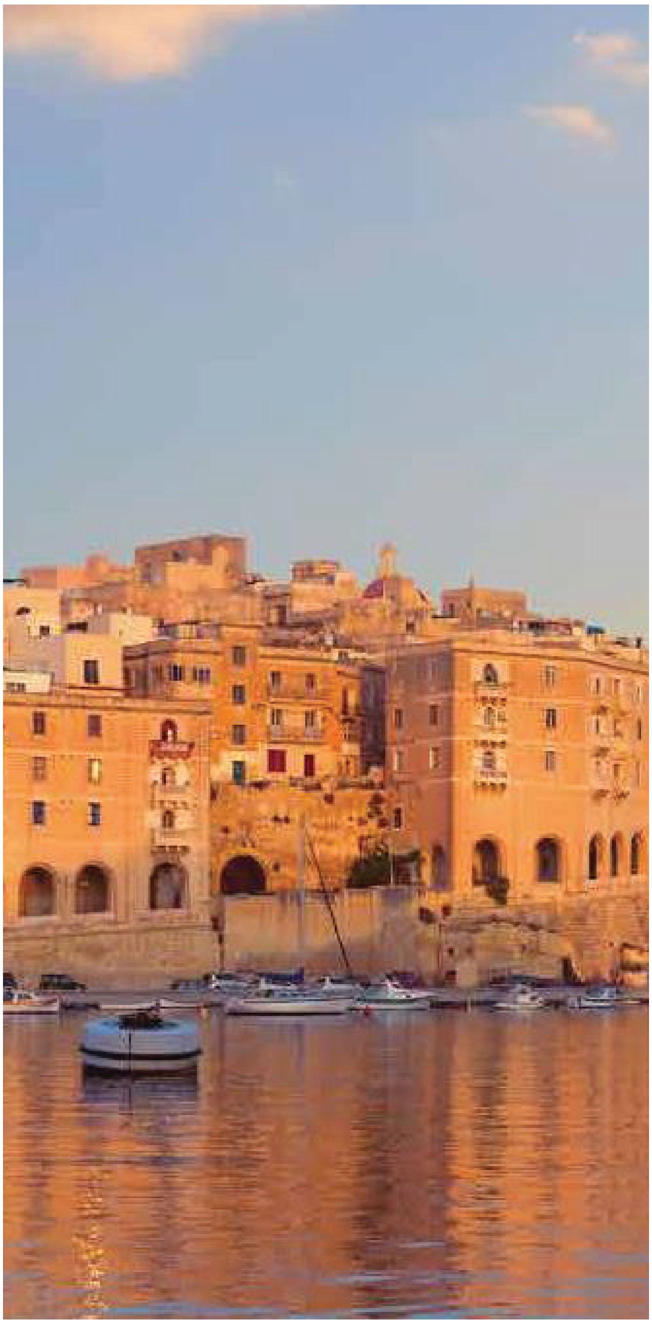
FACTSHEET

European Union Emissions Trading System for

Buildings, Road Transport, & Additional Sectors

Overview

The Climate Action Authority is Malta's key institution for advancing the country's commitments to mitigating climate change and fostering sustainable practices, operating under the framework of the Climate Action Act (Cap. 643). The Authority has enforced the implementation of the European Union Greenhouse Gas Emissions Trading Scheme for Buildings, Road Transport and Additional Sectors Regulations (ETS-2), Subsidiary Legislation (S.L.) 643.05, transposing 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, aiming to reduce emissions from buildings, road transport, and additional sectors, aligning with EU climate targets.



Scope

Regulates fuel suppliers, paying excise duties, not individual drivers or homeowners.
Obligates fuel suppliers to buy and surrender allowances based on emissions caused by the fuels they sell.

1. **Buildings:**
   - Emissions from heating fuels like natural gas, heating oil, and coal
   - Applies to residential and commercial buildings (homes, offices, public buildings)
2. **Road Transport:**
   - Emissions from fuels used in cars, vans, trucks, and buses
3. **Additional Sectors:**
   - Address emissions from small industries with a thermal input less than 20MW Industries contributing to greenhouse gases.

Benefits

Environmental Impact:
Significant reduction in greenhouse gas emissions, contributing to global efforts to combat climate change.

Economic Incentives:
Encourage innovation and investment in clean technologies and energy solutions.

Public Health:
Improved air quality and reduced pollution-related health risks.

Compliance Timeline:

2025 – Start of the compliance cycle.

2026 – Annual emission reports should be verified

2028 – Start of allawances surrendering

Administrative Penalties:

- Non-compliance with permit requirements can lead to fines ranging from **€5,000** to **€50,000**, with additional daily penalties.
- Failing to surrender sufficient allowances incurs penalties of €100 per tonne of CO_2 equivalent.

Target Gases:

Carbon dioxide (CO_2)

Allowance Management:

Entities must surrender equivalent allowances for emissions produced by 31st of May of the following year.

Revenue Allocation:

Auction revenue, after administrative costs, will contribute to Malta's Consolidated Fund to support climate action.

Things to keep in mind

Regulated Entities:
Must adhere to compliance requirements, starting by submitting a monitoring plan in order to obtain a GHG emission permit, then annually submitting a verified emissions report

Public and Environmental Groups:
Enhanced transparency with public access to emissions data while protecting confidential information.

For the public

Enhanced transparency in emissions reporting and climate funding allocations.

Next Steps for Stakeholders

1. **Review applicable sectors and determine if your entity qualifies as a regulated entity.**
2. **Develop and submit a monitoring plan in accordance with the Monitoring and reporting Regulation**
3. **Begin preparing to apply for a GHG emission permit, ensuring compliance with application requirements.**
4. **Annually submit your entity's annual Emission Report. As of 2026 AER should be verified.**

For more information, contact the Climate Action Authority on
+356 2385 0500
or visit
www.climateaction.gov.mt
for a copy of the **Legal Notice 314-2024**.