



Centre for Energy and Environmental Markets



## The concept of the Additional Action Reserve

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ecee Summer Study, La Colle sur Loup, France, 5th of June 2009

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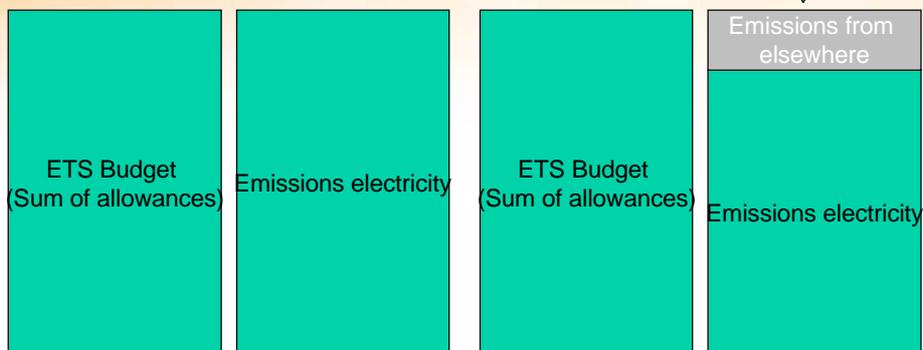


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## Problem

Energy savings will not lead to reductions to the atmosphere as the ETS budget stays the same



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## Solutions

- Take additional savings in cap setting into account (will politicians do this?)
- Buy allowances and cancel them, instead of energy savings (boring and you can not see any action!)
- Additional Action Reserve

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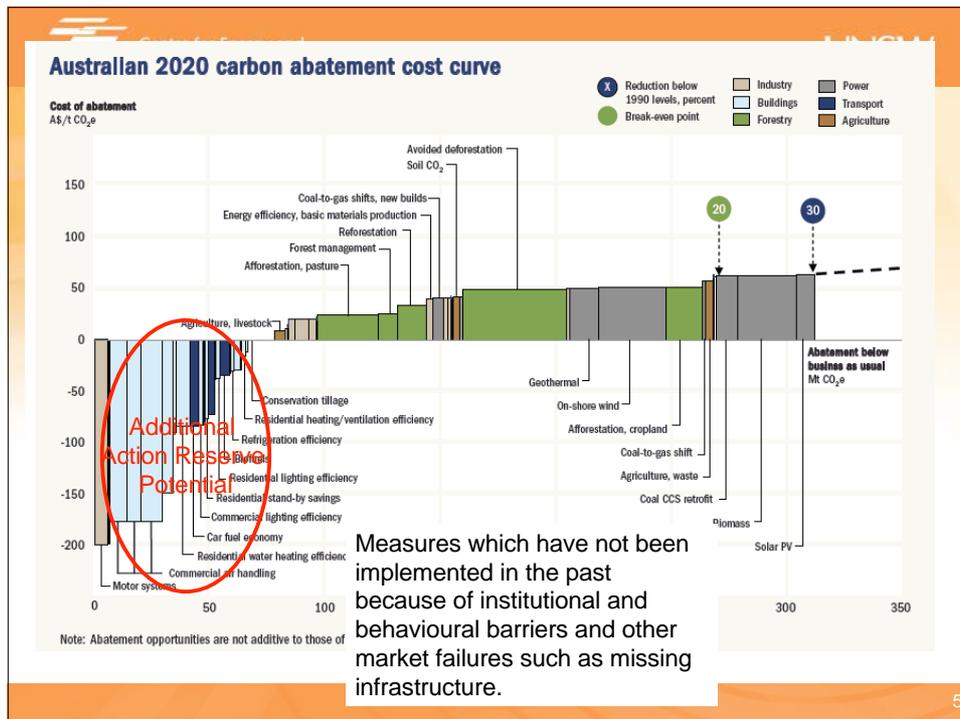


## Additional Action Reserve

- Set a new emission target by including additional potential reductions (e.g. for a target of -20%, now increase it to -30%)
- Set aside these additional required reductions in a reserve. Thus instead of a allocation, for example, of 80% of Allowances to industry, now only allocate 70% and put 10% in a reserve.
- Create a Positive List (PL) of measures, which can constitute those additional reductions, and which are selected on the basis that they would not beyond reasonable likelihood be driven by the ETS (ie. the carbon price from the ETS would not result in significant implementation).
- When the compliance period is over, the additional action measures that have been implemented and reductions have been demonstrated will be verified. The equivalent number of permits to the reductions will then be cancelled from the reserve.
- If the aggregated reductions do not use up the reserve, the remaining AEU's will be auctioned off

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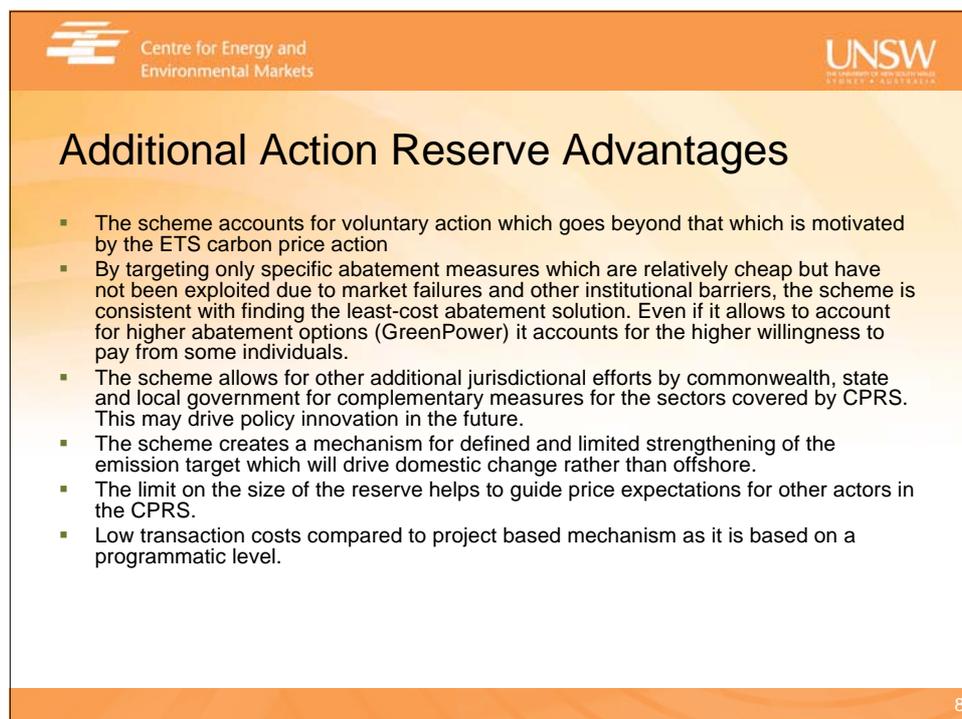
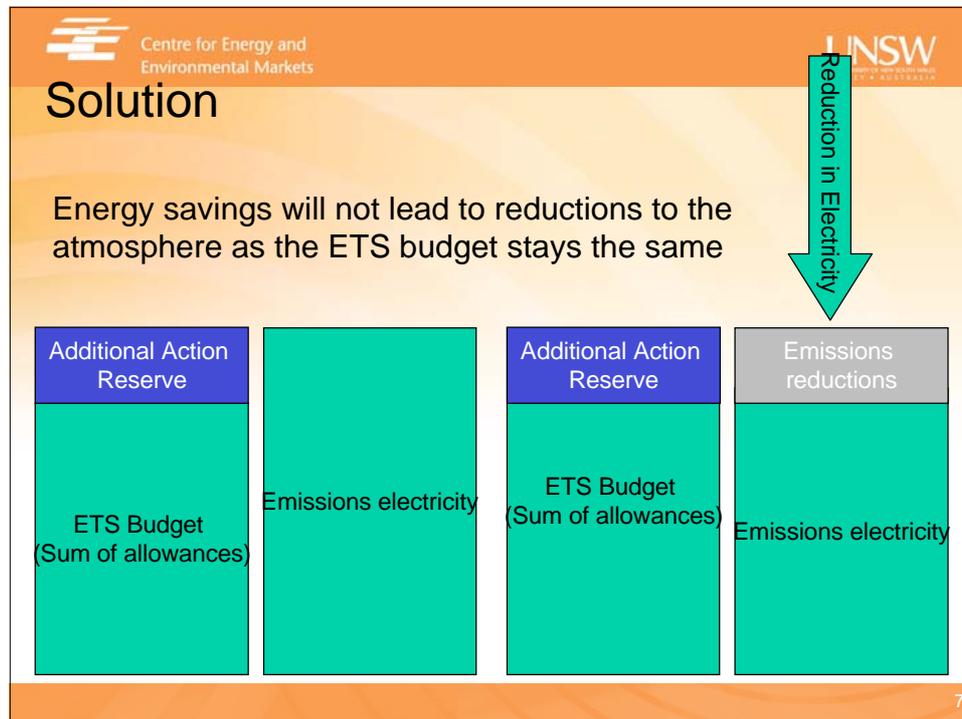
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## Positive List

- GreenPower.
- Additional renewable energy deployment driven by policies.
- Energy Efficiency Programmes overcoming major barriers on State and Federal level.
- Biochar trials.
- Low emission demonstration projects.
- Greenfleet projects.
- Electrical vehicles.
- Public transport roll outs.
- Green new deal policies which lead to emission reductions.

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