

## EDITORIAL

### NOx & SO2 trading: off to a bad start

After it was abandoned in 2007 in the IPPC review context, the idea to introduce a market based instrument for NOx & SO2 emissions abatement is, like the Loch Ness monster, showing its head again. In spite of the clear opposition of many stakeholders, the European Commission has commissioned 2 studies with ENTEC, one dealing with the basic concept of NOx & SO2 trading for IPPC installations in the EU, the other with the economic impact.

The question is not whether, on the merits, NOx & SO2 trading is, in itself, a good idea. The question is rather whether its introduction in a field as densely regulated as industrial emissions in the EU would make economic and environmental sense. Impact assessment is the tool to answer such questions but, in the present case, it looks like the studies that have been undertaken are there to justify pre-cooked policy decisions that have already been made. A clear breach, in our view, of the European Commission's own Impact Assessment Guidelines. Furthermore, the first ENTEC study, the results of which were released and presented at a stakeholder meeting in February, is fraught with mistakes which undermine its credibility.

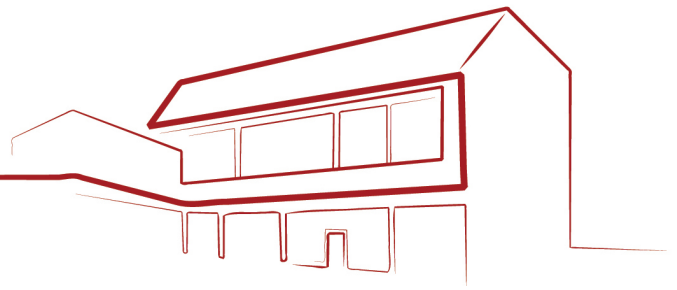
CEMBUREAU was surprised to read in the study that the cement industry appears to be the sector in which a NOx & SO2 trading scheme would make most sense.

The study indeed concludes that a huge reduction of emissions is potentially achievable and relatively cheap if a trading scheme is applied to the cement sector. Unfortunately, this conclusion is based on questionable assumptions which, in spite of CEMBUREAU's insistence, have been stubbornly maintained.

ENTEAC has calculated the average emission of a plant by dividing total emissions by the number of installations, **thus ignoring CEMBUREAU's point about considering whether there actually is - or not - a need for additional end-of-pipe abatement at installation level.** The result is that more abatement potential for the cement industry was assumed than is actually possible.

This is even **clearer for SO2.** In the cement industry, SO2 emissions are directly related to the sulphur content of the raw materials. Therefore EU-wide emission levels from cement plants are overall low. Most plants do not need any additional end-of-pipe abatement measures to operate according to BAT.

ENTEAC never asked CEMBUREAU for site specific information. This factor has led ENTEAC to conclude that plants with the lowest emissions are equipped with the most advanced abatement techniques. This is not accurate and in no way corresponds to reality.



For example, plants with low SO<sub>2</sub> emissions are not necessarily those with abatement measures in place. Those with emissions of 400mg/Nm<sup>3</sup> may have applied abatement measures and thus have no further potential to reduce emissions. The only installations with the potential to reduce their emissions are but a few with high SO<sub>2</sub> emissions related to the sulphur content of the raw materials.

Even more shocking, current NO<sub>x</sub> emissions are around 400 kt. With no capacity increase, 2020 BAU (Business as usual) emissions for the cement sector in the EU would total 281kt. ENTEC, however, assumes that those emissions would reach 500 kt, even under upper BAT conditions, with the implementation of the Industrial Emissions Directive.

This is clearly wrong and leads, in the modelling, to questionable assumptions:

- » The GVA in 2020 projected through the PRIMES Model has been applied directly to clinker production leading to an estimated huge capacity increase which is unlikely to materialise;

- » It is assumed that this huge increase of capacity would be built with flame cooling or low-NO<sub>x</sub> burners as BAT, but without SNCR, whereas SNCR is recognised as BAT in the new cement BREF finalised in May 2009!

The last point is the most obvious mistake made by ENTEC. It is clear that new capacity would never be built in disregard of the BREF. The European Commission has taken the point and asked ENTEC to revisit the issue and provide a sensitivity analysis taking into account the uptake of SNCR in the cement industry.

These objections and queries have all been made to the European Commission and to ENTEC. In addition, many points of a more general nature and scope have been brought to the Commission's attention.

(See our position paper "[NO<sub>x</sub> & SO<sub>2</sub> trading - CEMBUREAU position on Entec study](#)")

At the end of the day, the decision whether to continue or not in that direction will be in the hands of the European Commission. But if the Commission is serious about impact assessments and wants to be treated seriously in that respect, it had better get things right.