



Enforcement of Greenhouse Gas Emissions Trading in Europe

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Emissions trading:

- Effective and efficient regulatory intervention
- However: important design issues





**Adequate
Enforcement
Provisions**

Price-driven decision making:

- Incentive for cost-effectiveness
- Incentive for non-compliance

Compliance: a precondition for letting the market work





Acid rain allowance trading (successful practical example)

- Some copy and paste by the EU
- However, important differences between the legal systems and cultures of the USA and the EU



• And, different characteristics of the polluting substances

Enforcement instruments

directive harmonizes the enforcement approach to quite a large extent

- **Control:**
 - greenhouse gas permit -> monitoring, reporting, verification
- **Restoration / punishment:**
 - naming and shaming, excess emissions penalty, to compensate over excess allowances, prohibition to trade

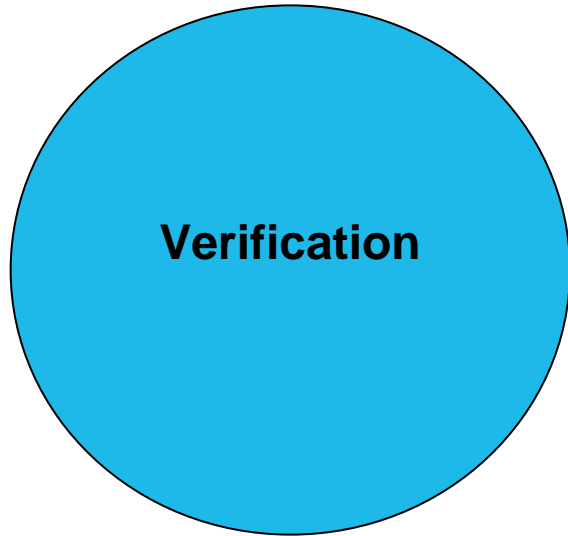
Are the enforcement regimes and practices of the MS well developed?

Critical issues



- 1. Monitoring approach was not yet sufficient clear when the scheme started**
 - How to deal with the choice between accuracy and costs?
 - Different applications among MS?
 - (No) control by third parties?

Critical issues



2. Verification: useful new enforcement provision, or just a cumbersome and over costly additional tool?

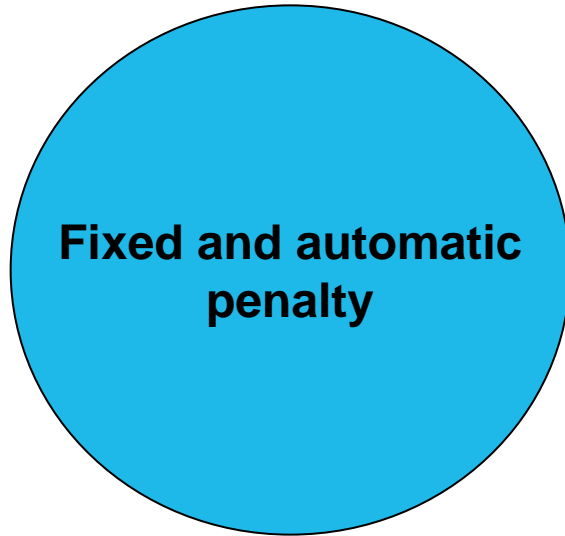
Critical issues



3. Why is naming and shaming useful?

No fundamental discussion

Critical issues

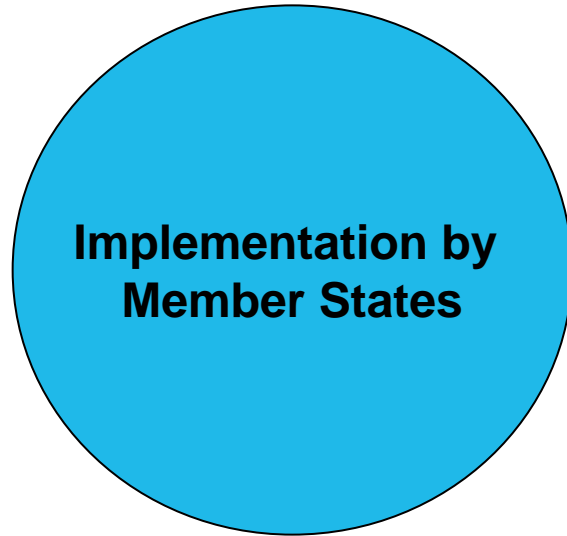


4. How perfect is the current design of the penalty?

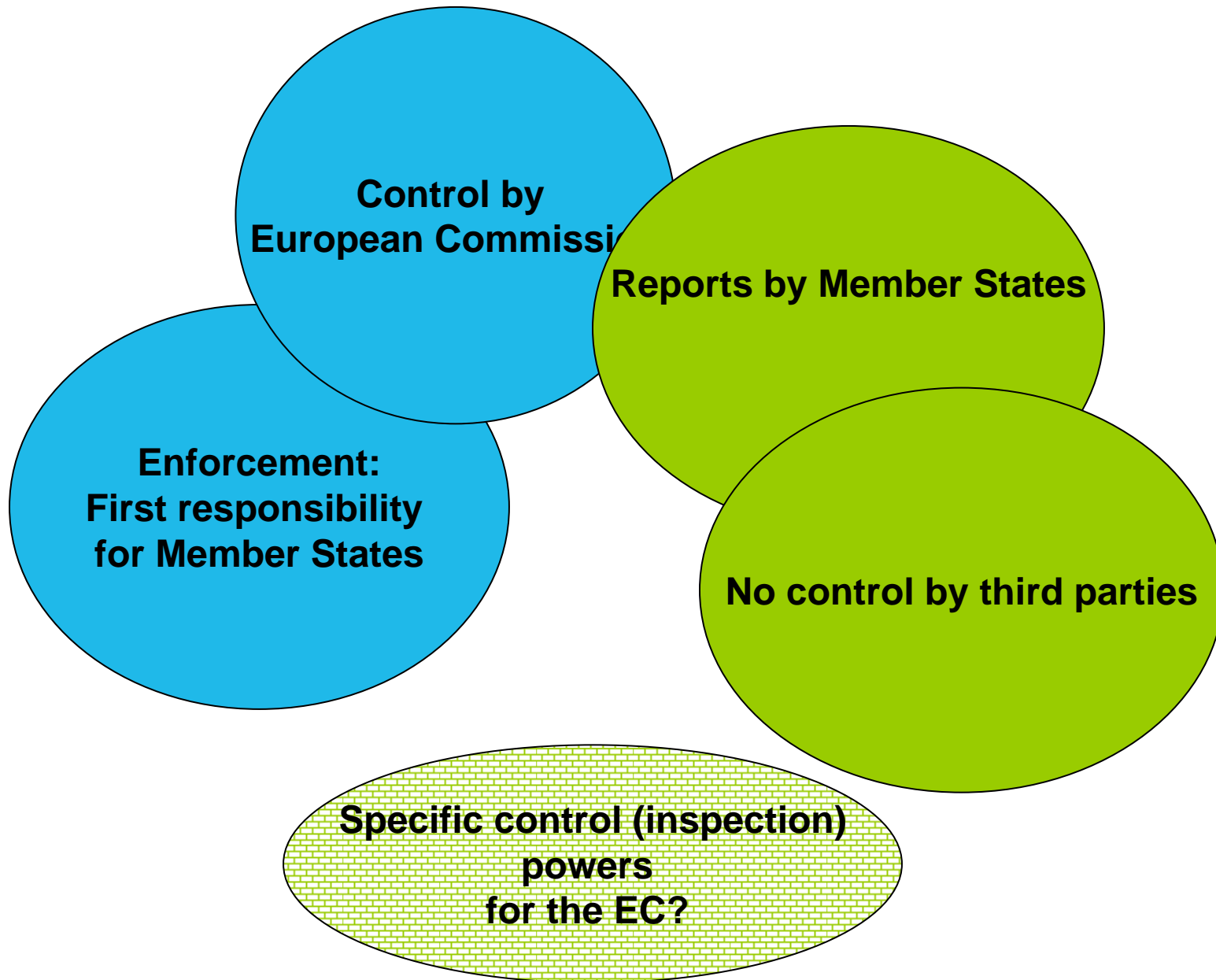
Deterrent enough?

No account of culpability, circumstances

Critical issues



**5. National legal provisions,
administrative organisation,
capacity and enforcement culture**



Thank you