



The Federal Ministry
for the Environment,
Nature Conservation
and Nuclear Safety

Revenues from the Auctioning of Emission Certificates as a Source of Climate Financing

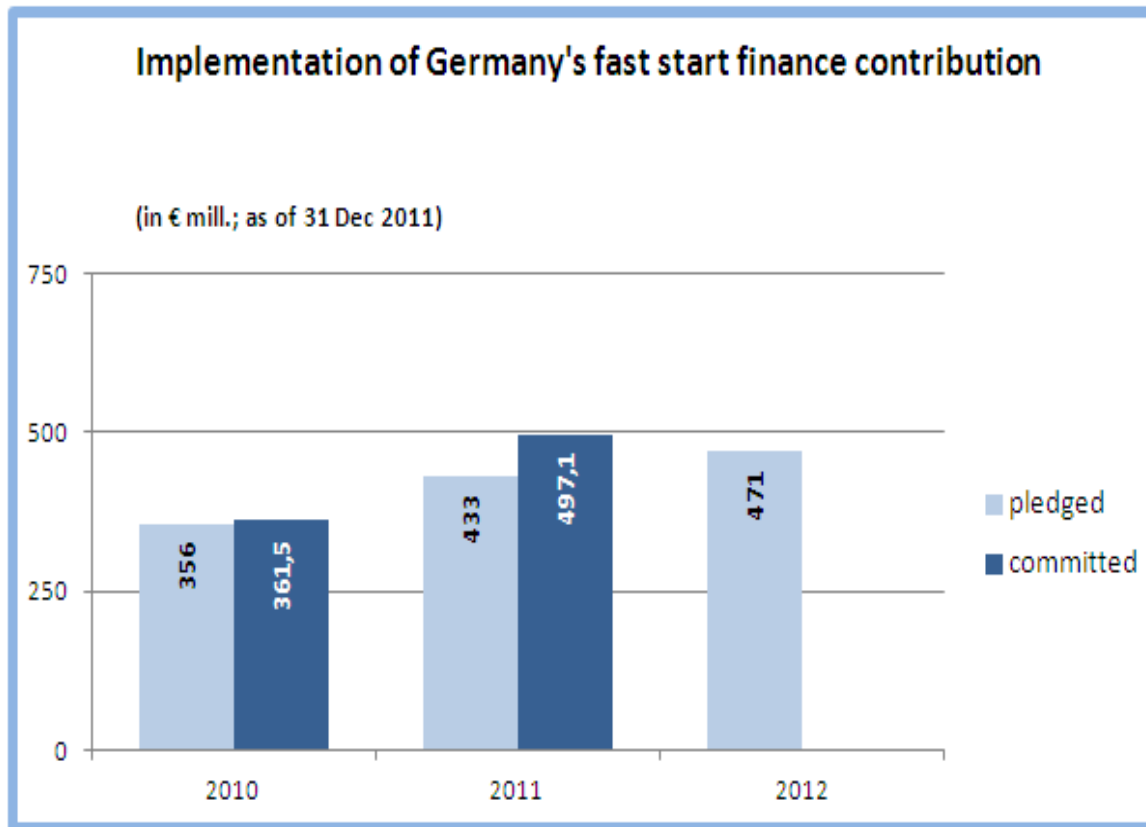
Achieving the Objective of US 100 billion by 2020

WWF / KfW side event 24th May 2012

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Germany's Fast Start Contribution



- Overall FSF goal: 1,26 bn Euros
- In 2010 and 2011 Germany over exceeded its annual targets
- Revenues from auctioning of EU ETS certificates contributed substantially to the positive results in 2010 and 2011.



Innovative sources of climate financing

- High-level Advisory Group on Climate Change Financing (AGF):
 - **Public carbon-market revenues** as one potential source of climate finance: 30 bn \$ /a (carbon price 20-25 \$/t CO₂ in 2020, AGF-report)
 - Can contribute to achieve the long-term climate financing goal of 100 bn p.a. by 2020



Auctioning of EU ETS-certificates under EU regulations

- EU regulations allow for a step-wise increase of auctioning of certificates
- Currently voluntary auctioning of up to 10% of certificate
- From 2013 onwards 100 % of auctioning in the electricity sector, partial auctioning for industry (but exemptions for sectors with carbon leakage risk)



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Auctioning of EU ETS-certificates and use of revenues: The German case I

During the **second trading period** (2008 – 2012):

- Auctioning of 9% = app. 40 mio. certificates
- Results in 2010:
 - around 600 mio. € of additional revenues
 - of this, 460 mio. € for national and international climate action within Environment Ministry
 - 120 mio. € p.a. for international climate activities, forms part of Fast Start



**Establishment of
International Climate Initiative**

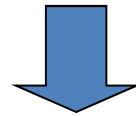


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Auctioning of EU ETS-certificates and use of revenues: The German case II

During the **third trading period** (2013-2020):

- **Full use** of auctioning revenues for climate and energy policy
- **Expected revenues:** around 3 bio. € p.a. as of 2013 (780 mio. in 2012) on the basis of 17 Euro/tCO₂



**Establishment of German Energy and Climate Fund
= earmarked funds**



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German Energy and Climate Fund

German Energy and Climate Fund

National Activities

i.a. Building refurbishment
Energy efficiency
R&D Renewables and
Efficiency
Climate actions in Cities

International Activities

bilateral activities plus
contributions to multilateral
climate funds (GCF)
Adaptation, Mitigation,
REDD+/Biodiversity



Challenges

- How do we deal with the current situation of low carbon prices?
 - To raise the mitigation ambition is key.
- How do we define the relevance of auctioning revenues within a broader strategy to scale up climate financing?
 - Other sources will be needed as well.
- How do we define the use of the revenues in a way that the instrument gains sufficient political support?
 - E.g. by using the revenues for international and national climate activities



Conclusions

- Innovative sources enable an increase of climate finance in periods of tight budget constraints.
- Germany uses auctioning revenues as an innovative source for international climate financing.
- Innovative sources can increase the reliability of international climate finance through diversification of sources.



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Thank you for your attention!

Further information :

bmu.bund.de

www.international-climate-initiative.com

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CO₂ prices went down by 60 %

Preis

