

Updated December 2023

## SWISS ETS AT A GLANCE

Years in operation	<p>2008-12: Voluntary phase</p> <p>2013-20: Mandatory phase</p> <p>2021-30: Mandatory phase</p>
Overall cap & trajectory	<p>Absolute cap:</p> <p>2021: 4,778,248 tCO<sub>2</sub>e</p> <p>2022: 4,647,500 tCO<sub>2</sub>e</p> <p>2023: 4,516,751 tCO<sub>2</sub>e</p> <p>2024: 4,386,003 tCO<sub>2</sub>e</p> <p>2025: 4,255,255 tCO<sub>2</sub>e</p> <p>Cap for aviation:</p> <p>2021: 1,072,636 tCO<sub>2</sub>e</p> <p>2022: 1,048,507 tCO<sub>2</sub>e</p> <p>2023: 1,223,572 tCO<sub>2</sub>e</p> <p>From 2021, the Linear Reduction Factor (LRF) is set at 2.2%.</p>
Target(s)	<p>There is no explicit reduction target for the Swiss ETS. The reduction in emissions is a function of the decreasing cap, governed by the LRF. Currently Switzerland is finalising a new CO<sub>2</sub> Act that will set a legally binding GHG emission reduction target by 2030.</p> <p>Switzerland's NDC – updated in December 2021 – outlines the goals to cut emissions by 35% by 2025 below 1990 levels; at least 50% by 2030 below 1990 levels; and to reach net-zero by 2050.</p> <p>In June 2023, the Swiss electorate approved the Climate Protection Act, which was put to the vote in a national referendum. The Act sets climate targets for 2050 (net-zero) and beyond (net-negative).</p>
Emissions reduced to date	N/A
Sectors covered	<ul style="list-style-type: none"> <li>• Power and heat generation</li> <li>• Industrial processes, including oil refineries, steel works and production of iron, aluminium, metals, cement, lime, glass, ceramics, pulp, paper, cardboard, acids and bulk organic chemicals</li> <li>• Domestic aviation, flights to the European Economic Area (EEA) and flights to the UK (included again in the system from 1 January 2023).</li> </ul>
GHGs covered	<ul style="list-style-type: none"> <li>• CO<sub>2</sub></li> <li>• N<sub>2</sub>O</li> <li>• CH<sub>4</sub></li> <li>• HFCs</li> </ul>



	<ul style="list-style-type: none"> <li>• NF3</li> <li>• SF6</li> <li>• PFCs</li> </ul>
# of covered entities	In 2022, the number of covered entities amounted to 95 installations and 173 aircraft operators.
Allocation method	Similar to the EU ETS, auctioning is the default allocation method, accompanied by free allocation based on benchmarks, for sectors at risk of carbon leakage.
Trading rules	There is a holding limit of 1 million allowances (CHUs/CHUAs and EUAs/EUAAs collectively) for trading accounts (personal holding accounts). This is the maximum amount that each account holder can keep at any one time, whether in one account or spread across multiple accounts.
Use of offsets and linking	<p>Offsets cannot be used for compliance.</p> <p>The Swiss ETS linked to the EU ETS in January 2020, which means that CHUs are fully fungible with EUAs.</p>
Other features	<p>Banking within and across phases is allowed without limits, whereas borrowing is not allowed.</p> <p>A new market stabilisation mechanism was established in 2022. It adjusts the quantity of allowances to be auctioned according to pre-defined rules: the auction volumes are reduced by 50% if the number of allowances in circulation exceeds 50% of the cap for installations of the previous year.</p>
Penalties for non-compliance	The penalty for failing to surrender sufficient allowances is set at CHF 125/tCO <sub>2</sub> . In addition, entities must surrender the missing allowances in the following year.
Use of revenues	Revenues from auctioning allowances are fed into the federal government budget.

## Major Developments

In June 2023, the Swiss electorate approved via referendum the Climate Protection Act, which addresses emission reduction targets, innovation and energy security. It legally enshrines the 2050 net zero target and the net-negative target beyond 2050.

The Swiss government is currently preparing a new Federal Act on the Reduction of CO<sub>2</sub> Emissions (CO<sub>2</sub> Act) that will set the

2030 national reduction target. This is expected to be adopted in 2024.

Also, the Federal Council (Swiss federal cabinet) is about to adopt a revision of the CO<sub>2</sub> Ordinance, the main legal act that regulates the Swiss carbon market in detail. The revised Ordinance will reform the Swiss ETS to ensure its compatibility with the EU ETS after the Fit-For-55 reforms.



## Market Commentary

Due to the small size of the market, there is limited secondary market trading for CHUs. Instead, the main form of price discovery comes from allowance auctions, which are held several times a year. Results of prior auctions may be found on the BAFU website.

In 2023, the transfer of allowances between EU ETS and Swiss ETS was taking place twice a week; this frequency will significantly increase in 2024. The EU/Swiss transfer calendar is also [online](#).

## Useful Links

[Federal law on climate targets, innovation and energy security](#)

[Emissions trading scheme for installation operators`](#)

[Emissions trading system for aircraft operators](#)

[Swiss Emissions Trading Registry](#)

[European Commission: FAQs on Swiss Linking](#)

[ICAP Swiss ETS](#)

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