



European Union Emissions Trading Scheme (EU ETS)

The EU ETS is a cap-and-trade system proceeding in three phases. The first phase was launched in January of 2005. It is now in phase II, with phase III scheduled to begin in 2013. It comprises all EU member states. Each phase progressively broadens coverage and types of GHG emissions under a trading system. It transitions from initial free allocation of carbon emission permits to eventual full auction; from individual, member-state hard caps to a single, system-wide hard cap. Carbon emissions trading began in phase I and is currently underway in phase II.

North American Regional initiatives

There are three regional emission reduction groupings in the US. Two of which have more than one Canadian province as members. They are:

Western Climate Initiative (WCI)

WCI is a cap-and-trade system involving six western states, including California, and four Canadian provinces as members. These include British Columbia, Manitoba, Ontario and Quebec as members, and Saskatchewan as an observer. The first phase of the system is scheduled for launch on January 1, 2012. The system will include a minimum of 25% auction of permits by 2020, with an expanded cap in Phase II (beginning 2015).

Regional Greenhouse Gas Initiative (RGGI)

RGGI is a regional initiative by states in the Northeastern US to reduce CO₂ emissions in electricity generation. RGGI is a cap-and-trade system which is limited to utilities and other power generators. Ten US states are members while Quebec and the Atlantic provinces are observers. The system includes a minimum of 25% auction for each member from commencement of the initiative. The system was launched January 1, 2009, with carbon trading currently underway and auctions initiated in September 2008.

United States

The US has not formally embarked upon a carbon emissions trading system at the federal level, but the Obama administration's platform called for a cap-and-trade system. Initiatives are also underway in the U.S. Congress, including a bill in the House of Representatives (Waxman-Markey Bill) which would establish a cap-and-trade system. President Obama's first budget called for an economy-wide cap-and-trade system with full auction and highlighted revenue from auctioning of carbon emission permits in 2012.

Australia Carbon Pollution Reduction Scheme

The Australia Carbon Pollution Reduction Scheme is a cap-and-trade system scheduled to be launched in 2010. Like the NRTEE's proposed system, it is a unified, national cap-and-trade system, designed to link with other international systems. The proposed system will begin with 70% auction, eventually transitioning to full auction of permits. Legislation to establish the system is before the Australian Parliament.



INTERNATIONAL TRADING SYSTEMS



	GHG Coverage	Scope of Coverage	Cap	Auction & Trading	Other Design Elements	Status
NRTEE national cap-and-trade	CO ₂ e	Economy-wide (minor exemptions until 2020)	Single, national hard cap by 2015 Permits allocated by a central authority	Initial free allocation Full auction by 2020	Phase-out of domestic offsets by 2015 (limited international offsets allowed throughout); Complementary regulatory policies for certain sectors; Banking of permits; Price ceiling and price floor;	Released April , 2009
EU ETS - Phase II (2008 - 2012)	CO ₂	Mainly large emitters	Each member state has its own hard cap Each member state allocates permits	Mostly free allocation Limited auction determined by member states	No domestic offsets (some international); Complementary policies	Phase I launched January, 2005; Currently in Phase II (2008 – 2012)
EU ETS Phase III 2013-2020	CO ₂ e	Mainly large emitters	Single hard cap covering all member states Permits allocated by a central authority	Transition to greater auction for large emitters (70% in 2020)	Details still being negotiated but may include “flexibility” mechanisms (e.g. banking of permits, international offsets); Complementary policies	Phase III begins 2013 and ends 2020
February 2009 U.S. President’s Budget	Greenhouse gases (undefined)	“Economy-wide”	Hard cap	Full auction (February Budget proposal cites auction revenue by 2012)	Unknown	Budget statement only
United States – Waxman-Markey Bill	CO ₂ e	Economy-wide	Hard cap Bill does not address allocation of permits	Unknown	Limited domestic and international offsets; Banking/borrowing of permits; Complementary policies; Potential for order adjustments	Bill introduced in U.S. House of Representatives, March, 2009
WCI cap-and-trade	CO ₂ e	Large emitters; expanding to rest of economy by 2015	Hard cap Permits allocated by each member	Minimum 25% auction for each member by 2020	Domestic and international offsets limited to 49% up to 2020; Complementary policies	Launch date: January 1, 2012 (Phase 1) Phase II with expanded cap beginning 2015
RGGI cap-and-trade	CO ₂	Electricity generators	Hard cap Permits allocated by each member	Minimum 25% auction for each member	Offsets limited to 3% for individual power plants	Launched January 1, 2009; Quarterly auctions since Sept. 08
Australia Carbon Pollution Reduction Scheme	CO ₂ e	Economy-wide (minor exemptions)	Hard cap Permits allocated by a central authority	Initial 70% auction Eventual transition to full auction (date not set)	Limited domestic offsets; Linkage to international systems; Complementary policies	Launch date: July 1, 2010; Bill before Parliament