



ETS Around the World

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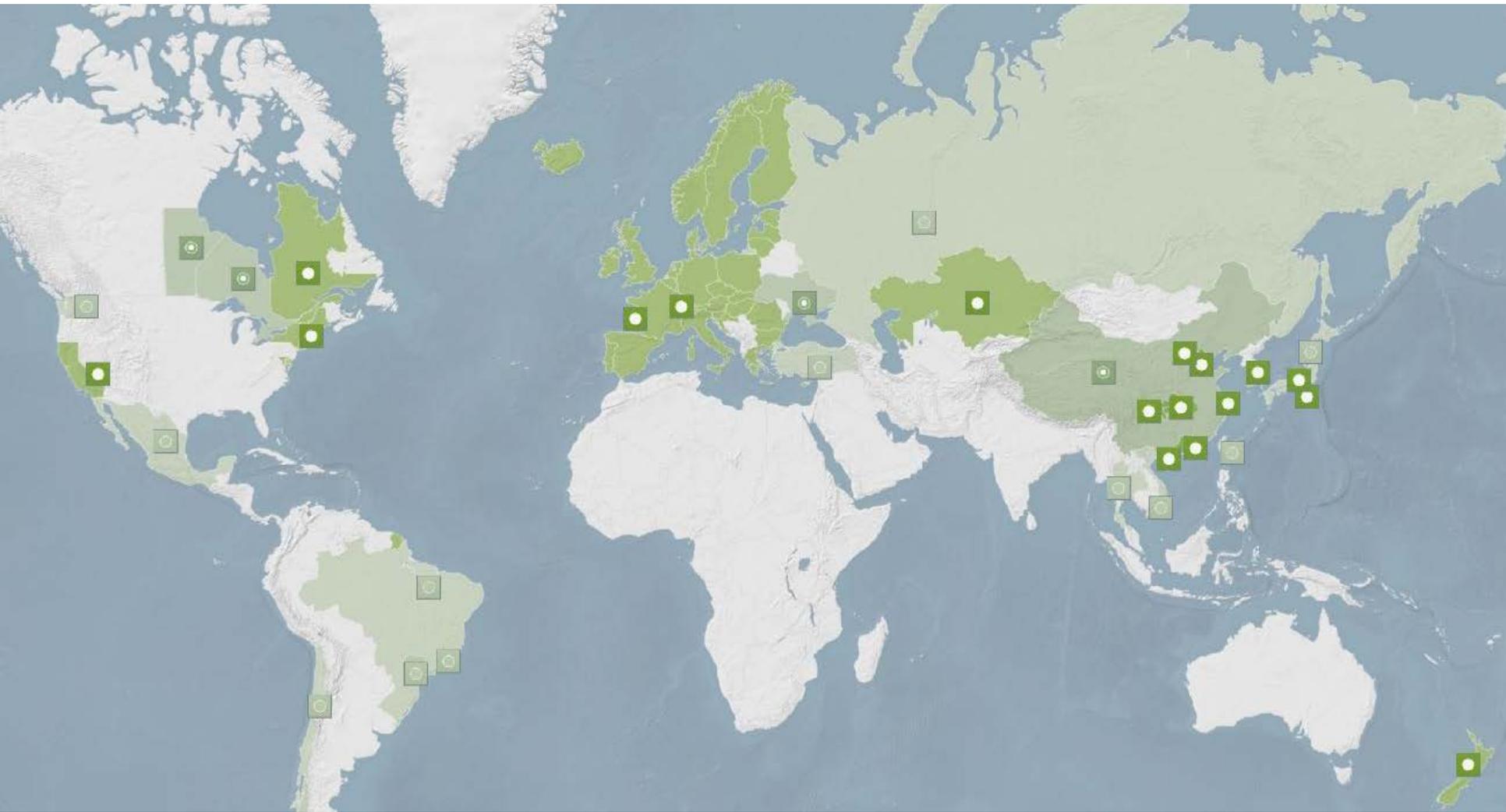


Outline

1. Around the world with emissions trading:
17 systems across 4 continents
2. Europe & the periphery
3. North America
4. Asia Pacific



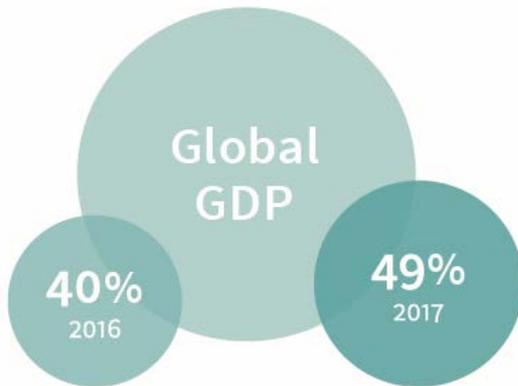
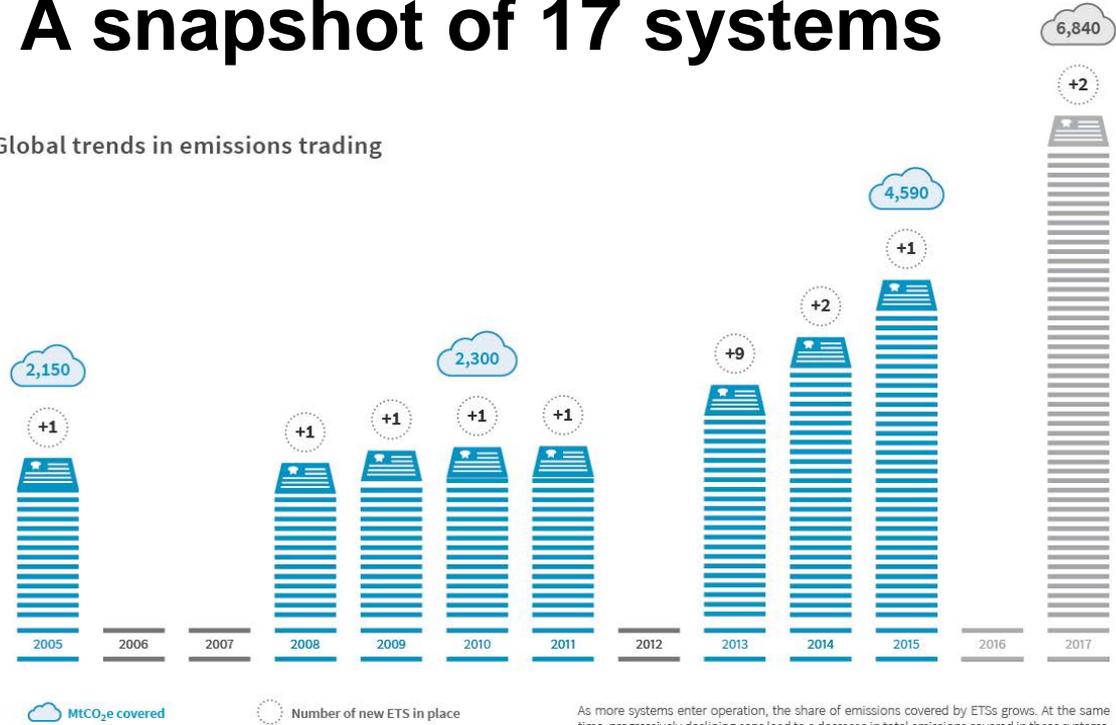
Emissions Trading Worldwide: 10 years on...



Global Trends: A snapshot of 17 systems



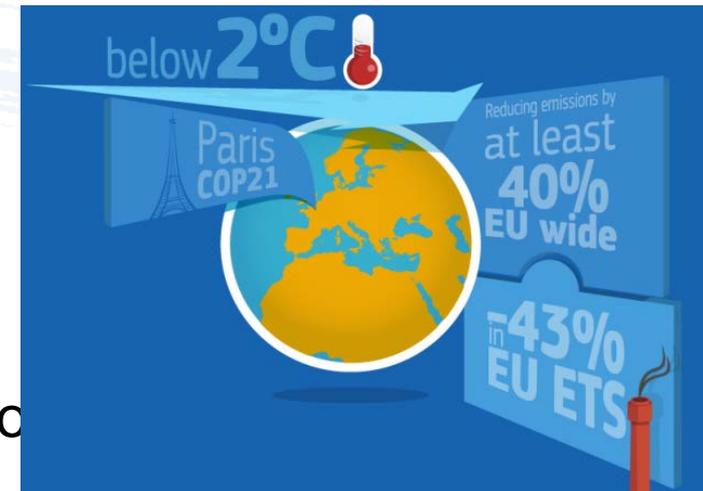
Global trends in emissions trading





Europe & the Periphery

- The EU ETS is currently undergoing a process of structural reform
- 2030 Climate and Energy Framework:
 - At least 40% reduction of GHG emissions EU wide
 - Translates to 43% reduction for EU ETS sectors
 - Tighten cap: annual reduction factor increase from 1.74% to 2.2%
- Current price around €6





Europe & the Periphery

- July 2015: EC legislative proposal for **post 2020 EU ETS reform**
 - Free allocation: benchmarks updated more frequently, revised carbon leakage list
 - New low-carbon technology innovation fund and a new modernization fund to help lower-income member states with their energy systems.
- Concluded linking negotiations with Switzerland after 5 years of negotiation – timetable open for signing and ratification of link.

SWITZERLAND & EU





Europe & the Periphery

- **Kazakhstan**
 - System suspended until 2018 to improve the MRV system, overall GHG regulations and functioning of Kazakhstan's ETS
- **Turkey**
 - Comprehensive, mandatory MRV system in place with reporting of 2015 emissions starting this year
 - Working on a series of reports on emissions trading in Turkey
 - Plans to simulate ETS
- **Ukraine**
 - Plans to establish a national ETS that can be linked to the EU ETS



North America: California & Québec

- Both systems have been linked since 2014
- Operating joint auctions
- 2015: Cover the transport sector by including fuel distribution (~85% coverage)
- High compliance rate
- Price around USD 12.70
- Joint carbon market to grow even further following establishment of ETS in Ontario...



QUÉBEC & CALIFORNIA





North America: Ontario

- 18 May: Ontario passed cap-and-trade regulation, program starting in 2017, largely based on program design in Québec & California
- Link with QC & CAL planned for 2018
- First compliance period: 2017-2020 with initial allowance cap of around 142m tCO₂e
- Coverage: power sector, industry and petroleum product suppliers

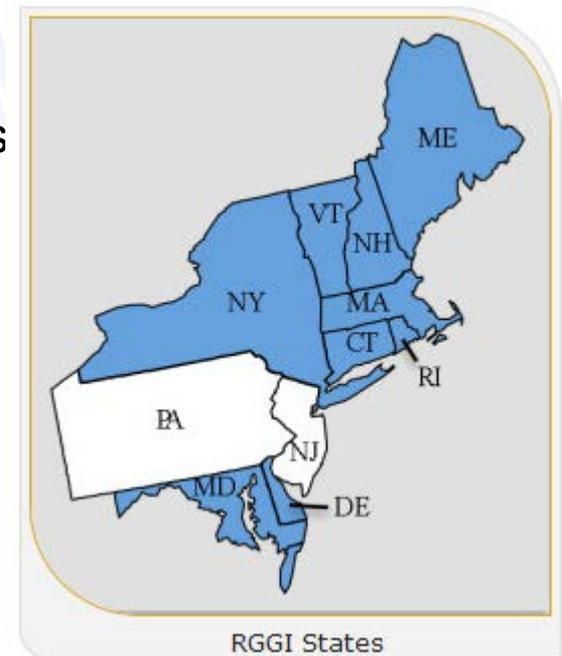




North America: RGGI & Clean Power Plan



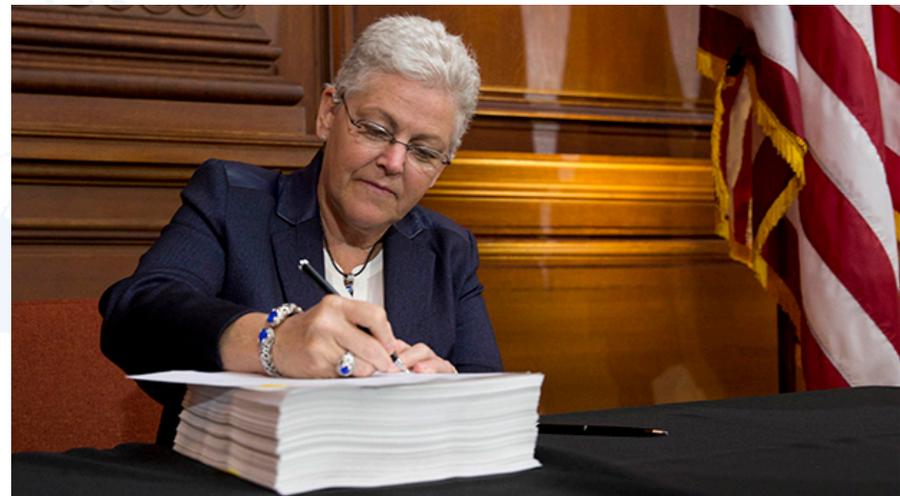
- Covers power sector with almost 100% auctioning
- Currently undergoing broader system review to see how program should be adapted to comply with the Clean Power Plan and look at cap stringency post-2020.
- The review will also consider
 - Cost Containment Reserve: how it has worked to date and interactions with CPP
 - Offsets and compatibility with CPP
 - Control periods: currently 3 years
- Price around USD 5



North America: US (National Level)

EPA-Clean Power Plan

- Regulate GHG emissions from existing power plants, aiming for 32% reduction in electricity sector emissions by 2030 compared to 2005 levels.
 - States can have a rates or mass based target
 - Flexibility: joining with other states in an ETS like RGGI
- > CPP implementation currently stayed by Supreme Court





Asia Pacific

- **New Zealand**
 - Currently undergoing system review
 - Debate on continued use of transitional measures like 2-for-1 surrender obligation
 - Debate on use of international offsets (not allowed since May 2015)
 - Price around 9.5 USD
- **Australia**
 - Emissions Reduction Fund replaced ETS (abolished 2014)
 - National elections July 2: Opposition party has proposed 2 ETS (one for heavy industry, one for electricity sector)



Asia-Pacific



- **South Korea**
 - System start: January 2015, covers 525 entities from 23 sectors (around 2/3 of national GHG emissions)
 - Responsibility shifted to Office for Government Policy Coordination (OGPC) under the Prime Minister
 - Ministry of Strategy and Finance in charge of allocation
 - Enforcement shared with Finance, agriculture, environmental, transport ministries
 - Price around 11 USD





Asia-Pacific

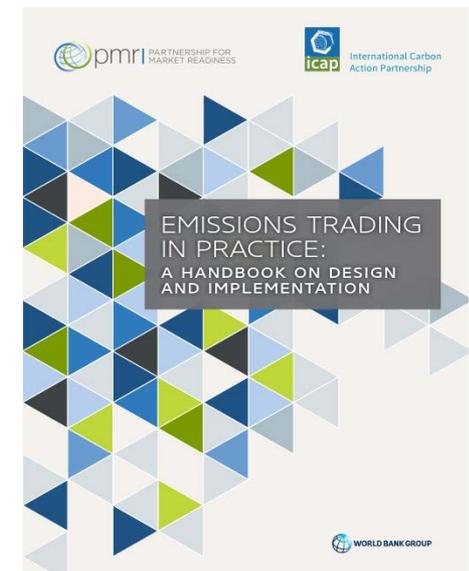
China

- US-China Declaration, 2015: National Chinese ETS starting in 2017 (design not yet finalised)
- Coverage: power generation, iron and steel, chemicals, building materials, paper making, non-ferrous metals
- Currently in the process of M
- Estimated size: 3-4b tCO₂e,
- Estimated 10,000 entities
- 7 Chinese pilots successful i
capacity building and testing
various design elements



More information on ETS

- **ICAP interactive world map**
 - Latest information on existing and planned systems
- **ICAP Status Report Emissions Trading Worldwide**
 - Detailed factsheets on all systems, infographics and articles on the latest trends in ETS
- **ICAP-PMR ETS Handbook ‘Emissions Trading in Practice’**
- **Newsletter “Global Trends in Emissions Trading”**



Thank you

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