

Shell Climate Change



# EU-ETS National Allocation Plans

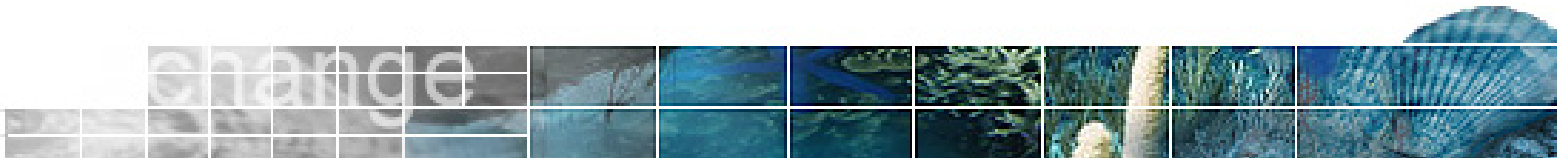
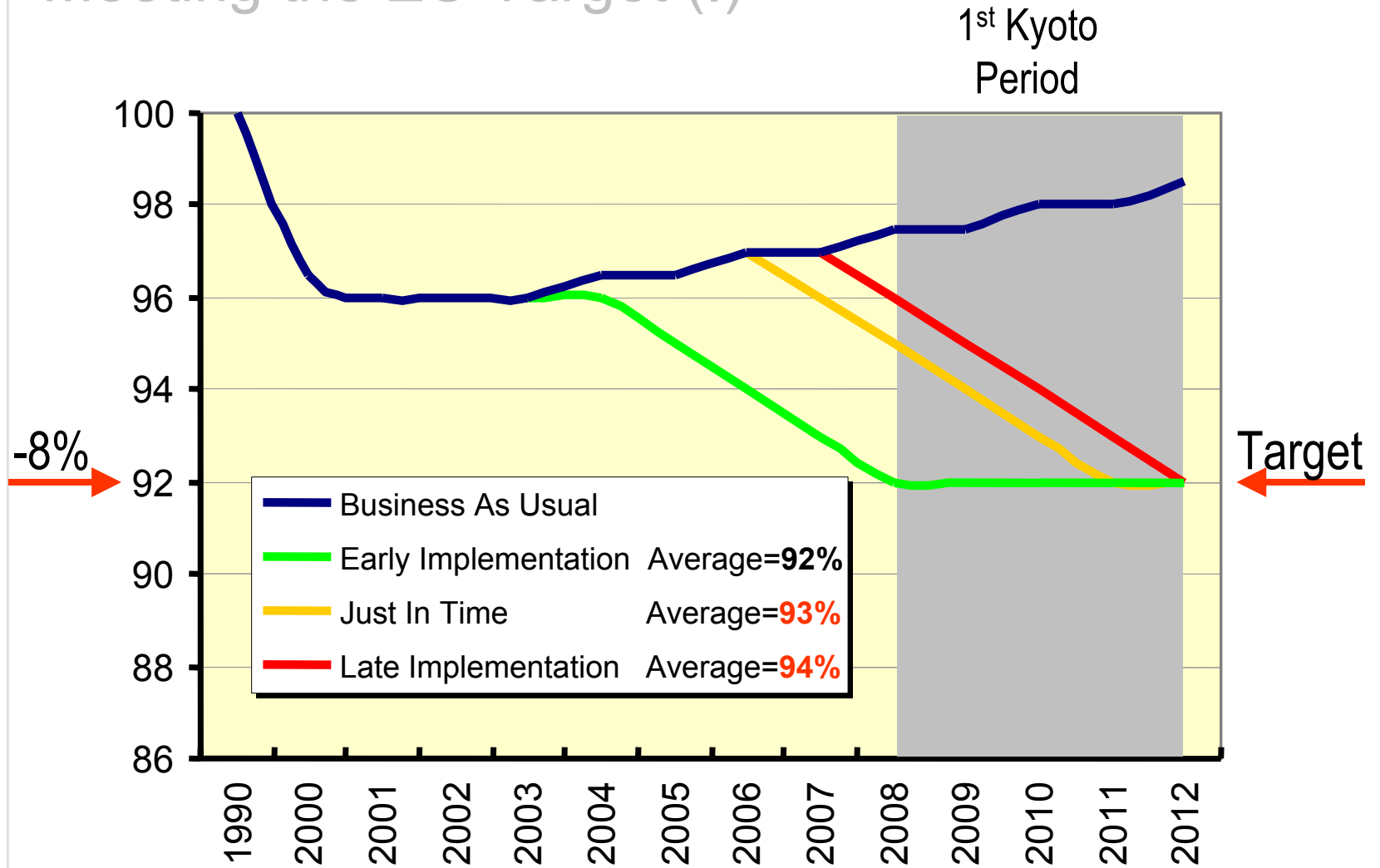
David Hone  
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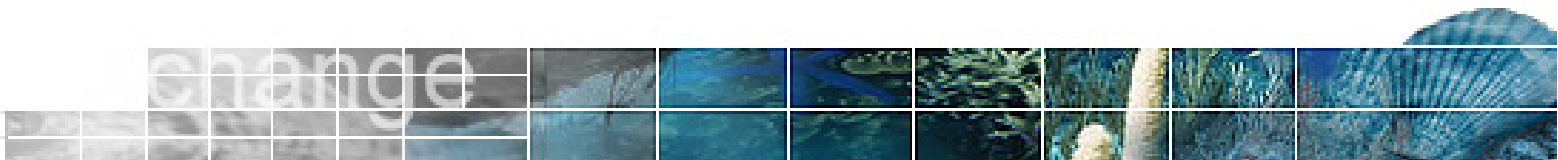
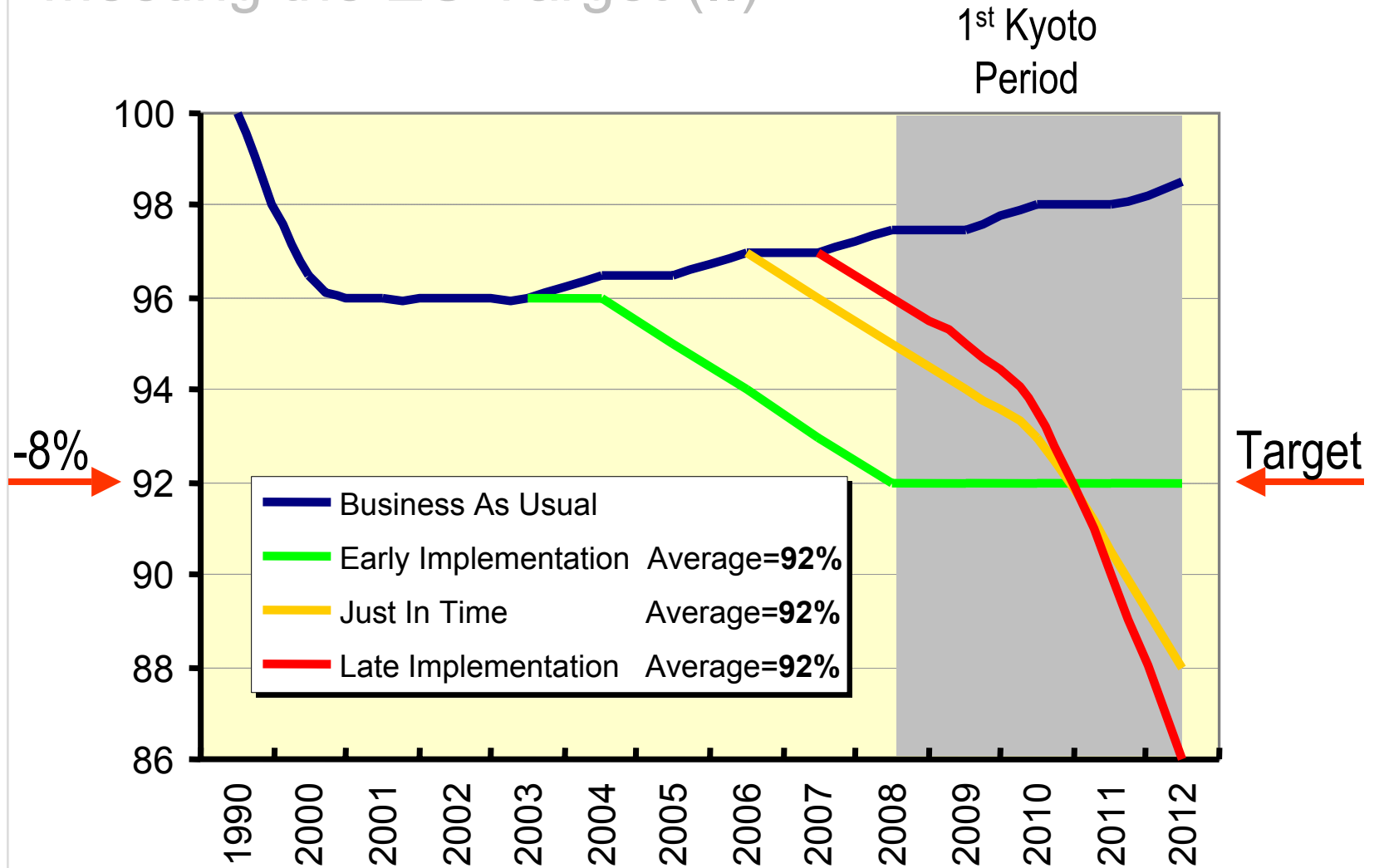


# Meeting the EU Target (I)





## Meeting the EU Target (II)



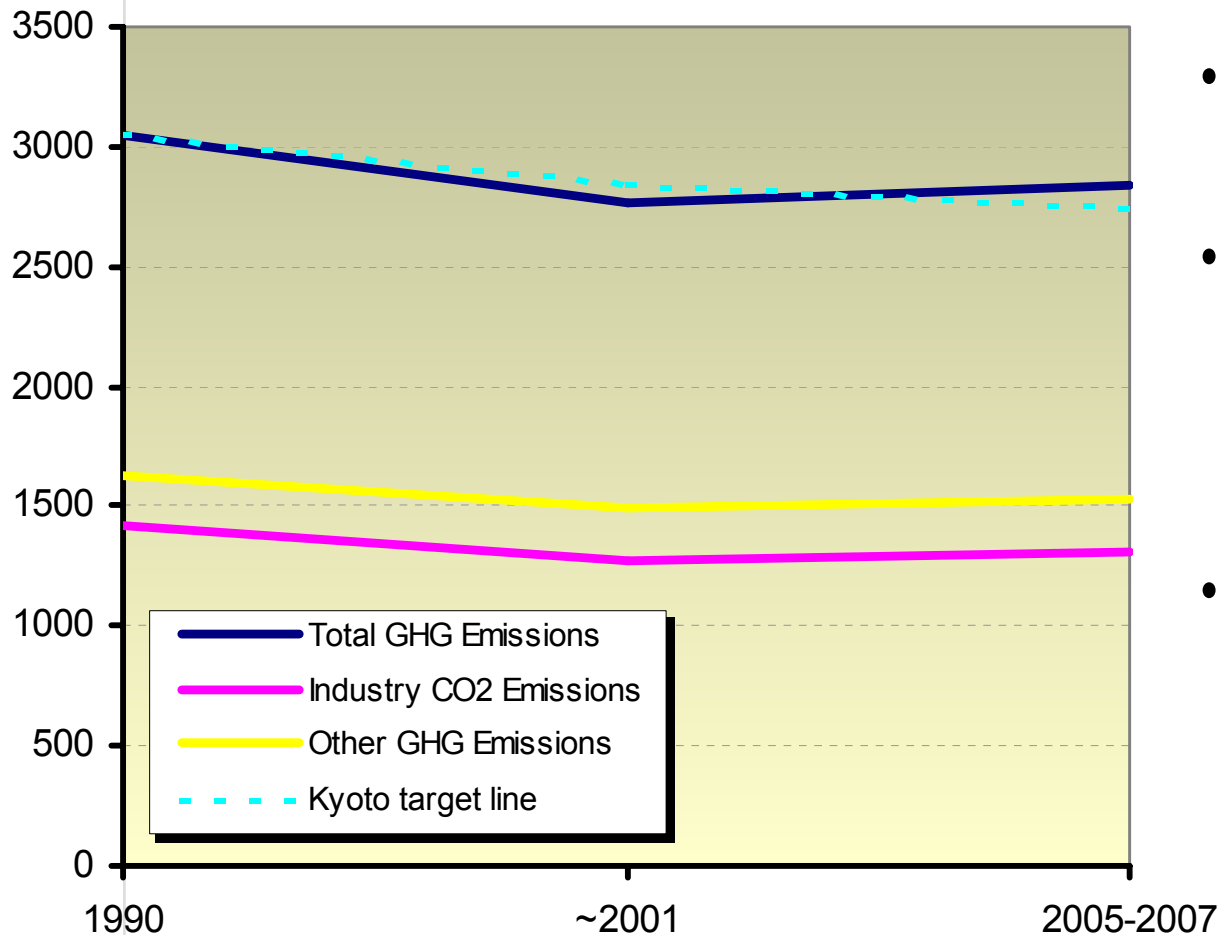
## NAPs available for this presentation (of EU-15)

- Austria
- Denmark
- Finland
- Germany
- Ireland
- Italy
- Luxembourg
- Netherlands
- Sweden
- United Kingdom

Thanks to IETA for  
compiling the NAP data



## NAPs for 2005-2007 (previous list)

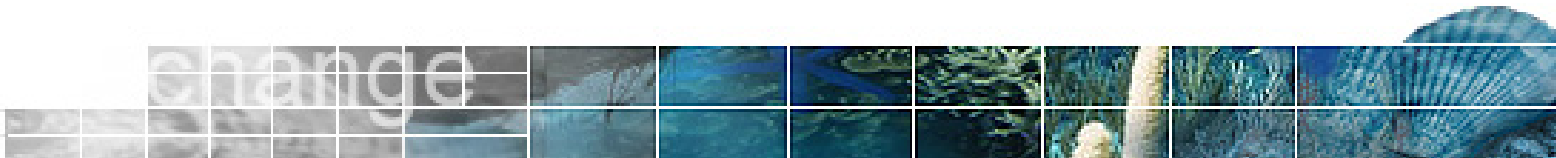
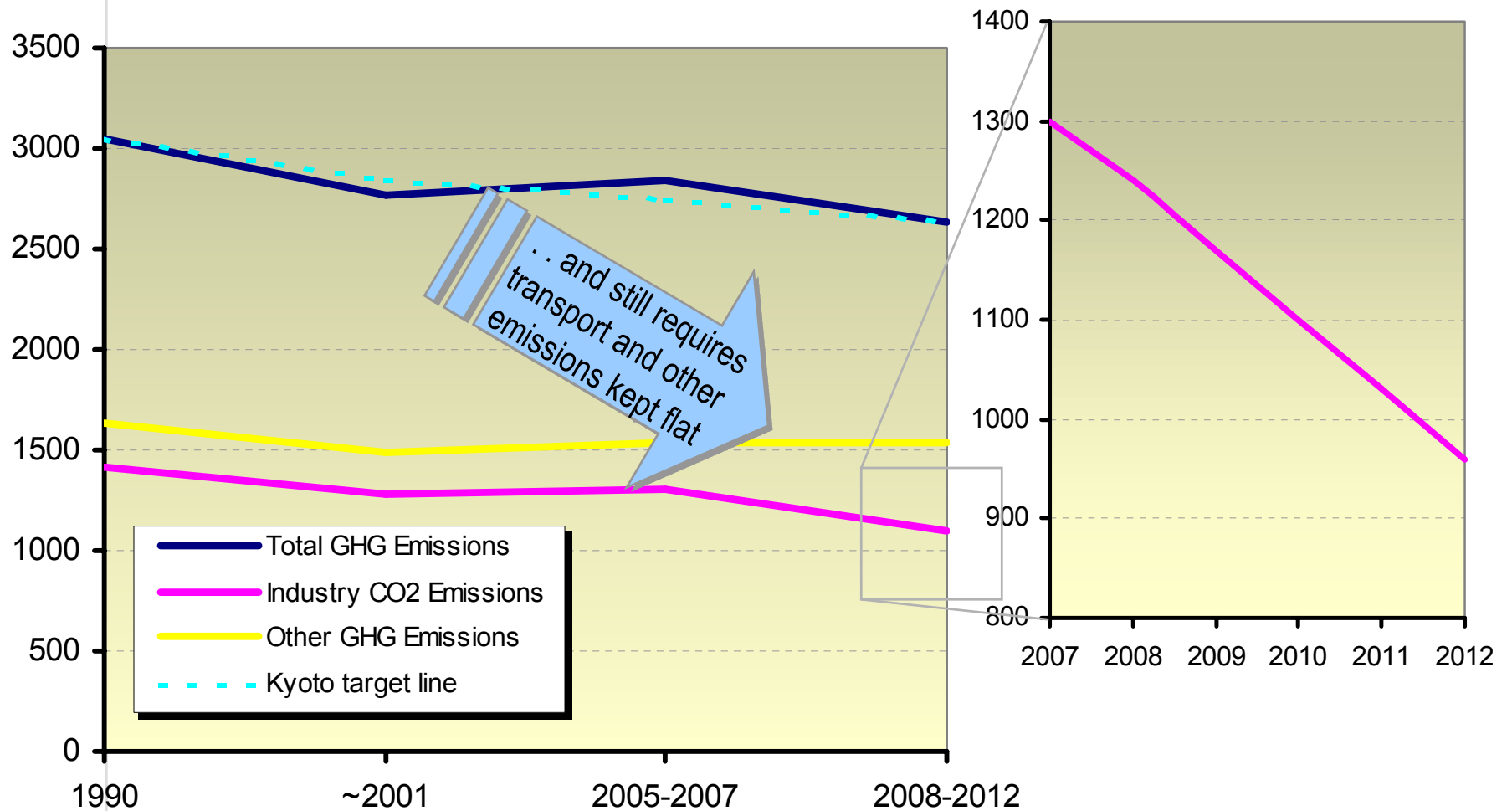


- Flat industry profile through the period.
- Remaining upward pressure on other emissions (e.g. transport).
- Possible overall rise in GHGs from current levels

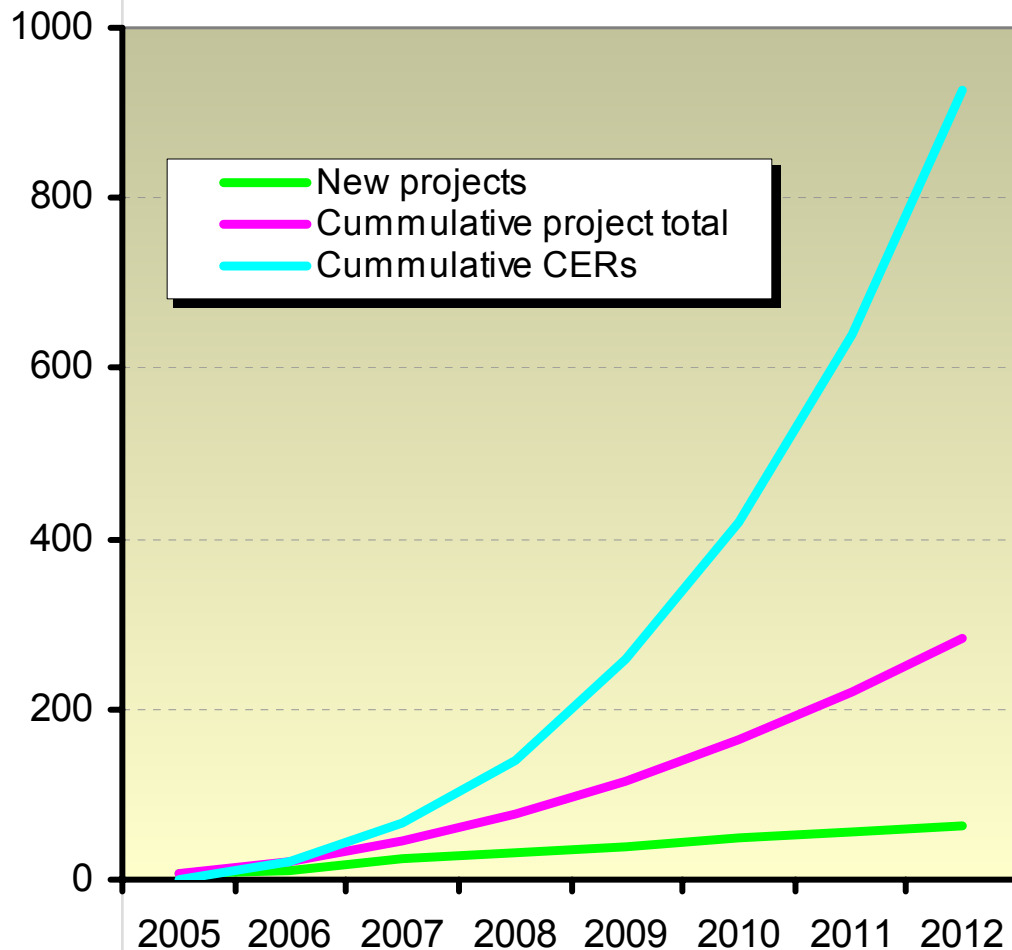




... which could leave a challenge for 2008-2012



...and/or puts pressure on CDM to deliver



- Need to start delivering CERs from 2005 for cumulative benefit.
- EU portfolio of 284\* million tonnes of reductions by 2012.
- Cumulative benefit allows industry to maintain a flat domestic profile through to 2012.

\*For those countries listed previously

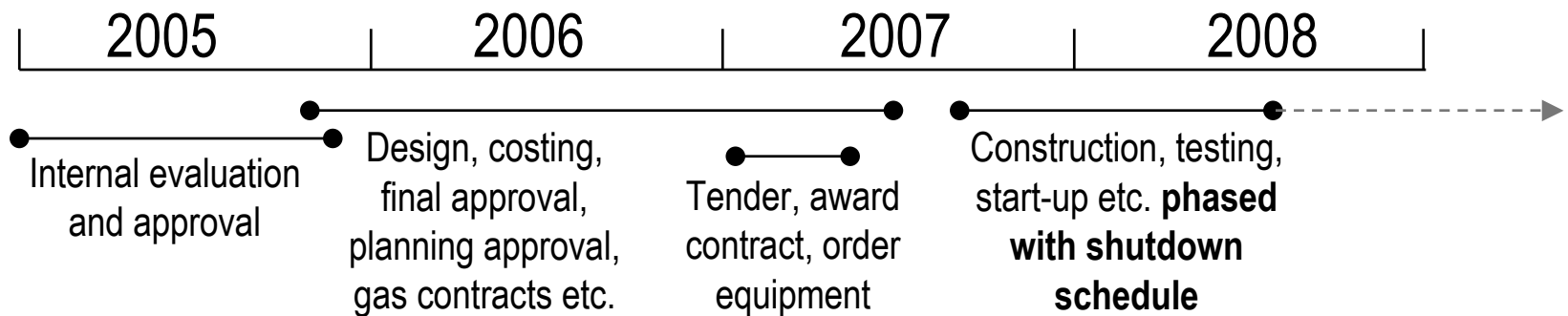


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## Project Timelines

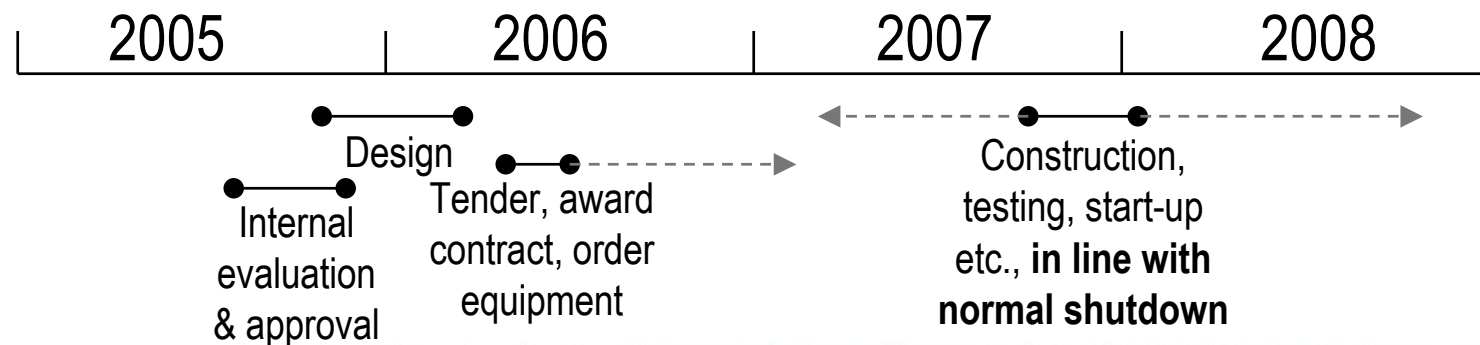
### Major Project: Oil to Gas Switch in a refinery

10 % emissions saving at the site



### Minor Project: Furnace air-preheater

1-2 % emissions saving at the site



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## Emission reduction projects take time . . .

**Major projects** can take 3-4+ years due to;

- Capital allocation and approval process.
- Planning approval, stakeholder engagement etc.
- Construction lead times.
- Alignment with facility shutdown schedule\*

Even **minor projects** can take up to 4 years due to;

- Alignment with the facility shutdown schedule\*

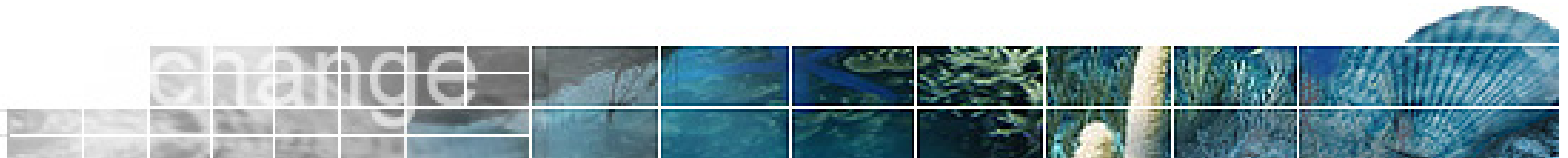
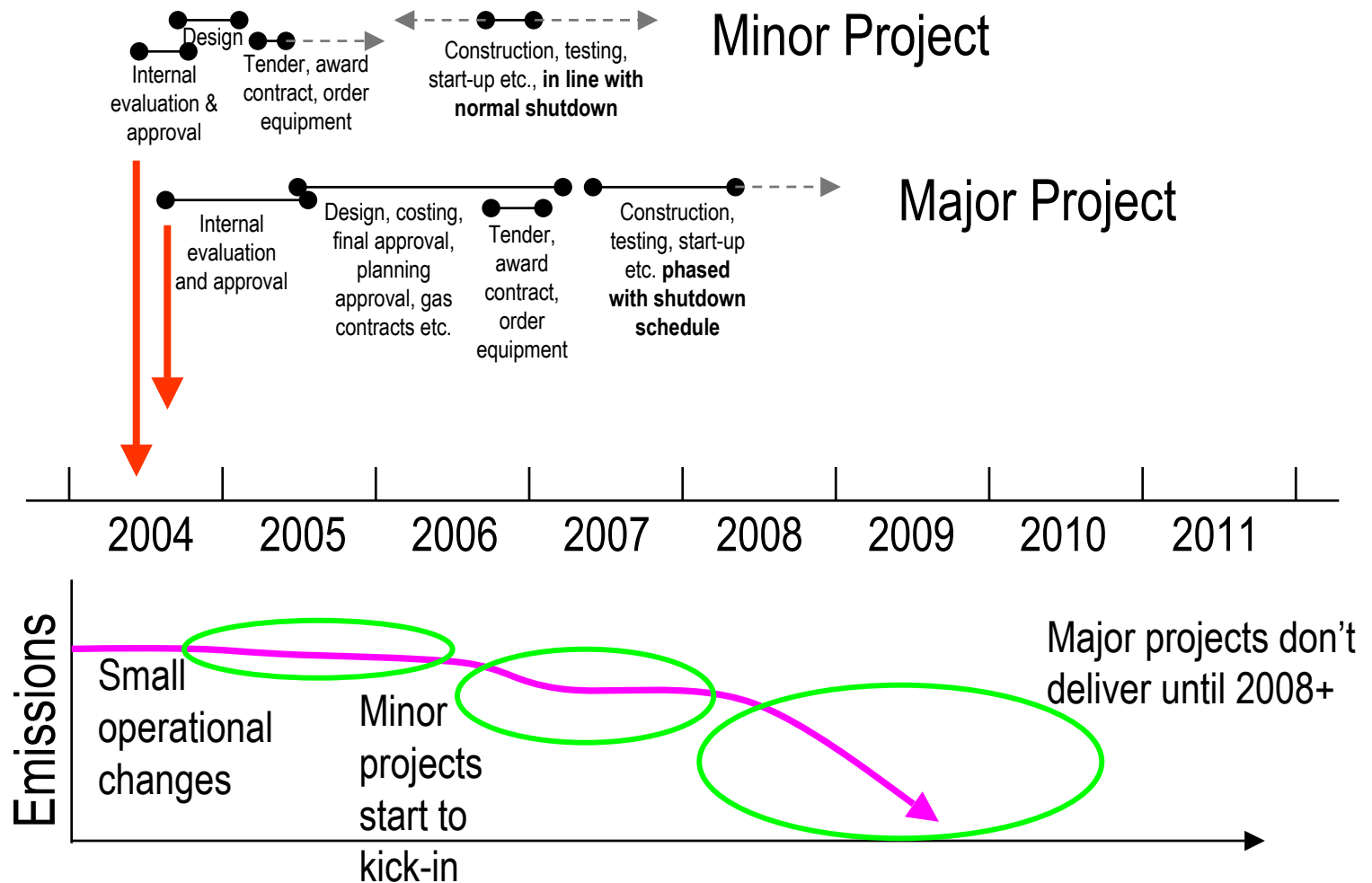
\* A refinery will have a major shutdown every 3-4 years. On average, expect a lead-time of 2+ years for a minor project.



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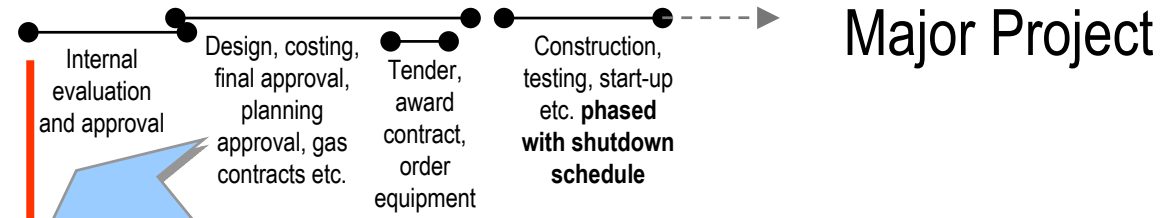


... and explains the modest NAPs for 2005-2007

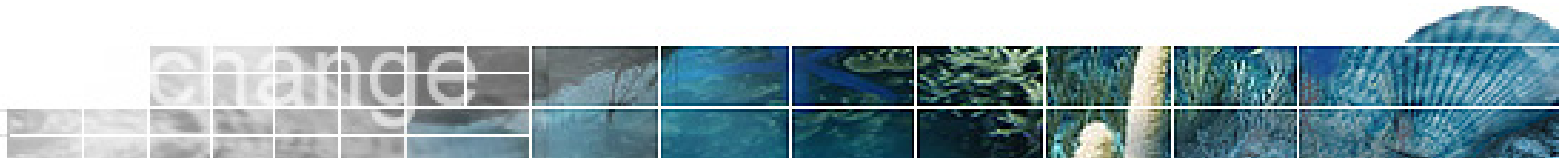
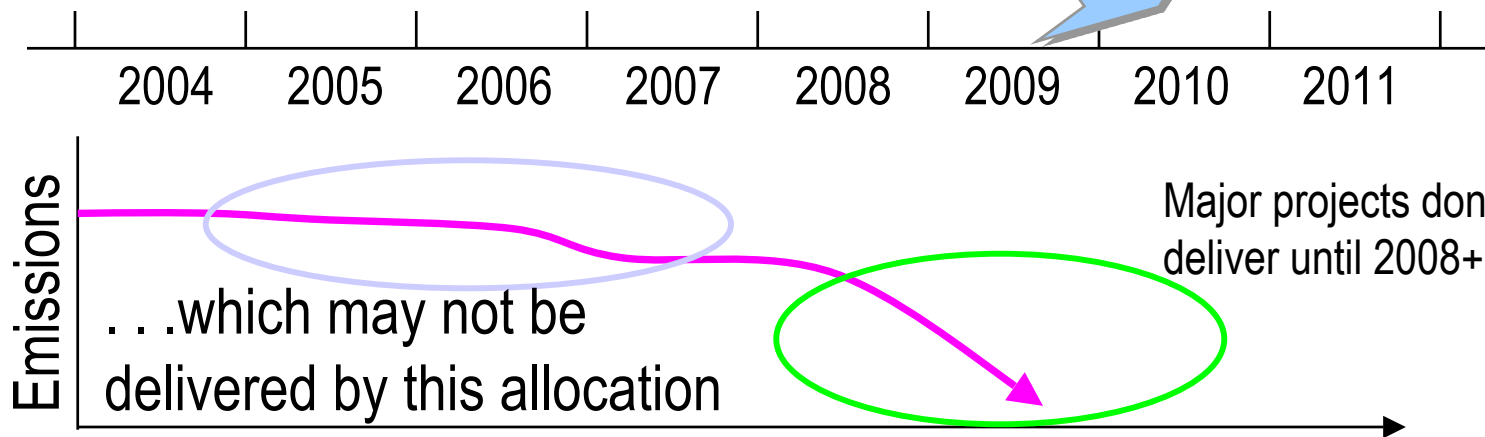




... but poses a dilemma for the EU-ETS



This approval process needs a clear future price signal



## Conclusions

- Planning needs to start now to get sufficient domestic and international projects underway for compliance.
- The market needs to trigger investment in emissions reduction for 2008+, even though the call on industry for 2005-2007 is modest.
- Industry needs early clarity on 2008-2012 (and beyond) allocation to spearhead the project development cycle.



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