

Consolidation of the Act on CO₂ allowances¹

Notice is hereby given of Act number 493 of 9 June 2004 concerning CO₂ allowances with amendments subsequent to Act 410 of 1 June 2005, section 63 of Act 430 of 6 June 2005, section 71 of Act 431 of 6 June 2005, section 10 of Act 571 of 9 June 2006, Act 554 of 6 June 2007, section 5 of Act 172 of 12 March 2008 and Act 317 of 30 April 2008.

Part 1

Introductory provisions

1. The purpose of the act is to promote a reduction in emissions of the greenhouse gas CO₂ and other greenhouse gases in a cost-effective way through a system of transferable allowances and credits.

2. Definition of terms in the act:

- 1) *Biomass*: Fuels that according to Annex 1 have a CO₂ emission factor of zero, and corresponding fuels of biological origin, landfill gas, sludge, etc.
- 2) *CDM country*: A country that has ratified the Kyoto Protocol and is not named in the Protocol's Annex B and thus does not have quantitative reduction obligations according to the Protocol.
- 3) *CDM credit*: A credit for a quantity of CO₂ equivalents issued pursuant to Kyoto Protocol Article 12 and decisions taken with respect to the UN Framework Convention on Climate Change or the Kyoto Protocol. Designated as CER in the amendment directive.
- 4) *CO₂ equivalent*: A quantity of greenhouse gas having the same global warming effect as 1 tonne of CO₂ over a given period.
- 5) *Operator*: The juridical or physical person owning an installation or operating one on his own account.
- 6) *Greenhouse gasses*: Carbon dioxide CO₂, methane (CH₄), nitrous oxide (N₂O), hydroflourocarbons (HFC), perfluocarbons (PFC) and sulphurhexaflouride (SF₆).
- 7) *Emission factor*: Emission of CO₂ per fuel unit per ton of a substance or similar in connection with activities included in the act.
- 8) *Executive Board*: The body established by the UN under the Kyoto Protocol to approve CDM credits.
- 9) *UN Climate Convention*: The United Nations Framework Convention on Climate Change of 9 May 1992 (UNFCCC).

¹ NB: The notes appear at the end of the document, after the annexes.

- 10) *Fossil fuels*: Fuels extracted or produced from fossilised, non-renewable organic material, including coal, coke, natural gas, refinery gas, mineral oil products, peat and lignite.
- 11) *Fossil capacity*: The electrical or heating capacity of an installation using fossil fuels. If both fossil and other fuels are used, the fossil capacity is pro-rated.
- 12) *Fossil electrical production*: That part of electrical production that results from use of fossil fuels. If both fossil and other fuels are used, the fossil electrical production is pro-rated.
- 13) *In operation*: An installation or part thereof is considered in operation on the first day of the month after the time when it is first found that a CO₂ emission originates from it. Installations, or parts thereof, that first emit CO₂ after 31 March 2004 will be considered in operation on the first day of the month after the time when a CO₂ emission is first found in connection with production.
- 14) *Thermal input*: The maximum input fuel quantity in MW or MJ of a unit.
- 15) *Investor country*: A country that invests in a project for generating CDM or JI credits, or a country of which investors in a project for generating CDM or JI credits reside.
- 16) *JI country*: A country that has ratified the Kyoto Protocol and is named in the Protocol's Annex B, thus having quantitative reduction obligations.
- 17) *JI credit*: A credit for a quantity of CO₂ equivalents issued pursuant to Kyoto Protocol Article 6 and decisions taken with respect to the UN Framework Convention on Climate Change or the Kyoto Protocol. Designated as ERU in the ETS directive.
- 18) *Capacity*: The maximum production capacity per time unit, cf. section 5-8.
- 19) *Kyoto Protocol*: The climate agreement under the Climate Convention, of 11 December 1997, with corresponding parliamentary contributions made at the Conference of the Parties.
- 20) *Allowance*: Permit for the right to emit one tonne of carbon dioxide (CO₂) in a specified period.
- 21) *The EU ETS Directive*: Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC as amended by Directive Directive 2004/101/EU of the European Parliament and of the Council of 27 October 2004.
- 22) *Minister*: Minister for Climate and Energy
- 23) *Installation*: A technical entity consisting of one or more units in the same location from which the activities covered by the act are carried out.
- 24) *Production rate*: Actual production per time unit, e.g., tons per hour, etc.
- 25) *Process emissions*: CO₂ emissions that are not fuel-related and occur as a result of intentional or unintentional reactions of substances or through their transformation in a process.
- 26) *Supervisory Committee*: The body established by the UN under the Kyoto Protocol for approval of JI credits.
- 27) *Host country*: The country where a project for generating CDM or JI credits takes place.
- 28) *Amendment Directive*: The European Parliament and Council Directive 2004/101/EU of 27 October 2004 on amending Directive 2003/87/EU concerning a scheme for greenhouse gas emission allowance trading within the Community in respect to the Kyoto Protocol's project mechanisms (*Official Journal*, 2004, no. L338, p.18).

3.-(1) The act covers stationary installations with the activities listed in sections 5-8, carried out on land and sea territories and in the exclusive economic zone.

(2) If an Operator operates several units carrying out activities covered by the act at the same location, the capacity of the individual units is added up in the calculation of the installation's capacity. However, this is only applicable as applied to activities listed under the same number in section 5-8.

(3) If several Operators cooperatively operate several units at the same location, with a close operational or physical connection, the Minister for Climate and Energy may decide to consider these to constitute one installation.

(4) If several set of physical or juridical persons cooperatively operate units at the same location, with a close operational or physical connection, the Minister for Climate and Energy may decide to consider these to constitute one installation.

(5) If the capacity of an installation is cut down to a level under the act's capacity limits according to section 5-8, the Minister may decide that the installation shall continue to be covered by the act.

(6) The Minister can enjoin the Operator for units named in subsection (3), Operators for installations with several Operators and physical and juridical persons named in subsection (4) to appoint an administrator to undertake tasks with respect to this act on their behalf. Operations managers and persons named in subsection (4) are jointly liable for economic obligations and other obligations consequent to this act.

(7) Peak load and reserve units that have not been taken permanently out of operation, are included in the calculation of the installations total capacity, cf. sections 5-8.

(8) Activities with a significant technical connection to those named in sections 5-8 that might affect CO₂ emissions are covered by the act.

4.-(1) Installations or parts thereof that are used for research, development and testing of new products and processes are not covered by this Act.

(2) Determination of the extent to which a given installation or activity is covered by the act and determination of when a installation or part thereof is considered to be in operation shall be made by the Minister for Climate and Energy.

5.-(1) The act covers the following energy-related activities:

- 1) Energy production by an installation with a rated thermal input of 20 MW or higher and burning of hydrocarbons (flaring) without energy utilisation by units comprising the unit.
- 2) Refining by mineral oil refineries.
- 3) Production in coke ovens.

(2) The act does not cover installations or parts thereof whose chief purpose is to burn or otherwise process waste. However, if such installations also use fuels other than waste, and have a rated thermal input exceeding 20 MW, they are included with that part of the unit that does not burn waste.

6.-(1) The act covers the following activities in the production and processing of ferrous metals:

- 1) Roasting or sintering of metal ores, including sulphurous ores.
- 2) Production of pig iron or steel (primary or secondary fusion) including continuous casting with a capacity exceeding 2.5 tonnes per hour.

7.-(1) The act covers the following activities in the mineral industry:

- 1) Manufacturing of clinkers (cement) in rotary kilns with a production capacity exceeding 500 tonnes per day or lime in rotary kilns or other furnaces with a production capacity exceeding 50 tonnes per day.
- 2) Manufacturing of glass, including glass fibre with a melting capacity exceeding 20 tonnes

per day.

- 3) Manufacturing of ceramic products by firing, in particular roofing tiles, bricks, refractory bricks, tiles, stoneware or porcelain with a production capacity exceeding 75 tonnes per day, and/or with a kiln capacity exceeding 4 m³ per day and with a setting density per kiln exceeding 300 kg/m³.

8.-(1) The act includes the following activities in a cardboard and paper industry:

- 1) Manufacturing of pulp from timber or other fibrous materials.
- 2) Manufacturing of paper and cardboard with a production capacity exceeding 20 tonnes per day.

Part 2

Permission for CO₂ emission

9.-(1) An installation covered by the act may only emit CO₂ if the Minister has given the installations Operator permission to do so. The Operator shall seek such permission via a request form issued by the Minister.

(2) Notwithstanding subsection (1), the Minister may in special cases decide that an Operator that has applied for a permit can temporarily emit CO₂ until the Minister has come to a decision about the application.

(3) If several Operators seek a permit under the terms of subsection (1) for the same installation, the permit shall be given to the owner of the installation.

(4) Applications for a permit under subsection (1) shall include the following information:

- 1) Identification of the installation, its owner and Operator.
- 2) Expected activities, expected CO₂ emissions from the individual units of the installation and the sources of emissions.
- 3) A plan detailing how the Operator will monitor CO₂ emissions; cf. section 28 (3) and (4).

(5) The Operator of an installation using biomass exclusively as fuel is not obligated to draft a plan for monitoring CO₂ emissions; cf. subsection (4), no. 3.

10.-(1) The Minister for Climate and Energy shall issue a permit for CO₂ emissions to the Operator as long as the application contains the information specified in section 9 and there is a Minister-approved plan for monitoring CO₂ emissions under section 28 (2); however, cf. section 11(1).

(2) A permit or amendment of a permit may contain stipulations that:

- 1) the Operator inform the Minister of planned significant changes in the installations capacity and other conditions of significance to the permit and allocation of allowances;
- 2) the Operator fulfil specific requirements based on the company's special conditions;
- 3) the Operator notify of and document entry into service of new units;
- 4) the Operator report specifically concerning production statistics thought by the Minister to be meaningful for future allowance allotments;
- 5) the Operator observe the act, including binding EU regulations.

(3) After 5 years and with one year's advance notice, new conditions may be set in the permit.

(4) An Operator holding a permit under subsection (1) is entitled to receive allowances according to the stipulations in sections 15-20.

(5) In case of significant changes in the installations capacity and other factors of interest to the permit, cf. subsection (2), no. 1, the Minister shall decide whether the permit can be amended or a new permit must be requested under section 9. The current permit shall be valid until the Minister

has ruled on the application for a new permit.

(6) An Operator may not transfer a permit without permission from the Minister.

(7) In case of the transfer of a permit to a new Operator, the new operator will enter into the ongoing obligations concerning the installation under the current act, when the Minister's approval of the transfer has been informed.

11.-(1) The Minister for Climate and Energy may refuse to issue a permit to an Operator who:

- 1) in connection with a permit application gives significant false or misleading information;
- 2) repeatedly or grossly violates provisions of this act or regulations established pursuant to it or
- 3) has delinquent debt to the public sector, including tax payments under §31, of more than 100,000 kr.

(2) The Operator may request judicial review of a decision made on the basis of subsection (1). The decision shall contain information about requesting an appeal to the court and relevant deadlines, cf. subsection (3).

(3) Request for judicial review shall be received by the Minister for Climate and Energy no later than four weeks after the Operator has been notified of the decision. The case will thereafter be brought before the court as a civil procedure by the Minister.

12.-(1) A permit under section 10 can be revoked if the Operator:

- 1) has been guilty of repeated or gross violation of this act, regulations established pursuant to it or of the terms of the permit;
- 2) is not able to satisfactorily carry out the obligations with respect to this act in a completely defensible way or
- 3) has delinquent debt to the public sector, including tax payments under section 31, of more than 100,000 kr.

(2) Rulings in cases included in subsection (1), no. 1 shall be made by the court. Rulings in cases included in subsection (1), no. 2 and 3 shall be made by the Minister for Climate and Energy.

(3) The Operator may request judicial review of a decision made under subsection (3), no. 1 and 2. The decision shall contain information on requesting judicial review and deadlines for same, cf. subsection (4).

(4) Request for judicial review shall be received by the Minister for Climate and Energy no later than four weeks after the Operator has been notified of the decision. The case will thereafter be brought before the court as a civil procedure by the Minister.

(5) If the Minister's decision under subsection 2, no. 2 is appealed to the court, the Operator may continue his operation until the court rules.

Part 3

General conditions concerning allowances

13.-(1) Every allowance shall be unambiguously identifiable and may only be applied to emissions of CO₂ from an installation within the period for which it is issued, cf. subsection 6, however.

(2) Allowances may be used until four months after expiration of the period for which they are issued.

(3) Use of an allowance for coverage of CO₂ emissions (cf. subsection 1) occurs when the Operator returns the allowance, cf. section 26.

(4) After 30 April in the first year of a new period, the Minister for Climate and Energy shall cancel from the registry unreturned allowances issued for the previous period (cf. subsection 3) and

replace them with a corresponding number of allowances valid for the new period; cf. subsection 5, however. The Minister for Climate and Energy shall inform the account holders of such actions.

(5) Surplus allowances from the first period shall not be replaced by allowances valid in the second or later periods.

(6) Operators who are assessed a fee under section 31 as a result of missing or insufficient returning of allowances as of 30 April 2008 may after that date use allowances issued for the second period to cover emissions in the period 2005-2007; cf. section 26 (2).

14.-(1) Allowances issued on the basis of the EU ETS directive by a competent authority in another country of the European Union have the same validity in Denmark as allowances issued by the Minister for Climate and Energy under sections 15-21.

(2) The Minister may establish rules that allowances issued by the competent authority in countries outside the European Union shall have the same validity as allowances issued in Denmark.

Part 4

Determination and allocation of allowances

The overall allowance for the second period

15.-(1) For the second period, from 1 January 2008 until 31 December 2012, the total number of allowances for allocation to Operators for CO₂ emissions is set at 122.5 million allowances.

(2) The allowances shall be allocated by the Minister under sections 17-20a to operators that comply with section 20 (2).

(3) 2.5 million allowances from subsection (1) shall be reserved for installations coming into service after 1 January 2007, and for unforeseen requirements under section 17 and 18.

(4) Allowances for installations under subsection (3) shall be allocated from the first of the month after the operator has reported and documented that the installation is legally operating, and be allocated through the rest of the period if the pool under subsection (3) allows for that at the first allotment and conditions for allowance allocation are otherwise fulfilled.

(5) If the total number of allowances in subsection (1) exceeds the number of allowances that shall be allocated to Operators according to act, the excess number of allowances may be sold as described in section 21. However, the Minister may at maximum sell 12.25 million allowances from the second period.

Base year for allocation in the second period

16.-(1) Allowance allocation under section 17 shall take place on the basis of the average historical CO₂ emissions and electricity and heat production in the base years; cf. subsection 2-4.

(2) By "base years" is meant the period from 1 January 1998 until 31 December 2004.

(3) If an installation has not been operational in all of the base years, the operational period within the base years shall be used as the base year.

(4) If CO₂ emissions in 2004 are greater than the average CO₂ emissions in the base years (cf. subsection 2- 3), 2004 shall be used as the base year.

(5) Installations or parts thereof named in section 18 (1) and section 19(1) and coming into service after 1 January 2004 shall not be included in calculating the average historical CO₂ emissions and electricity and heat production in the base years; cf. subsection (1).

(6) Determination of which data basis for the average historical CO₂ emissions and electricity and

heat production shall be used in calculating the allowance's for an installation shall be made by the Minister if no agreement can be reached with the Operator on the data basis.

(7) Fuel consumption for heat production (cf. section 17) for co-generated heat and power units shall be calculated as the utilised heat production divided by 125%, and for boiler units as the total fuel consumption. In calculating fuels' CO₂ emissions, the emissions factors in Annex 1 shall be used.

Allocation in the second period to installations coming into operation before 1 April 2004

17.-(1) For electricity and heat installations included in section 5(1), no. 1, whose primary purpose is to sell electricity or heat to the common network, 1.94103 allowances shall be allocated for each average net MWh of fossil electricity produced by the unit in the base years, and 4.35 allowances for every ton of CO₂ emitted on average from fuels used for heat production in the base years; cf. section 18, however.

(2) For all other installations (cf. sections 5-8), 4.35 allowances shall be allocated in the second period for every ton of CO₂ emitted on average in the base years from the installations fuel-related CO₂ emissions and 4.9 allowances for every ton of CO₂ emitted on average in the base years from the installations process emissions; cf. section 18, however.

(3) If the installation documents that actual CO₂ emissions in the base years operating period (cf. section 16, subsection 3) is significantly lower due to reduced production compared to the expected norm, the Minister may decide that allowance allocation shall take place according to section 18, unless the reduced production is due to commercial or market-related conditions.

18.-(1) For an installation coming into service or undergoing significant expansion in the period from 2 January 2004 until 31 March 2004, allowances for the second period shall be allocated as stated in subsection (2)-(5).

(2) All installations, except for installations in subsection (3)-(5), shall be allocated 0.87 allowances annually for every ton of CO₂ in the calculated fuel-related CO₂ emissions in 2004 and 0.98 allowances annually for every ton of CO₂ in the calculated process-related CO₂ emissions in 2004. The calculation will be done on the basis of the installations actual CO₂ emissions in 2004, converted to emissions for the entire operational year.

(3) Industrial energy-producing units, etc., included in section 5(1), no. 1, shall be allocated 459 allowances annually for installed MW fossil thermal input capacity. However, subsection 2 shall apply if it will result in a higher allowance allocation.

(4) Installations named in section 6, no. 2 shall be allocated 131 allowances annually per capacity unit in tons of cast items per hour in the second period. However, subsection (2) shall apply if it will result in a higher allowance allocation.

(5) Installations named in section 7, no. 3 shall be allocated 40 allowances annually per capacity unit in tons of fired items per day. However, subsection 2 shall apply if it will result in a higher allowance allocation.

Allocation in the second period to installations coming into service after 31 March 2004

19.-(1) Installations coming into operation after 31 March 2004 shall be allocated allowances according to subsection (3)-(8). The same applies for major increases in production capacity of existing installations that take place after 31 March 2004, and for installations coming into service before 31 March 2004 but first fulfilling the requirements to be covered by the act after that date. Allocation of allowances under this regulation is on the condition that the units comprising the

installation have not previously been part of an installation covered by the EU ETS directive.

(2) By "major increases" in subsection 1 is meant:

- 1) For installations included in subsection (3), (4), (5) and (7), an increased capacity of at least 10 MW thermal input or an increase in the thermal input capacity of at least 20% in connection with establishing co-generated heat and power production.
- 2) For installations included in subsection 6, an increase of more than 10% of the installed production capacity prior to the increase.

(3) Operators of electricity generating installations not included in subsection (7) shall be allocated 1.185 allowances per MW installed fossil electricity production capacity per operational year. A further 305 allowances per MW installed fossil heat production capacity per operational year shall be added, provided that the heat is not wholly or partially used in heavy processes; cf. subsection (6). Allocation of allowances is conditioned upon documentation that the technical unit whose coming into service triggered the allowance allocation will be operational for at least 3000 peak load hours annually. For operational time between 2000 and 2999 peak load hours, 2/3 of the allowances given in nos. 1 and 2 will be allocated and for operational time between 1000 and 1999 peak load hours, 1/3. The allowance allocation will be adjusted in the following year if the expected operational time is changed. For co-generated heat and power units, electrical capacity shall be calculated at full heat production. The Minister may establish requirements for documentation of operational time as a condition of allocation of allowances.

(4) Throughout the second period, electrical installation named in subsection 3 for which applications for approval under the electricity or heat supply act are received by the approving authority before 5 March 2007, shall be allocated allowances corresponding to a minimal operation time of 1.000-1.999 operational hours; see also subsection (3).

(5) A heat-producing installation that does not produce electricity and whose primary function is to produce heat for the common network shall be allocated 100 allowances for installed MW of fossil heat capacity per operational year.

(6) An installation conducting activities covered by the annex on heavy processes in the act on carbon dioxide taxes on certain energy products shall be allocated allowances on the basis of the key number given in Annex 2. New installations conducting activities considered heavy processes for tax purposes according to the act on carbon dioxide taxes on certain energy products for which there is no key number in Annex 2 shall be allocated 178 allowances per installed MW heat capacity per operational year for the heavy processes.

(7) An energy producing installation on an offshore installation shall be allocated 2.975 allowances per MW shaft power per operational year.

(8) Allowance allotment under subsection (6) and (7) is conditioned upon the installation wholly or partially using a fossil fuel for which the operator will exchange allowances under section 26. If the installation uses fossil fuel only partially a allowance allotment will be reduced correspondingly.

Allowance allotment

20.-(1) Twenty percent of the installations total allowances under section 17 and 18 for the period 2008-2012 shall be allotted to the Operator by the Minister in each of the years. Allowances allotted under section 19 shall be allotted correspondingly each year.

(2) Allotment of the annual allowances is conditioned upon: the Operator holding a valid emissions permit under section 10 (however, cf. section 9 (2)); existence of the necessary permits under other acts; real production taking place at the installation at the beginning of the year for which the allowances are allotted; and that the information pertinent to the allowance allotment reported by the Operator is correct.

(3) If the Operator has not fulfilled his obligation to return allowances under section 26 (2), the

number of allowances owed shall be deducted from the next allowance allotment to the Operator.

(4) If the allowance allotment is based upon incorrect data or information, there may be an adjustment of the allowance allotment in the following year.

(5) The Minister may decide that an Operator who has been allotted allowances based on incorrect data or information or without the conditions of this act being otherwise fulfilled shall return allowances corresponding to those inappropriately received.

(6) Each year no later than 28 February in the allotment year the Minister allots allowances to an Operator by placing the specified number of allowances to the Operator's accounts in the registry. The Minister shall inform the individual Operator of the allotment.

Cessation of production

20a.-(1) The Operator is obliged to inform the Minister of the installations cessation of real production.

(2) If the installation resumes production by 31 December of the year of cessation, the right to allowance allotment is retained under the previous terms.

(3) If the installation resumes production after 31 December of the year of cessation, allowances shall be allocated under section 19 (3)-(8).

Sale of allowances

21.-(1) The Minister for Climate and Energy shall cause allowances established under section 15(2) to be sold on the CO₂ allowance market, including at auction.

(2) The Minister shall set the time for this sale under subsection (1) and attendant conditions.

(3) Proceeds from the sale of allowances under subsection (1) with exemption for costs connected with the sale shall go to the Treasury.

Credits obtained through projects

21a.-(1) CDM credits and JI credits can be used to meet the obligation under section 26(1) or (2) as long as these meet the conditions imposed in this act.

(2) CDM and JI projects conducted to reduce greenhouse gas emissions with respect to obtaining CDM and JI credits may only be started and conducted by juridical or physical persons residing in Denmark under a permit from the Minister for Climate and Energy or the competent authorities in an EU country that is not the host country of the project; cf. subsection (3), however.

(3) Projects meant to be carried out in Denmark for obtaining JI credits may only be initiated and carried out after permission from the Minister for Climate and Energy.

(4) Application for a permit from the Minister for Climate and Energy under subsection (2) and (3) occurs by submission of an application with the necessary project documentation attached.

(5) A permit for conducting projects in Denmark can be granted if the project is judged to conform to Danish climate strategy and is to be carried out by physical or juridical persons not residing in Denmark.

(6) JI projects that directly or indirectly limit greenhouse gas emissions from installations included in this act cannot obtain permits under subsection (3).

(7) Permission under subsection (2) and (3) cannot be given if the project is judged to be in violation of Danish act, EU regulations or international obligations including guidelines, practices and procedures agreed with respect to the UN Climate Convention and Kyoto Protocol. Permission can be refused if the Minister for Climate and Energy finds that the applicant does not possess the necessary technical or economic requisites and therefore cannot be considered qualified to carry out the operation.

(8) Permission for water power units over 20 MW can be refused if the Minister for Climate and Energy judges the project to be counter to environmentally defensible or sustainable development for the host country.

(9) The Minister for Climate and Energy can establish specific rules for permits according to this section, including rules about the information the application shall contain, deadlines for its submission or the form of the application.

(10) The Minister for Climate and Energy can set rules for issuing JI credits for projects carried out in Denmark, including rules for the procedures, conditions and time of their issuance.

(11) The Minister for Climate and Energy can set rules limiting the opportunity to transfer CDM and JI credits from one period to the next and rules about which credits will lose their validity and be cancelled at the end of a period.

22. (Deleted)

Pooling

23.-(1) The Minister for Climate and Energy, after approval by the European Commission, may allow Operators of installations carrying out one of the activities named in section 5-8 to set up a pool of installations for the same activity in Denmark for a given time.

(2) Operators wishing to set up a pool (cf. subsection (1)) shall apply to the Minister at latest four months before the start of the relevant period.

(3) An application under subsection (2) shall designate a pool administrator to receive allowances on behalf of the included Operators, and contain documentation including a power of attorney so that the administrator can undertake obligations under section 26 (1) and section 31 on behalf of the Operators.

(4) If a pool administrator does not meet his obligations under the act, the individual Operators of the installations in the pool shall be held liable for greenhouse gas emissions from their installations.

Part 5

CO2 registry

24.-(1) The Minister for Climate and Energy shall establish an electronic registry to contain information about the allotment, holding, transfer, cancellation and returning of allowances, CDM credits and JI credits under this act.

(2) All physical or juridical persons are able to set up accounts in the registry for purposes of registering allowances or credits.

(3) The Minister for Climate and Energy can set up specific rules pertaining to the information contained in the registry, its specific organisation, its tasks and their implementation, including cooperation with other registries, the registry's operation, returning of allowances under section 13 (3) and public access to information in the registry.

(4) The Minister for Climate and Energy shall establish rules concerning payment of fees by the registry's account holders. The Minister of the Environment shall establish further rules concerning fees to cover the costs of issuing permits under section 21a (2) and (3) and in connection with approvals under section 26a (1).

25. Every purchase or sale of allowances or credits entered in the registry shall be reported to and registered by the Minister for Climate and Energy; cf. subsection (4).

(2) Prerequisite for trade under subsection (1) is that both the buyer and seller have an account in the Danish registry or in a corresponding registry maintained in another country. Any party with an

account in the registry can request that the Minister for Climate and Energy cancel allowances or credits at the disposal of said party.

(3) Reports under subsection (1) shall contain unambiguous identification of the buyer and seller and of the relevant allowances or credits.

(4) The Minister for Climate and Energy shall determine whether the report constitutes a sufficient basis for registering the transaction. If the Minister for Climate and Energy finds that it is not sufficient registration, the transaction shall be refused.

(5) The Minister for Climate and Energy can establish rules for refusing to enter time-limited credits in an account.

26.-(1) The Operator of an installation covered by this act must by 30 April each year return a number of allowances corresponding to the previous year's verified CO₂ emissions from the installation; however, cf. section 26a.

(2) If the Operator has not returned a sufficient number of allowances with respect to the year's verified CO₂ emissions, the operator shall no later than 30 April of the following year return allowances corresponding to the previous year's deficiency; however, cf. section 26a.

(3) In fulfilment of the obligation to return allowances in subsection (1) and (2), an Operator may, in the second period, use CDM and JI credits (cf. section 26a (3)) corresponding to 6.51% of the allowances allocated to the installation. Operators of power installations and co-generated heat and power installations whose primary aim is to sell electricity to the common network, the limitation on credit use is 28.73% of the allowances allocated to the installation in the period for fossil electricity production under section 17(1) and section 19.

(4) If reporting or settling accounts for the previous year's emissions under section 30 (1)-(3) does not take place by 30 April, the Operator shall return a number of allowances or credits corresponding to a provisional amount set by the Minister. When the final determination of emissions has taken place, the obligation to return allowances or credits shall be adjusted in conformance hereto in the following year's allowance returns.

(5) The Minister shall publish the decisions on the Operator's payment of fees assessed under section 31(1) in a publicly accessible place, on the registry's electronic website or similar.

26a.-(1) CDM and JI credits entered into the Danish CO₂ registry may, after approval of the Minister for Climate and Energy, be used to fulfil obligations in section 26 (1) or (2).

(2) Approval under subsection 1 shall be given unless it is judged to be in violation of subsection (3) or (4), the established limit for use of credits in section 26 (3), Danish act in general, EU regulations or international obligations.

(3) CDM and JI credits from nuclear units and from land use, changes in land use and forestry may not be used to fulfil obligations under section 26 (1) or (2).

(4) Approval under subsection (2) is on the condition that all rights to credits at the same time as the approval be transferred to the Minister for Climate and Energy.

(5) The Minister for Climate and Energy can establish specific rules for approval under subsection (1), including concerning the information the application shall contain, deadlines for its submission and the form of the application.

27.-(1) There shall be public access to the information contained in the registry, within the limitations of the act. The Minister for Climate and Energy shall rule on requests for access to the information in the registry.

(2) The Ministers for Climate and Energy, and Taxation shall have access to all information in the registry that is necessary for fulfilment of their duties under the act.

Part 6

Monitoring, verification and reporting

Monitoring

28.-(1) The Operator is obliged to continually monitor CO₂ emissions from the installation he is responsible for. The emissions may be either calculated or measured.

(2) Monitoring shall take place in accord with a plan approved by the Minister for Climate and Energy.

(3) The Minister may set specific rules for monitoring and monitoring plans under subsection (1) and (2). The rules may establish that a monitoring plan shall follow set criteria and procedures, or that the monitoring plan shall be made on the basis of a monitoring plan drafted and approved for the specific installation. Rules may be established concerning the period for which the Operator is obliged to preserve data collected from monitoring.

(4) Approval of a monitoring plan under subsection (2) may include stipulations based on the installations's particular conditions.

Verification

29.-(1) Monitoring of CO₂ emissions under section 28 shall be verified annually by an independent company (verifier) approved for the purpose by the Minister for Climate and Energy.

(2) Verification shall specifically include measuring methods, the measurement's appropriateness, reliability, credibility and precision as well as the choice and use of emissions factors and the methods of calculation employed. Verifications shall also include the calculation's conformity to the plan for monitoring of CO₂ emissions; cf. section 28 (2).

(3) The verifier shall draft a verification declaration certifying that CO₂ emissions have been monitored according to section 28 or regulations established pursuant to it, and an account of the verification under subsection (2).

(4) The costs related to monitoring and verification shall be borne by the Operator.

(5) The Minister may establish specific rules concerning verification under subsection (1)-(3), including those relating to conditions for being named as a verifier.

(6) The Minister may revoke an approval under subsection (1) and may establish specific rules about revocation of issued approvals.

(7) The verifier may request judicial review of a decision taken under subsection (6) and such decisions shall contain information on access to judicial review and deadlines thereof; cf. subsection (8). The appeal shall have no deferring effect, unless the court shall rule otherwise.

(8) Request for judicial review shall be received by the Minister for Climate and Energy at the latest four weeks after a decision has been issued. The case will thereafter be brought before the court as a civil procedure by the Minister.

Reporting

30.-(1) An Operator whose installation is covered by the act is responsible for reporting by 31 March annually the verified CO₂ emissions for the previous year at the production unit for which he is responsible to the Minister of Climate and Energy and into the registry as specified in section 24.

(2) Reporting to the Minister for Climate and Energy shall include the following information for each installation:

- 1) Identification data for the installation.

2) Activity data, emissions factors, oxidation factors, overall emissions and margin of error of the calculations for each of the activities included under the act carried out at the installation.

(3) If an Operator does not report as under subsection (1), the Minister may set the installations CO₂ emissions. The Minister's setting of emissions has the same legal standing as a verified reporting under subsection (1). The costs in connection with setting emissions, including costs of any expert opinion, shall be borne by the Operator.

(4) If an Operator has not undertaken a verified reporting under subsection (1)-(3), the Operator may not dispose of credits via the registry (cf. section 24) before the verified reporting is undertaken under subsection (1) or a final emissions figure is set by the Minister under subsection (3).

(5) The Minister may establish specific rules concerning reporting under subsection (1) and (2).

(6) The Minister may forward the reported information to another public authority within the limits of the act.

Part 7

Payment of fees in the event of missing allowances

31.-(1) If the Operator has not upheld his obligations under section 26 (1) or (2), the Minister of Climate and Energy shall assess the Operator a fee to be paid to the Treasury. The fee shall comprise an amount corresponding to €100 per ton of CO₂ emitted without return of a allowance or credit; cf. section 26 (1) and (2), and section 26a. For violations in the years 2005, 2006 and 2007, however, the amount of the fee shall correspond to €40 per ton.

(2) The amount due shall be subject to payment at latest 14 days after the demand.

(3) If the amount due is not paid on time 1.3% monthly interest (but at least 50 kr.) shall be charged for each month begun from the first of the month in which the amount should have been paid by the Operator.

(4) A surcharge of 65 kr. shall be paid for reminder notes concerning payments under the act.

(5) The payment of fees under subsection (1) does not release the Operator from the obligation to return allowances or credits corresponding to the excess emissions to the Minister for Climate and Energy by 30 April of the subsequent calendar year.

(6) The Operator is liable for payment of fees under the act. If the Operator is not the owner of the installation, the owner is jointly liable with the Operator for payment of the fees. If the Operator does not operate the production unit on his own account, the party who operates the production unit on his own account is jointly liable with the Operator for payment of fees.

(7) Unpaid fees under subsection (1), interest under subsection (3) and surcharges under subsection (4) may be collected by distress and by payment withholding with respect to personal tax regulations in the tax withholding act.

(8) The Balance Recovery Authority shall collect unpaid fees, interests and surcharges. Collection shall occur according to regulations in the act and procedures for collecting taxes and fees, etc.

(9) The Balance Recovery Authority may cancel their claims under subsection (1), (3) and (4) of the collection act.

Part 8

Supervision, accountability, etc.

32.-(1) The Minister for Climate and Energy shall oversee the Operator's observance of the act, regulations established pursuant to it, and rulings made and conditions imposed under it. If the Minister, according to the provisions in section 37 (2), delegates duties to a private organisation, the Minister shall oversee the latter's observance of the act, regulations established pursuant to it, and rulings made under it.

(2) Operators carrying out activities covered by this act shall upon request of the Minister submit all information judged by the Minister to be necessary to undertaking the Ministers tasks under the act.

(3) The Minister for Climate and Energy may collect information from the state Customs and Tax Bureau, including in electronic form, for use in administrating this act.

33.-(1) Operators of installations covered by the act are liable for payment of the Minister of Climate and Energy's fees for issuing permits under section 10-12 and 23, allocating allowances under section 15-20 and 22, handling and ruling on cases concerning monitoring, verification and reporting under section 28-30, decisions on fee payment under section 31 and supervision under section 32 (1).

(2) The Minister for Climate and Energy shall establish rules for the Operator's payment of fees named in subsection (1).

(3) Sums paid under this provision may be collected in the same way as those given in section 31(7) and (8).

Part 9

Complaint and penalty clauses, etc.

Complaint provisions

34.-(1) The Energy Board of Appeal shall handle appeals of decisions taken by the Minister for Climate and Energy under this act or regulations established pursuant to it. Decisions may not be brought before the court before a final administrative decision has been made.

(2) For decisions on appeals under this act the Energy Board of Appeal shall consist of those members who rule on appeals under the act on electricity supply. If justified by the complaint, the board's chairman may decide that the board to rule on the appeal shall consist of members who rule on appeals under the act on heat supply.

(3) The following decisions may not be brought before the Energy Board of Appeal:

- 1) The Minister's decisions under section 11(1), and section 12 (1) no. 2 and 3.
- 2) The Minister's decisions under Part 4, except for those made under section 16 (6).
- 3) The Minister's decisions under section 30 (3) on setting an installations emissions.

(4) Appeals must be lodged in writing within 4 weeks of notification of the decision.

(5) The Energy Board of Appeal's chairman may, after specific agreement with the Board, rule on its behalf in cases heard under this act or regulations established pursuant to it.

(6) The Minister may establish provisions on the possibility of appealing decisions made by the Minister under the act and regulations established pursuant to it, including that certain decisions may not be brought before the Energy Board of Appeal, and that decisions made by an institution under the Minister or other authority to which the Minister, with respect to section 37, has ceded his authority according to the act, may not be brought before the Minister.

(7) The Minister can establish provisions on payment of fees for bringing an appeal before the

Energy Board of Appeal.

35.-(1) (Deleted)

35a.-(1). The Minister for Climate and Energy may lay down, that specified international decisions and technical specification concerning requirements to companies, technical units, devices etc. or terms of allocation etc. of allowances or credits that refers to provisions made pursuant to this act, are not printed into Lovtidende (legal gazettes of the Danish State).

(2) The Climate and Energy Minister may establish provisions on, how information about international decisions and technical specification, which are not printed into Lovtidende, cf. subsection 1, can be obtained.

Penalty clauses

36.-(1) Unless subject to higher penalties under other legislation, fines shall be imposed for the following infractions:

- 1) failure to appoint an administrator as stated in section 3(6);
- 2) emission of CO₂ without the requisite valid permit under section 10 (cf. section 9(2), however);
- 3) violation of the terms of a permit issued under section 10(2);
- 4) violation of the obligation to return allowances with respect to provisions of section 20(5);
- 5) violation of the terms of a monitoring plan approved under section 28(2)-(4);
- 6) violation of the reporting obligations under section 32 by not reporting correctly or fully;
- 7) failure to provide information under section 32 or
- 8) withholding information or giving false or misleading information of significance to the authorities' case handling under the act, or that has influence upon the authorities' decisions under the act or is of significance to tax examinations.

(2) Penalties of fines for those who violate the rules may be established in provisions made pursuant to this act.

(3) Anyone committing one of the offences listed in subsection (1) and (2) for purposes of depriving the Treasury of taxes shall be punished with a fine or imprisonment up to two years, unless a higher penalty is specified by another act.

(4) Criminal liability may be assigned to companies, etc. (juridical persons) under the provisions of Part 5 of the criminal code.

Authorisation

37.-(1) The Minister for Climate and Energy may authorise a ministry-established institution or other public authority to exercise powers given to the Minister under this act.

(2) The Minister may authorise a private organisation to undertake duties of selling or holding an auction under section 21 and to approve - including accredit - verification under section 29.

(3) (Deleted)

Part 10

Other provisions

38.-(1) For the five-year period beginning 1 January 2008, and for later five-year periods, the Minister for Climate and Energy shall draft a national plan for setting up and allocating allowances

with public involvement. The plan for each five-year period shall be published and sent to the European Commission at latest 18 months before the period's start.

(2) On the basis of the plan specified in subsection (1), the Minister for Climate and Energy shall propose a act on the allocation of allowances to installations covered by the act for the period 2008-2012 and for later periods.

38a.-(1) The Minister for Climate and Energy shall publish information on projects included in section 21a in which Denmark is participating or permitting others to participate in.

(2) The Minister for Climate and Energy shall publish reports under section 30 about installations emissions.

39.-(1) The time of the act's coming into force shall be set by the Minister for Climate and Energy. The Minister may stipulate that parts of the act come into force before other parts of the act.²⁾

(2) The act does not apply to the Faeroe Islands or Greenland.

40. (Deleted)

41. (Deleted)

Act 410 of 1 June 2005 on amending the act on CO₂ allowances,³⁾ concerned in the footnote, sections 1 and 2; section 3(3) and (4); section 4(2); section 13(1); section 19(1), (4), (7) and (8); sections 21a, 24 and 25; section 26(1)-(3); sections 26a and 30; section 31(1) and (5); section 32(3); section 33(3); section 35(1); section 36(1), no.1; and section 38a, including the following coming-into-force provisions:

Section 2

(1) The act shall come into effect on 1 July 2005; cf. subsection 3, however.

(2) **og (3)** (Deleted)

Act 554 of 6 June 2007 on amending the act on CO₂allowances,⁴⁾concerned in the footnote, section 2, no. 17 and 21; section 4(2); section 9; section 13(1), (3), (4) and (6); sections 15-20a; section 21(2); section 21a(10) and (11); section 22, section 24(1) and (3); section 25(5); section 26(1)-(5); section 26a(2) and (3); section 30(3), (4) and (6); section 31(1); section 34(3) and (7); section 36(1), no. 4 and 5; and annexes 1 and 2, contain the following coming-into-force and transitional provisions:

Section 2

The time when the act or part of the act comes into force shall be set by the Minister.

Section 3

Dispensation given under section 4 (2) of Act 493 of 9 June 2004 on CO₂ allowances, as amended

by Act 410 of 1 June 2005, to installations whose fossil fuel consumption comprises less than 1% of overall fuel consumption is preserved. However, the dispensation will be annulled if the installation uses more than 1% fossil fuels in a calendar year.

The Danish Energy Agency, 9 May, 2008

IB LARSEN

/ Michel Frederic Schilling

CO₂ emissions factors for 1998-2004 with respect to lower heat values

Fuel	CO ₂ kg/GJ
Coal	95.0
Refinery gas	56.9
LPG	65.0
LVN	65.0
Petrol	73.0
Aviation gasoline	73.0
Petroleum	72.0
JP1	72.0
Gas/diesel oil	74.0
Fuel oil	78.0
Orimulsion	80.0
Petroleum coke	92.0
Waste oil	78.0
Natural gas	56.9*
Coke	105.0
Peat briquettes	97.0
City gas	56.9
Straw	0.0
Woodchips	0.0
Wood	0.0
Wooden pellets	0.0
Waste wood	0.0
Biogas	0.0
Liquid bio fuel	0.0
Waste	78.7**

* for 2001, however, 57.25; for 2002, 57.28; for 2003, 57.19; and for 2004, 57.12.

Applies to the fossil part (mixed plastics) of waste.

Annex 2

Annex 2 concerns key numbers for allocating allowances under §19 to Operators for new installations and installations covered under this act that have undertaken important increases in production capacity after 1 January 2007.

The allowance is obtained by multiplying the key number in the column "Allowances per capacity unit (NAP2)" by the production capacity for the new installation expressed in the corresponding unit as listed in the column "Capacity unit".

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
1) Used for heating hothouses with at least 200m ² overall growing area with growing lights, but excluding hothouses where retail sales are conducted.	0.096	m ² heated greenhouse	
2) Used directly for evaporating and drying sodium chloride in solution.	34 412	Tons of dried salt per hour Tons of un-dried salt per hour	
3) Used directly for pasteurising, sterilising, evaporating, homogenising, concentrating and drying of milk and milk-based products with respect to manufacturing of milk-based products with a dry matter content of at least 90%. Electricity used directly for heating and drying and for the operation of special units by means of which as part of a preparatory process a concentration occurs, in the form of ultra-filtering for example, is also included. Concentration for purposes of manufacturing the above-mentioned milk-based products is included regardless of whether it takes place in the company that manufactures these products or in other companies.	2198	Tons of milk powder per hour	
	3435	Tons of protein powder per hour	
4) Used directly in manufacturing of feeds, feed additives including feed phosphate, and feed blends, as well as drying and evaporating vinasse, mash, beet pellets and similar items intended for animal feeds. However, this does not apply to its use for	20	Tons of feed per hour	

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
drying grain and seeds.			
5) Used directly in manufacturing meal, powder and pellets of meat or offal, unintended for human consumption, that fall under item 2301.10 in the EU's combined nomenclature, except for cracklings intended for human consumption.	343	Tons of meat and bone meal per hour	
6) Used directly in manufacturing vegetable meal, vegetable pellets and other artificially dried vegetables.	798	Tons of vegetable pellets or meal per hour	
7) Used directly in manufacturing pectin substances, pectinate, pectates and vegetal mucilage and gelatinisers (including modified) extracted from vegetable substances falling under items 1302.20 to 1302.39 inclusive of the EU's combined nomenclature, and modified starches falling under item 3505 in the EU's combined nomenclature and directly in manufacturing emulsifiers intended for foodstuff manufacturing or technical use on the basis of vegetable or animal fat and oil substances.	1766	Tons of pectin per hour	
	638	Tons of emulsifier per hour	
8) Used directly in distilling alcohol and related manufacturing of yeast, including subsequent drying of the yeast.	491	m ³ pure alcohol per hour	
9) Used directly for drying or evaporating paper and pulp or other substances or products dissolved in water mixed with water, having a dry substance content no higher than 40% before drying and at least 90% after drying.	0	As in item 21	
10) Glass	1191	Tons of melted glass per hour	Yes

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
11) Used directly in manufacturing			
a) rock wool, slag wool and similar mineral wools, expanded vermiculite, expanded clay, foam slag and similar expanded mineral substances, blends and products of heat insulating, sound insulating or sound absorbing mineral substances falling under item 6806 in the EU's combined nomenclature;	344	m ³ light quarry tiles per hour	Yes
	2130	Tons of line wool per hour	
b) fibreglass, including glass wool, falling under item 7019 in the EU's combined nomenclature.	1153	Tons of fibring per hour	Yes
12) Used directly in ceramic firing and prior drying of articles intended for this purpose.	704	Tons of fired goods per hour	Yes
13) Used directly for heating, evaporating, drying or firing calcium, chalk, marble and other calcium carbonate products, flint, gypsum, molers, bentonite and other clays, ferrous sulphate, copper sulphate and calcium oxide as well as fertilizers with a dry substance content of at least 90%, including at least 5% phosphate, after drying. Electricity used directly in manufacturing calcium carbonate products but only in the form of heating and drying and for operating of special units in which as part of a preparatory process a concentration of calcium carbonate products in taxable goods occurs, except for electricity for heating of gypsum board drying facilities is included, however.	7499	Tons of calcium pieces per hour	Yes

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
	6949	Tons of fired calcium for our	Yes
	304	Tons of dried bentonite per hour	
	4024	1000 m ² gypsum board per hour	
16) Used directly in manufacturing fish oils and fish meal falling under item 2301.20 in the EU's combined nomenclature on the basis of fish and shellfish, molluscs or other invertebrates and waste products thereof. However, this does not include the use of electricity for manufacturing fish meal after the fish oil and size water have been separated from the press cake, and after the fish oil has been separated from solubles in the production process. Nor does it apply to use of electricity for further processing of fish oil after it has been separated from solubles.	343	Tons of raw materials for fish oil and fish meal manufacturing per hour	
17) Used directly in manufacturing cane sugar and beet sugar falling under item 17.01 in the EU's combined nomenclature on the basis of sugar beets and sugar cane.	684	Tons of beet sugar per hour	
18) Used directly in manufacturing starch falling under item 11.08 in the EU's combined nomenclature, with a dry substance content of at least 80%.	76	Tons of potato meal per hour	
	1805	Tons of potato protein powder per hour	
19) Used directly for drying and roasting malt.	424	Tons of malt per hour	
21) Used directly in manufacturing paper and cardboard based on recycled and scrap paper and cardboard or the pulp thereof or cellulose and used for grinding calcium carbonate products to a powder with a maximum diameter of 3my, to the extent	196	Tons (recycled paper to) pulp per hour	

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
<p>the powder is intended for use in manufacturing paper. However, this does not apply to taxable goods used in post-processing of paper or cardboard or other paper and cardboard products on the basis of ready-made paper, with the exception of coating or glazing. Electricity used in manufacturing paper and cardboard in other forms than rolls or sheets is not included, however, when the paper or cardboard has forms other than egg cartons. Taxable goods used directly in manufacturing egg cartons of other materials is also included.</p>			
	2679	Tons (pulp to) paper per hour	
22) Used directly in manufacturing cellulose or pulp from recycled and scrap paper and cardboard.	196	Tons (recycled paper to) pulp per hour	
28) Used directly in the refining and distilling of mineral oil products and coal tar and other mineral tars and products derived there from.	724	Tons of refined end-products per hour	
29) Used directly in manufacturing cement.	5469	Tons of grey cement per hour	Yes
	7764	Tons of white cement per hour	Yes
30) Used directly in melting metals and glass and heat retention of melted metals and glass as well as directly in manufacturing rolled or continuously cast slabs and billets and the post-processing of slabs and billets by hot-rolling into plates, wire, rods and similar goods of iron and steel that are not further processed by sandblasting, for example, for metal heat treating units and ventilation of premises where molten metal and glass are processed. Only heating glass to over 300	196	Tons of cast-iron per hour	

List item on the heavy process list	Allowances per capacity unit (NAP2)	Capacity unit	Process emissions
degrees and heat retention of glass that has been heated to that point in the manufacturing process shall be considered as melting glass and heat retention of melted glass.			

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- 1) The act enacts the European Parliament and Council Directive 2003/87/EU of 13 October 2003 concerning the handling of allowances for greenhouse gas emissions in the Community and changing Council Directive 96/61/EU (Official Journal of the European Union, 2003, no. L275, p. 32) as amended by European Parliament and Council Directive 2004/101/EU of 27 October 2004 (Official Journal, 2004, no. L338, p. 18). The act includes certain stipulations from Commission Regulation (EF) 2216/2004 of 21 December 2004 on a standardised and secure registration system pursuant to European Parliament and Council Directive 2003/87/EU and European Parliament and Council Decision 280/2004/EU (Official Journal, 2004, no. 386, p. 1). According to article 249 of the EU treaty, a regulation takes immediate effect in all member states. The translation of these decisions into law is thus exclusively grounded in practical considerations and does not affect the regulation's immediate application in Denmark.
- 2) By executive order 550 of 17 June 2004 coming into force of certain regulations in the act on CO₂ allowances, the Minister established that parts 1-3 and 5-10 of the act came into force on 1 July 2004 and applied to admissions of CO₂ taking place after 31 December 2004. By Executive Order 829 of 3 August 2004 on the coming into force of part 4 in the act on CO₂ allowances, the Minister established that the act's part 4 on the setting and allocation of allowances for the first period (2005-2007), as written into act 493 of 9 June 2004 on CO₂ allowances, came into force on 15 August 2004.
- 3) The amendment to the act implements the European Parliament's and Council's directive 2004/101/EU of 27 October 2004 on amending directive 2003/87/EU concerning the handling of allowances for greenhouse gas emissions in the Union with respect to the Kyoto Protocol's project mechanisms (the linking directive) and gives the companies affected by the act on CO₂ allowances the possibility of using Clean Development Mechanism (CDM) and Joint Implementation (JI) credits from JI and CDM climate projects to fulfil the companies' obligations under the act on CO₂ allowances.
- 4) The amendment to the act sets the overall allocation of CO₂ allowances for the period 2008-2012, the allowances' allocation to installation, new companies, and a ceiling for the use of credits. The Minister decided by Executive Order 1392 of 12 December 2007, that the amendment should enter into force on 1 January 2008.
- 5) The National Allocation Plan for Denmark for the period 2008-2012 was approved by the European Commission on 31 August 2007 provided, that the maximum amount of credits, used by the operators in the EU ETS scheme shall be reduced. The amendment that came into force on 1 May 2008 implements the Decision of the European Commission. At the same time a number of regulations are reworded or deleted, as a consequence of establishing the Ministry of Climate and Energy by royal Decree of 23 November 2007.