

OCTOBER 2019

EU ETS & CEMENT – HOW DID WE GET TO THIS POINT?

A COMPREHENSIVE REPORT ON THE EUROPEAN EMISSIONS TRADING SYSTEM (ETS) AND THE CEMENT INDUSTRY

CemBR has launched a data driven report on the EU ETS and its impact on the cement sector. This report is designed specifically for the cement industry and contains unique and useful data, insights and analysis.



WHO SHOULD BE INTERESTED IN THIS REPORT:

All European cement producers All institutions that are interested in the CO₂ issues Advisors in sustainability and related areas Non - EU cement producers in the proximity of Europe (exports etc.) Non - EU cement producers interested to understand the EU ETS and how it may be adopted in their market



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DEPTH OF REPORT AND RESOURCES

The CemBR team behind this report consists of five professionals, two of whom have significant expertise in climate change as applied in the cement sector the cement sector. The rest of the team is made up of our cement specialists in research, strategy and operations.

The data provided in this report has been triangulated using several sources and the analysis includes specific knowledge of countries and cement plants residing within the CemBR team. The CemBR team has dedicated significant time and effort to provide an accurate and insightful data-based report on this issue, currently at the top of the agenda of many a cement company.

The EU-ETS story so far: The system has been operational for several years but recently is on everybody's agenda. Increasing carbon pricing, recovery in several markets and the impending Phase IV coupled with hitherto missing reductions targets has peaked everyone's interest.





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Some of the questions answered by this report:

"The truth the whole truth and nothing but the truth!"

- What are the main sources of CO₂ emissions in cement manufacturing?
- What were the characteristics of the three phases of EU ETS, spanning between 2005 and 2020?
- How and when were allowances set for Phase III (current phase)?
- What has been the pricing of carbon credits and how might that have affected cement producers' behaviour so far?
- How did the 28 countries in the scheme (28 out of 31 have integrated cement plants) performed in Phase III?
 - Have they managed to lower their CO, per tonne of clinker and by how much?
 - Is the country currently in surplus or deficit of carbon credits, by how much?
 - How did they manage to keep their allowances after the financial crisis?
 - How have different countries behaved in terms of imports/exports?



- Which plants are below, at or above their HAL (Historical Activity Level) for clinker production in 2018?

- Which plants can increase production without exceeding their free allowances?
- What is the financial impact on plants operating under several scenarios of?

- CO₂ per tonne of clinker
- Exports driven capacity utilisation
- Overall capacity utilisation
- Alternative fuels utilisation
- How are all the plants positioned for Phase IV of EU ETS?

...and many more



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REPORT CONTENTS – TOPICS

- Cement process CO₂ emissions (explanation)
 - Sources of CO₂ in cement manufacturing
 - Technology of European cement plants and CO, implications
- What impacts CO₂ emissions in the cement sector?
 - Raw materials impact
 - Fuel combustion impact (incl. Alternatives)
 - Grinding process clinker substitution
- Carbon credits in the European Union Background
 - Introduction Phases of ETS
 - Cement plant operations prior to 2007-2008 crisis
 - What happened between 2008 and today?
- Phase III (2013 2018) situation analysed country by country Full Database
- Plant by plant 2018 clinker production versus Historical Activity Level (HAL)
- Conclusions on country by country analysis
 - Production versus capacity and Exports/Imports balance
 - Plant closures
 - Estimated financial impact of CO_2 on the sector
 - European performance on CO₂ reduction between 2005 and 2018
- The economics of a cement plant within the EU ETS (2019 and 2020)
- Conclusions





This is an in-depth and informative report on the EU ETS and how it has affected the cement industry.

No other similar report exists on the market. The report contains: No. of Pages: 110 No. of Plants: 210 No. of Countries: 31

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Explore the report here

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CemBR was set up to provide "value for money" services to companies and institutions interested in accurate and granular data and insights in the global cement sector.