Emission trading scheme (ETS)

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- **Why in news?**
  - It is now launched in Surat by the Gujarat Government.
- **What is ETS?**
  - Emissions Trading Scheme (ETS) missions trading is a **market-based approach to control pollution**.
  - By **creating tradable pollution permits** it attempts to add the profit motive as an incentive for good performance.
  - The main form of emissions trading is known as "**cap and trade**": a cap on emissions is set and then permits are created up to the level of this cap.
  - The companies or other entities covered by the scheme need to hold **one permit for every tonne of pollution (CO2e) they emit.**
  - Allowing a trade in these permits puts a price on pollution – the cost of emitting one tonne of carbon dioxide is the cost of the permit – and creates flexibility as to how and where pollution is reduced.
  - This is preferable to other forms of pricing, such as **carbon taxes,** which do not guarantee any particular level of reduction.
  - Emissions trading is a central element of the **Kyoto protocol** in the form of the **Clean Development Mechanism (CDM**).
  - **Criticism** is that an emission trading has been marred by **weak caps, free handouts of permits to the biggest polluters and the purchase of "offsets"** – carbon credits bought from outside the cap-and-trade system from carbon reduction projects in the developing world.

- **How is the Surat programme different from other such systems?**
    - The cap-and-trade system has been used in the US to bring down the level of sulphur dioxide (SO2) and nitrogen oxides (Nox).
    - However this emissions trading programme is the **first in the world to regulate particulate air pollution.**