 October 2003 (as amended).	Phase III proposed for 2013–20. The European Commission is currently finalising the design of Phase III of the EU ETS and the final design may change from that summarised below.	The NZ ETS commenced on 1 January 2008, with legislation passed on 11 September 2008. The new New Zealand Government has indicated it will review its emissions trading scheme and any amendments or alternatives to it by the end of 2009. The final design of the NZ ETS may change from that summarised below.
Scheme objective	To promote reductions of greenhouse gases emissions in a cost-effective and economically efficient manner.	To promote reductions of greenhouse gases emissions in a cost-effective and economically efficient manner.	That a NZ ETS support and encourage global efforts to reduce greenhouse gases emissions by: <ul style="list-style-type: none"> <li>reducing New Zealand's net emissions below business as usual levels</li> <li>complying with New Zealand's international obligations, including Kyoto Protocol obligations</li> </ul> while maintaining economic flexibility, equity, and environmental integrity at least cost in the long term.
Long-term emissions reduction target	Global emissions of greenhouse gases will need to be reduced by approximately 70% compared to 1990 levels.	By 2050, global greenhouse gases emissions should be reduced by at least 50% below their 1990 levels.	As per the Kyoto Protocol, and its successor, with national/regional targets if no successor to Kyoto emerges.
Short- and medium-term targets	Kyoto Protocol target of an 8% reduction in emissions by 2008 to 2012 compared to 1990 levels.	Reduce the overall greenhouse gas emissions of the European Community by at least 20% below 1990 levels by 2020, and by 30% provided that other developed countries commit themselves to comparable emissions reductions and economically more advanced developing countries contribute adequately according to their responsibilities and respective capabilities.	As per international commitments.
Sectoral coverage	Combustion installations with a rated thermal input exceeding 20 MW (except hazardous or municipal waste installations), mineral oil refineries and coke ovens. Specific thresholds on other industries, including the production and processing of ferrous metals, mineral industries, and the timber and paper pulp industries based on production capacity. Installations or parts of installations used for research, development and testing of new products and processes not covered. Carbon dioxide only.	Combustion installations with a rated thermal input exceeding 20 MW, combined with an emission threshold of 10,000t CO <sub>2</sub> /yr (as long as their rated thermal input does not exceed 25 MW). Emissions from biomass excluded. Other industries covered as per Phases I and II, with the inclusion of aluminium and certain ferrous metal refineries, chemical industrial processes (both carbon dioxide and nitrous oxide in some cases), capture, transport and geological storage of all greenhouse gases. Installations or parts of installations used for research, development and testing of new products and processes and combustion installations exclusively using biomass not covered.	<ul style="list-style-type: none"> <li>All sectors and all six major greenhouse gas emissions to be covered by 2013:</li> <li>Forestry (pre-1990 forests) and forestry removal activities (post-1989 forests) – 1 January 2008</li> <li>Liquid fossil fuels (opt in for obligation jet fuel) – 1 January 2011</li> <li>Stationary energy (opt in for purchasers of coal or natural gas) – 1 January 2010</li> <li>Industrial processes – 1 January 2010</li> <li>Agriculture, waste and synthetic gases – 1 January 2013</li> <li>Other removal services (embedded products) – 1 January 2010</li> <li>Other removal products (Carbon Capture and Storage) – to be determined</li> <li>Other removal products (HFCs &amp; PFCs) –</li> </ul>

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
		Nitrous oxide and perfluorocarbons will be covered.	1 January 2013. Voluntary and then mandatory reporting of emissions precedes full coverage in some sectors.
Point of obligation	As for sector coverage.	As for sector coverage.	Generally upstream where possible to minimise the number of compulsory participants and therefore administration costs.
Definition of a liable entity	As for sector coverage.	As for sector coverage.	Activities that require compulsory participation (with different entry dates) in the NZ ETS, including, inter alia: <ul style="list-style-type: none"> <li>• deforesting pre-1990 forest land</li> <li>• importing or mining coal or natural gas</li> <li>• importing/removing from refinery liquid fossil fuels</li> <li>• producing iron, steel, aluminium, clinker, burnt lime, glass or cable resulting in industrial process emissions</li> <li>• slaughtering ruminant livestock and dairy processing (subject to the possibility of placing the obligation at the farmer level by order in council)</li> <li>• importing synthetic gases</li> <li>• operating a disposal facility (waste).</li> </ul>
Domestic offsets	Not permitted.	Yes, projects that reduce greenhouse gas emissions in the European Community should be allowed to issue allowances provided they comply with certain conditions necessary to safeguard the proper functioning of the EU ETS.	The scheme provides for participants who conduct activities that remove greenhouse gas emissions from the atmosphere to earn one permit for each tonne of emissions they remove. They can then sell the permits they earn on the market for a profit.
Banking of permits	Allowed within, but not between, Phases I and II. Unrestricted after 2012.	Allowances remain valid throughout the trading period and any surplus allowances can now be banked for use in subsequent trading periods.	Permits can be banked for future use. Imported assigned amount units banked from the Kyoto Protocol first commitment period cannot be used for compliance in the NZ ETS after 2012.
Borrowing of permits	Limited administrative borrowing within, but not between, phases.	Limited administrative borrowing within, but not between, phases.	Limited borrowing allowed by releasing some of the next year's permits before acquittal time. These can be used for acquittal as soon as they are released.
Price cap	No price cap.	Yet to be determined.	No price cap. Financial and make-good penalties will apply.
Assurance (verification)	Annual verification to ensure that: <ul style="list-style-type: none"> <li>• data in the installation's emissions report are fairly stated</li> <li>• the installation is in conformity with the agreed greenhouse gas emissions permit and with its</li> </ul>	Regulation adopted through comitology (i.e. committee) should provide common requirements for verification, in order to guarantee a certain level of quality of the verification process, while further improvements should be enabled through amendments to Annexes IV and V of the Directive.	Participants are required to: <ul style="list-style-type: none"> <li>• calculate their level of emissions, using prescribed methodologies</li> <li>• retain sufficient records to allow verification of emissions calculations</li> </ul>

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
	associated monitoring methodology and other relevant requirements.	This regulation should also enable Community-wide accreditation for verifiers for the benefit of the internal market.	<ul style="list-style-type: none"> <li>report their level of emissions</li> <li>provide information, if required by the chief executive (scheme administrator), to allow the chief executive to verify compliance.</li> </ul>
Reporting and compliance	Installations must report emissions annually. Each year, member states submit to the commission a report on emissions.	Experience with monitoring and reporting to date showed some degree of divergence of member states' practices. In order to improve overall performance of the monitoring and reporting system across the EU, a regulation adopted through comitology should replace the current guidelines.	<p>Liquid fossil fuels, agriculture, synthetic gases and waste sectors to monitor and report annual emissions first on a voluntary and then mandatory basis for the two years prior to inclusion.</p> <p>Firms report annually by 31 March on any emissions or removals that resulted from their activities in the previous year (except for post-1989 forest participants).</p> <p>Firms must retain records showing their emissions and removed emissions for seven years.</p> <p>Initial compliance periods for sectors to be one year from entry into the scheme except for forestry, which will have a two-year initial compliance period.</p>
Linking to international schemes/markets	Member states may participate in international emissions trading as parties to the Kyoto Protocol with any other party included in Annex B to the Kyoto Protocol.	<p>Member states may participate in international emissions trading as parties to the Kyoto Protocol with any other party included in Annex B to the Kyoto Protocol.</p> <p>Consideration of acceptance of permits from other emissions trading systems in third countries and administrative entities.</p>	International linking considered to be critical to reduce costs, provide flexibility and moderate potential market volatility due to a small domestic market.
Acceptance of international units	Participants may surrender certified emission reductions and emission reduction units, subject to quantitative and qualitative limits.	Once a future international agreement on climate change has been reached, certified emission reductions shall only be accepted in the EU ETS from third countries that have ratified the international agreement. Principle of subsidiarity may still apply.	<p>Several types of Kyoto units can be surrendered by participants to meet domestic obligations:</p> <ul style="list-style-type: none"> <li>Domestic assigned amount units</li> <li>Imported assigned amount units, subject to regulations specifying which imported assigned amount units may be used.</li> <li>Emission reduction units, excluding those from nuclear projects.</li> <li>Removal units.</li> <li>Certified emission reductions, excluding those from forestry projects or nuclear projects.</li> <li>No quantitative restrictions on the use of imported units.</li> </ul>
Acceptance of non-Kyoto units	Not permitted.	Possible acceptance of non-Kyoto units depending on future agreement and in accordance with a priority for least developed countries when revenues generated from auctioning are used to facilitate developing	Provision for non-Kyoto "approved overseas units" to be approved and accepted to meet scheme obligations. This allows for the possibility of an international agreement/trading regime not based on

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
		countries' adaptation to the impacts of climate change. It is appropriate to give certainty on the acceptance of credits from projects started in least developed countries after 2012, even in the absence of an international agreement. This entitlement should apply to least developed countries until 2020, provided that they have by then either ratified a global agreement on climate change or a bilateral or multilateral agreement with the European Community.	Kyoto units post-2012.
Exporting permits		Possible export of units under mutual recognition arrangements.	For the first commitment period, each New Zealand Unit (NZU) will be fully comparable to a Kyoto unit and will be backed by a Kyoto unit in the New Zealand Emission Unit Registry. No restrictions on export of New Zealand Units (subject to commitment period reserve).]
Permit allocation (free allocation/auctioning)	<p>Phase I</p> <p>At least 95% of allowances freely allocated.</p> <p>Member states to decide the total quantity of allowances allocated to each installation.</p> <p>Phase II</p> <p>At least 90% of allowances freely allocated.</p> <p>Member states to decide the total quantity of allowances they will allocate for that period and initiate the process for the allocation of those allowances to the operator of each installation.</p> <p>This decision shall be taken at least 12 months before the beginning of the relevant period, taking due account of comments from the public.</p>	<p>Full auctioning from 2013 onwards for the power sector and carbon capture and storage.</p> <p>For installations in sectors other than electricity generators, a gradual transition is appropriate, starting with free allocation at a level of 80%, decreasing by equal amounts each year, arriving at zero free allocation by 2020.</p> <p>Five per cent of the Community-wide quantity of allowances over the period 2013 to 2020 shall be set aside for new entrants.</p>	<p>Free allocation to the forestry, industrial, agricultural and fishing sectors.</p> <p>In the industrial sector, the government will allocate permits units to firms that meet specific criteria. Some of the criteria set out in the Act, others to be specified in the allocation plan for the industrial sector.</p> <p>Free allocation to the industrial and agriculture sectors will be at 90% of 2005 levels from date of entry to the end of 2018, and will be phased out at a linear rate between 2019 and 2029, reaching zero in 2030. Phase-out will be subject to review as part of periodic scheme reviews. Each year during the phase-out period, the number of free permits allocated will reduce by one-twelfth.</p> <p>Free allocation to the fishing sector will be provided at 50% of 2005 levels for each year from 2011 to 2013</p>
Use of auction revenue	Not specified (auctioning was limited).	<p>To be determined. Draft proposal suggests the proceeds from the auctioning of allowances could be used to:</p> <ul style="list-style-type: none"> <li>• reduce emissions</li> <li>• adapt to the impacts of climate change</li> <li>• fund research and development</li> <li>• further develop renewable energies to meet the EU's commitment to using 20% renewable energies by 2020</li> <li>• fund carbon capture and storage</li> <li>• contribute to the Global Energy Efficiency and</li> </ul>	Not-specified.

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
		<p>Renewable Energy Fund</p> <ul style="list-style-type: none"> <li>fund measures to avoid deforestation and facilitate adaptation in developing countries</li> <li>address social aspects such as possible increases in electricity prices in lower and middle income households.</li> </ul> <p>Proceeds should also be used to cover costs associated with scheme administration.</p> <p>Provision should be included for monitoring the use of funds from auctioning for these purposes.</p>	
Treatment of households	Not covered by the Directive.	To be determined. Draft proposal suggests that a portion of revenue should be allocated to addressing social aspects, such as possible increases in electricity prices in lower and middle income households.	Proposed allocation to households from one-off electricity rebate and increased income support payments (not contained in legislation). \$1 billion household emission reduction fund over the 15 years from 2009.
Mechanisms for emissions-intensive, trade-exposed industry (EITE) assistance	Free allocation.	Emissions-intensive industries which are determined to be exposed to a significant risk of carbon leakage could receive some allowances free of charge or an effective carbon equalisation system could be introduced.	<p>Permits allocated free of charge to eligible parties.</p> <p>The allocation of permits to the industrial and agriculture sectors as a whole will initially cover 90% of the total of all eligible parties' 2005 emissions in each sector until the end of 2018. Free allocation to these sectors will then be phased out as described above.</p> <p>In the industrial sector, 150,000 permits per year will be set aside from the free allocation pool for use in the Innovation Fund from 2010 to 2012, and this Fund may be extended in future years.</p> <p>The allocation to the fishing sector as a whole will cover 50% of the total of all eligible parties' 2005 emissions from the consumption of fuel. This free allocation will be provided each year from 2011 to 2013.</p> <p>In the forestry sector, only owners of forests greater than 5 hectares that have not applied for exemption from the emissions trading scheme will be eligible to receive free emission units.</p> <p>No thresholds are specified for other sectors. Thresholds, if any, may be applied to other sectors through allocation plans.</p>
Eligibility for assistance—new and existing EITEs	<p>Free allocations to installations in relation to their direct emissions.</p> <p>A new entrant reserve is provided for allocations to new entrants.</p>	European Commission will identify which emissions intensive sectors or subsectors are likely to be subject to carbon leakage. Those sectors may continue to receive some free allocations of allowances from	Companies in the industrial sector may qualify as trade exposed if they face foreign competition, are exposed to higher emissions costs than their overseas competitors and are unable to pass on some or all of

Design feature	European Emissions Trading Scheme (EU ETS) 2005-2012 (Phase I and II)	European Emissions Trading Scheme (EU ETS) 2013-2020 (Phase III)	New Zealand Emissions Trading Scheme (NZ ETS)
		2013.	their emissions costs due to foreign competition. Any thresholds for eligibility would be established in allocation plans.
Assistance to strongly affected industries	Free allocation to electricity generators. Member states may apply to the European Commission for installations to be temporarily excluded until 31 December 2007.	Assistance to the aviation sector.	Design features of the scheme that will moderate its impact on firms include: <ul style="list-style-type: none"> <li>• free allocation</li> <li>• delayed entry.</li> </ul> The aim is to preserve sufficient pressure for behavioural change, while enabling firms to make a smooth transition to lower emissions.
Governance arrangements/ independent scheme regulator	Member states to make the appropriate administrative arrangements, including the designation of the appropriate competent authority or authorities, for the implementation of the rules of the Directive.  A central administrator also designated by the European Commission, to maintain an independent transaction log recording the issue, transfer and cancellation of allowances.	In order to ensure that allowances can be transferred between persons within the European Community without any restriction, and to ensure that the EU ETS can be linked to emissions trading systems in third countries and sub-federal and regional entities, from January 2013 onwards, all allowances should be held in the Community registry established under Decision No 280/2004/EC of the European Parliament and of the Council of 11 February 2004. This should be without prejudice to the maintenance of national registries for emissions not covered by the EU ETS.	The Ministry of Economic Development is the administering agency for the emissions trading scheme and runs the Registry. The Ministry for the Environment also administers the emissions trading legislation.
Complementary measures	Encourage the use of more energy-efficient technologies, including combined heat and power technology, producing less emissions per unit of output. Specifically promote combined heat and power technology.  Member states must endeavour to support capacity-building activities in developing countries and countries with economies in transition.	Complementary measures include: <ul style="list-style-type: none"> <li>• 20% of energy from renewable sources by 2020</li> <li>• increase energy efficiency by 20% by 2020.</li> </ul>	Target for renewable electricity generation of 90% by 2025. Wide range of complementary policies include ones relating to energy efficiency, agricultural research, sustainable land management, transport initiatives, waste and local government. The current programme of complementary measures is under review in light of the introduction of a price based measure as the primary means of achieving emission reductions.