Explanatory note on the International Credit lists – EU ETS

Article 11a of the EU ETS Directive (2009/29/EC) sets out the rules for which project credits can be exchanged for EU ETS allowances in phase 3 (2013-2020). These rules are implemented through the Registry Regulation (389/2013).

Some of the restrictions on international credit use are implemented through a ban on unit holdings. For instance, certain unit types (e.g. tCERs, ICERs, AAUs, and ERUS from RMUs) cannot be exchanged for allowances in the EU ETS, so these units cannot be held in accounts created for compliance purposes in the EU ETS registry (the Union Registry). To understand which units can be held in accounts in the EU registry system see the harmonised unit holdings given in Annex I of the Registry Regulation (389/2013).

For international credits from the Kyoto Protocols project based mechanisms, Joint Implementation (JI) and the Clean Development Mechanism (CDM), the project specific information is used to determine if these can be exchanged for allowances. For instance, the use of certain industrial gas projects was banned through Commission Regulation (EU) No 550/2011. The EU ETS Directive also restricts the use of credits from land use, land use change and forestry, and projects, other than those registered in a least developed country, to those which were registered before 2013. This means that projects which are not hosted in an LDC are only eligible if they were registered before 2013.

To find out information on all registered JI and CDM projects, go to the UNFCCC website:

- For JI - https://unfccc.int/process/the-kyoto-protocol/mechanisms/joint-implementation

In order to understand if a credit from a specific project is eligible for exchange for an allowance in the Union Registry, one must consult the international credit lists. There are 2 relevant lists:

- The General Positive List
- The General Negative List

The lists allow the user to search for a particular project by project ID or reference number, by the host Party or Parties and by the unit type. CERs are issued in respect of projects under the CDM while ERUs are issued in respect of JI projects.

The General Negative List contains a list of the industrial gas projects banned through Commission Regulation (EU) No 550/2011. If a project appears on this list, it is not eligible for exchange.

The General Positive list contains all projects for which credits are eligible for an exchange. Projects on this list are not banned for use in the EU ETS and were registered before 2013 or registered in an LDC.
The Union Registry will check and flag units as eligible International Credit Holdings (ICH) or ineligible ICH based on the content of these lists. If a project is on the general negative list, these units will not be marked as eligible in the registry. If a project ID is not on the general negative list, the application will check to see if it is included on the general positive list. If so, the units will be marked eligible. Otherwise, the units will be marked as ineligible.

If you have a question about the content of one of these lists or about exchanging an eligible credit for an allowance in the Union Registry, you should contact your Registry Administrator.

**Decision tree for the selection of projects for the use of international credits under the EU-ETS**

Credits from nuclear energy projects and from land use, land-use change and forestry (LULUCF) are not included in any list.

* Large hydro projects are only included if the requirements of Article 11(b)(8) of Directive 2003/87/EC are fulfilled.