As net closes in on EU transport emissions, EEX teams with startup trading platform

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The major power and emissions trading platform has acquired a 20% stake in Q-Bility for an undisclosed sum, the companies said in a statement on Thursday, expanding on the bourse's previous involvement as a technology provider for the company that launched last summer.

Q-Bility was founded together with energy innovation firm Enpulse, which retains a stake in the venture after being spun off from German utility EnBW in May last year.

Q-Bility operates a trading platform for GHG quotas among fuel suppliers, a market-based system introduced by Germany in 2021 under the EU's Renewable Energy Directive II (RED II). which which obliges member states to increase their share of renewable energy across sectors including households, industry, and transport.

Under the system, fuel suppliers are given GHG quotas corresponding to mandatory emissions reduction requirement of 8% in 2023 and to reach 25% by 2030.

The required reductions can be achieved by using fuels with lower emission values, such as electricity or bio-LNG. Alternatively, companies can purchase GHG quotas from third parties that achieve actual emission reductions, such as owners of electric cars or charging station operators.

Q-Bility aims to bring down the cost of compliance for operators by facilitate quota trade that so far occurs bilaterally.

“Analogue processes and bureaucratic hurdles are costly and prevent companies from achieving their sustainability goals,” said Q-Bility managing director Dominik Trisl told Carbon Pulse. “Digitalisation, simplification and speed, on the other hand, drive them forward.”

Q-Bility data shows GHG quotas are currently changing hands for around €400/tonne, have risen to €500 over the past year, compared to around €250 in 2021, amid limited supply and tightening obligations.

“Their level reflects the particularly urgent obligation to make savings in the transport sector,” a Q-Bility spokesperson added. “We think that there is potential for a GHG quotas trading market.”

Similar market-based mechanisms exist under RED II in Austria and the Netherlands, while the UK has its Renewable Transport Fuel Obligation.

EXPANDING REGULATION

EEX noted in today’s statement the large overlap between companies with quota obligations and those facing obligations under the nEHS domestic carbon pricing system for suppliers of fuels for buildings and road transport.

EEX currently hosts all sales of nEHS allowances, which effectively acts as a tax during its first few years, starting in 2021 at a fixed €25 per tonne, rising to €30 last year, €35 this year, €45 in 2024, €55 in 2025, and to transition from 2026 towards a free-floating ETS.

The same sectors are set to face similar obligations across the EU as a whole, with legislators last month agreeing on a bloc-wide second ETS (https://carbon-pulse.com/185255/) to start from 2027.

EEX could be well placed to facilitate trade in this second ETS, given that it also hosts all auctions and provides secondary trading under the first ETS, which currently covers power, industry, and intra-EU aviation and its set to expand to shipping in 2024.

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