

Germany

German National Emissions Trading System



TYPE OF TOOL
*Methodology/
Guidelines/
Requirements*



MAIN SECTORS
*Energy;
Transport*



THEME
Green



INFRASTRUCTURE GOVERNANCE PILLARS
Long-term strategic vision

In a nutshell



OBJECTIVE: Germany's national emissions trading system is aimed at contributing to the country's energy transition and supporting climate protection measures.



Agency in charge
German Environment Agency



Levels of government
National



Year of implementation
2021



Current status
Fully operational

Overview

Carbon pricing is a key instrument in the fight against climate change. Putting a price on carbon creates incentives for investing in climate-friendly technology and reducing emissions that harm the climate. As a complement to the EU emissions trading system (EU-ETS), Germany launched its national emissions trading system (nEHS) in 2021 for the heating and transport sectors in order to reduce climate-damaging CO₂ emissions. Until the end of 2022, only major fuels such as petrol, diesel, heating oil, liquefied petroleum gas and natural gas were priced under the nEHS. From 2023, all other fossil fuels, including coal will be included, with fossil fuels used in installations for the incineration of waste priced as of 2024. The nEHS initially has a fixed price set by law until 2025. The fixed price for a nEHS certificate and thus for a tonne of CO₂ started at €25 in 2021, will gradually increase to €45 by 2025, and will transition to an auctioning process from 2026, with a one-year price corridor in 2026 between €55 and €65. Since sales began in October 2021, around 287 million nEHS certificates have been sold on the European Energy Exchange (EEX) at a fixed price of 25 euros and valued at a total of 7.2 billion euros. Additionally, the EU-ETS generated 5.3 billion euros for Germany through auctioning in 2021.

All revenues from the EU ETS and the nEHS flow into the Energy and Climate Fund. The fund supports climate protection measures, including renewable energies, energy efficiency investments, national and international climate protection projects, electromobility and the further development of the National Action Plan for Energy Efficiency. For the financial year 2021, €4.7 billion from nEHS proceeds was also used from the energy and climate fund to reduce the Renewable Energy Sources Act (EEG) surcharge. This contribution curbed the increase in electricity prices in Germany.

REFERENCES:

- Umweltbundesamt (2022), Emissionshandel 2021 mit Rekordeinnahmen von über 12 Milliarden Euro, <https://www.umweltbundesamt.de/presse/pressemitteilungen/emissionshandel-2021-rekordeinnahmen-von-ueber-12>