Sector Benchmarks

EU CBAM Webinar
presented by Werner Betzenbichler

Content

Sector Benchmarks

- ✓ Possible Relevance under the CBAM
- ✓ Application of Benchmarks under the EU ETS
- ✓ Boundaries / Scope of Benchmarks
- ✓ ‘Living Benchmarks’

(Possible) Relevance under the CBAM

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To the extent that a sector is covered by the EU ETS, a border measure could be based on similar methodological considerations as for ETS, i.e. benchmark values, unless the exporter certifies a lower carbon content and/or a higher carbon cost at origin.

The Commission will also look at alternative approaches, e.g. defining carbon content of products, taking into account their interaction with existing and future climate policies.

Benchmarks under the EU ETS

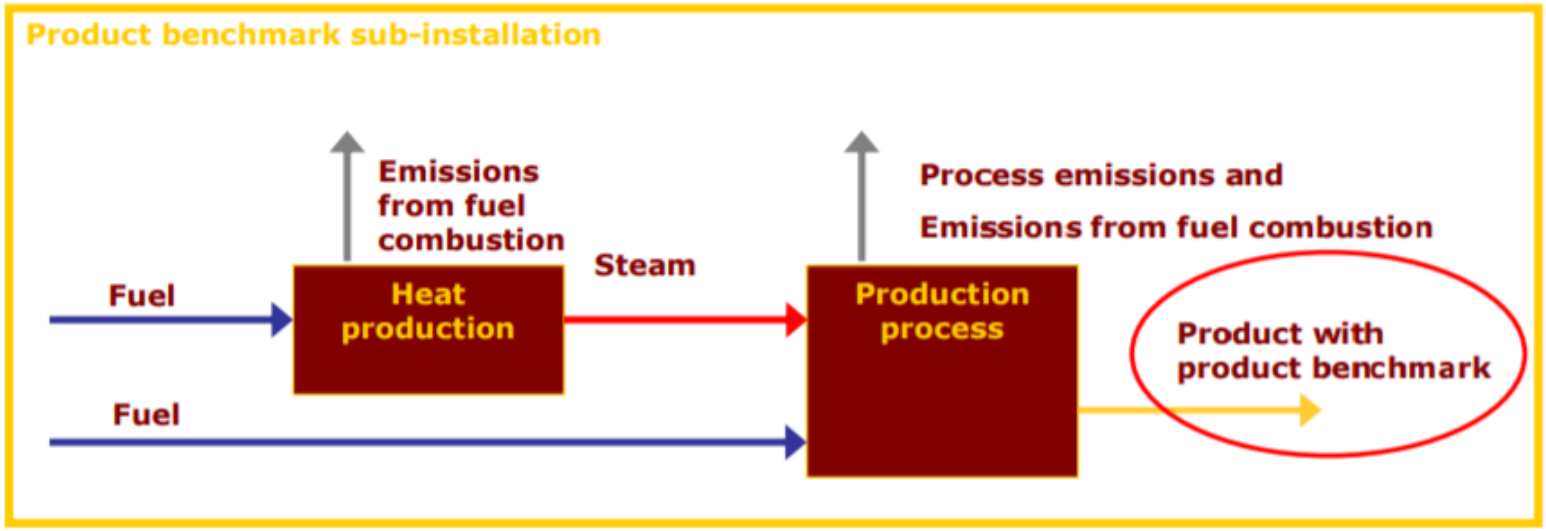
- ✓ In short-term a strong increase in demand by EU costumers on new technology / machinery
  - ✓ 52 product benchmarks
  - ✓ 2 so-called fallback approaches based on heat and fuel (but applicable in most installations for energy generation other than electricity and not covered by the boundaries of the product benchmark)
- ✓ A product benchmark is based on the average greenhouse gas emissions of the best performing 10 % of the installations
- ✓ Data to determine benchmarks is collected and updated with applications for free allocation (in future annually with five years for updating)
- ✓ The benchmarks are based on the principle of 'one product = one benchmark'. It does not vary according to the technology or fuel used, the size of an installation or its geographical location.

Benchmarks under the EU ETS (2)

- ✓ Some examples
  - ✓ Grey cement clinker: 0,766 t $CO_2/t_{Product}$
  - ✓ White cement clinker: 0,987 t $CO_2/t_{Product}$
  - ✓ Float glass: 0,458 t $CO_2/t_{Product}$
  - ✓ Bottles and jars of colorless glass: 0,382 t $CO_2/t_{Product}$
  - ✓ S-PVC (saleable product, 100% purity): 0,085 t $CO_2/t_{Product}$
  - ✓ E-PVC (saleable product, 100% purity): 0,238 t $CO_2/t_{Product}$
  - ✓ Heat benchmark: 62,3 t CO_2/TJ
  - ✓ Fuel benchmark: 56,1 t CO_2/TJ

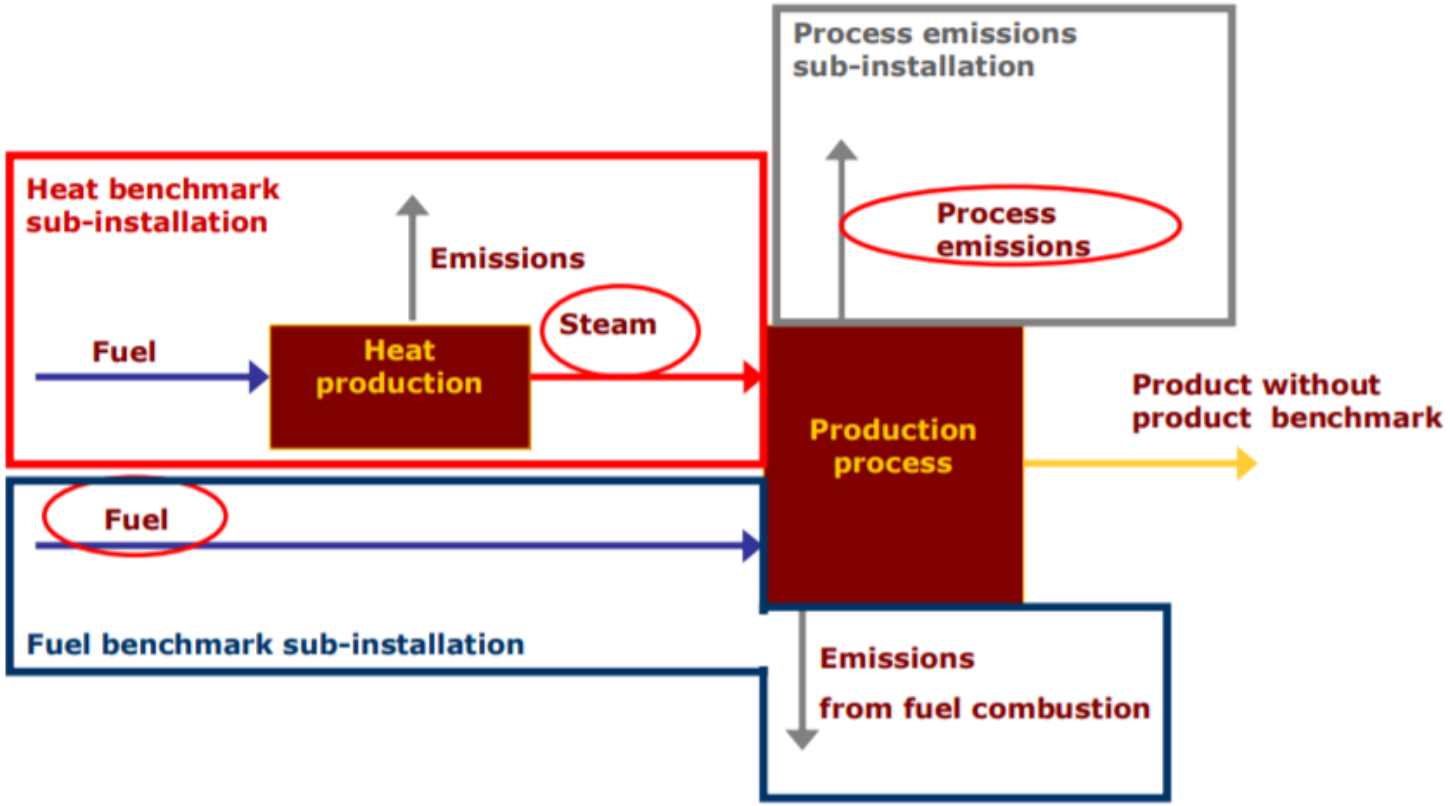
Boundaries / Scope of Benchmarks

Sub-installation in case of production of benchmarked product



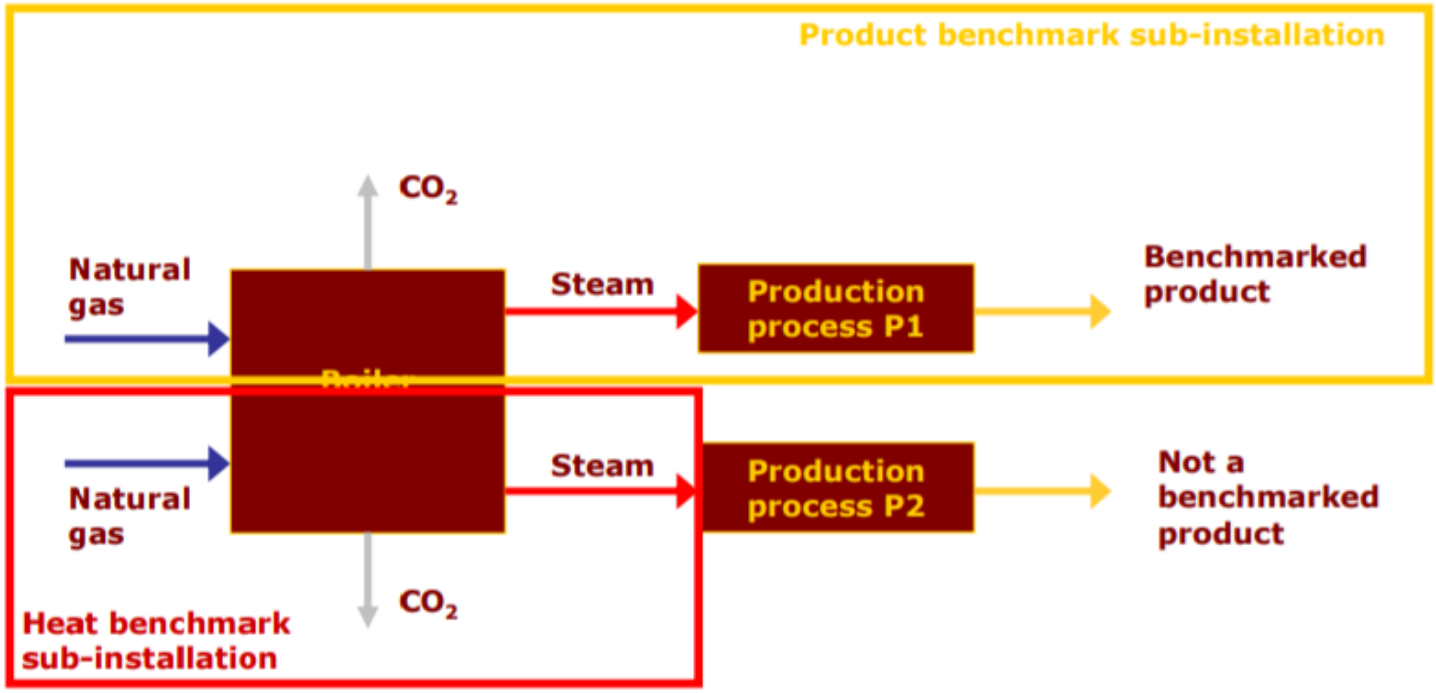
Boundaries / Scope of Benchmarks (2)

Sub-installations in case of production of non-benchmarked products



Boundaries / Scope of Benchmarks (3)

One unit can be part of multiple sub-installations



Boundaries / Scope of Benchmarks (4)

- ✓ High complexity in defining the boundaries of benchmarks
  - ✓ Need for understanding concepts
  - ✓ Need for data collection with reproducible means
  - ✓ Need for verification
- ✓ Some benchmarks cover all operations some not (e.g. inclusion or exclusion of packaging, heating etc.)
- ✓ Sometime benchmarks are adjusted for exchangeability of power and fuel, i.e. benchmarks take into account the emissions for the production of consumed electricity (0.465 t CO_2/MWh)

Living Benchmarks

- ✓ Benchmark values are regularly updated
- ✓ For responding to future regulations it is necessary to consider the expected level in future
- ✓ It will be rather challenging for exporters to the EU in a CBAM based on sector benchmark to follow the progress of updates
- ✓ But also alternative approaches will require tremendous MRV activities

Questions?

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