



Emission Trading Schemes

Emissions trading is a mechanism established to cost-effectively reduce emissions and meet Kyoto Protocol commitments.

An emission trading programme allows for sale or transfer of achieved greenhouse gas (GHG) emission reductions. Countries, companies, and organisations that participate in an international or national emission trading scheme have the flexibility to determine the most economic means to reduce their emissions.

Consequently, greenhouse gas emissions could have a direct impact on the value of your company's assets and liabilities.

What is emissions trading?

Emissions trading in itself represents cooperation between two countries, companies or organisations that have reduction commitments. Any company in a country that has reduced its emissions below the determined commitment can sell its surplus units to another company in a country that may find it more difficult to reduce its emissions and meet its reduction commitment. There are both international and national programmes that cover emissions trading.

What are the benefits?

Emissions trading allows for the sale or transfer of achieved greenhouse gas emission reductions or removals by countries, companies, and organisations.

A trading programme can help you reach your emission reduction targets. The programme provides countries, companies, and organisations with flexibility to determine the most economic means to reduce its emissions.

The European Directive on Emission Trading

In 2002, the European Union (EU) and all its Member States ratified the Kyoto Protocol, committing them to reduce greenhouse gas emissions by 8%.

To help honour their commitment, the European Commission agreed upon the European Directive on emissions Trading (EU ETS) in July 2003.

This programme covers emissions from certain installations in the energy, metals, minerals, and pulp and paper sectors.

The EU ETS and other national programmes cover thousands companies that emit CO₂.

These companies are allocated emission allowances from January 1, 2005. An Annual Emission Verification of your company's annual emissions is required under the EU ETS. It determines whether you are in compliance with your allowance.

The EU ETS is expected to link up with other national and international programmes, as these are established.

How we can help you

DNV has developed a number of trading-related climate change services that will help you comply with the EU ETS requirements:

1. Review of greenhouse gas monitoring and reporting systems.

The EU ETS requires that greenhouse gas emissions from your installation are verified annually. DNV has developed a robust audit process and employs sectoral expertise for the verification of corporate greenhouse gas monitoring and reporting systems. The required independent review confirms whether your company is monitoring and reporting greenhouse gas emissions as prescribed by the EU guidelines. This allows you to carry out any necessary adjustments before the year-end audit and reconciliation of emissions.

2. Emission Baseline Verification.

Verification of base year emissions increases the credibility of the emissions data that might be used by national authorities for your company's allocation of allowances. An independent verification of your emission base year emissions can provide you with precise arguments the authorities can take into account during the allocation of your allowances.

3. Assessment of your current emission inventory.

An independent assessment of your current emission inventory gives an overview of your business' current emissions.

4. Annual Emission Verification.

Under the EU ETS, verification of your installations' annual emissions is required to determine whether you are in compliance with your allowance. DNV can work with you to schedule a cost-effective verification process.

Our expertise

Our climate change specialists have a broad greenhouse gas verification and certification expertise combined with specific industry knowledge. As a leading independent greenhouse verifier operating globally, we believe in a partnership approach that benefits you and your organisation.