

Emissions trading: Benefits and State of Play

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Overview



- International Carbon Action Partnership (ICAP)
- Benefits of Emissions Trading
- Overview of Recent ETS Developments

Quelle: ICAP ETS Status Report 2014

International Carbon Action Partnership (ICAP)



- ICAP is an international forum for governments and public authorities that have implemented or are planning to implement emissions trading systems (ETS).
- The partnership currently counts 31 full members and 4 observers.
- Activities
 - Technical dialogue
 - Capacity building
 - ETS knowledge hub



www.icapcarbonaction.com

ICAP - ETS Information Platform

ICAP interactive ETS world map

- Comprehensive, up to date information about existing and planned ETS
- Ability to compare and download systems

ICAP Status Report "Emissions Trading Worldwide"

 New report on existing and planned ETS, market trends, detailed factsheets, infographics, and articles

Quarterly Newsletter "Global Trends in Emissions Trading"

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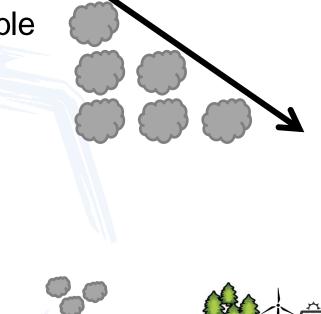




Benefits of Emissions Trading

- Sets firm limit on emissions
 - Steadily declining cap: predictable reduction pathway
- Companies choose how, when & where to reduce emissions
 - Reduce their own emissions
 - Buy surplus permits
 - Offsets
 - Bank permits





Benefits of Emissions Trading

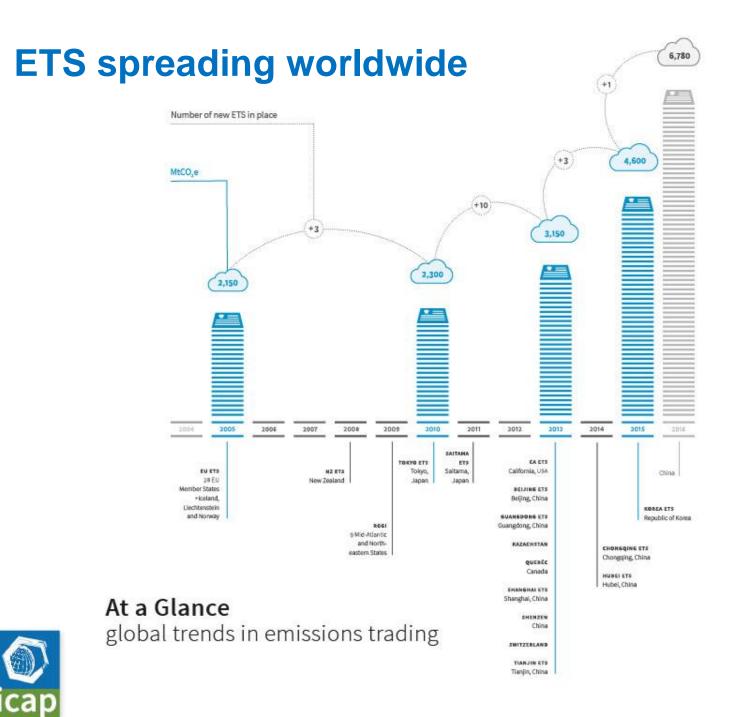


All ETS fits various except RGGI economic and All except: political profiles Tokyo Saitama New Zealand INDUSTRY Potential FORESTRY POWER government SECTOR COVERAGE N revenue BUILDING Tokyo EU ETS AVIATION Saitama Shanghai Shenzhen Republic of Korea Shanghai Beijing **Republic of Korea** TRANSPORT WASTE New Zealand New Zealand **Republic of Korea** California Québec Shanghai **Republic of Korea**

Benefits of Emissions Trading

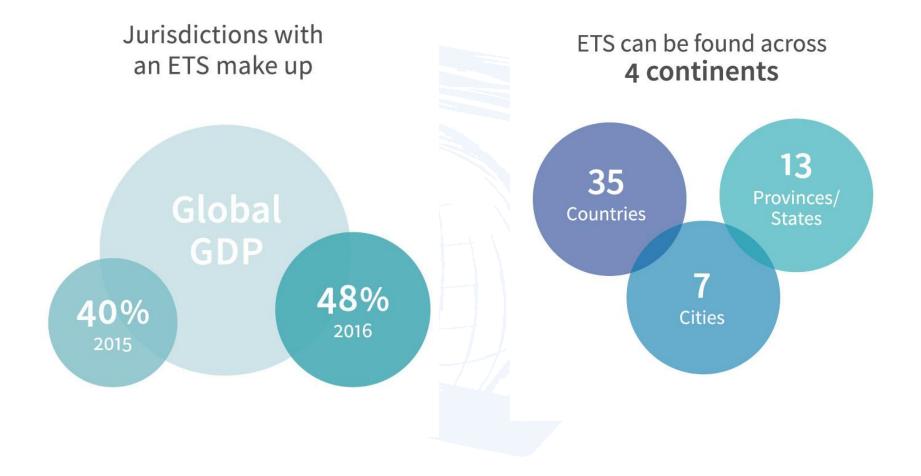


- Co-benefits
 - Cleaner air
 - Resource efficiency
 - Energy security
 - Job creation
 - Protect natural areas
- Linking can create bigger, more efficient carbon market



Overview





Latin America and Caribbean (1)



- **Mexico:** Carbon tax (USD 3.50) on importers & producers of fossil fuel, introduced January 2014
 - Partial use of offset credits (no legislation yet)
 - Could transition to an ETS
- Mandatory reporting system for direct & indirect GHG emissions in 7 sectors, October 2014
 - All six GHG gases under UNFCCC + black carbon

Latin America and Caribbean (2)



- Chile: Roadmap for ETS introduction with PMR support
 - Carbon tax (USD 5) for thermal power generators, passed September 2014
- Brazil: Current in a holding pattern on national and local levels (Rio de Janeiro und Sao Paulo)
 - Considering market instruments with PMR support

International Carbon Action Partnership

Europe and its periphery (1)

European Union ETS

- 28 Member States plus Norway, Liechtenstein, Iceland
- EU Commission 2030 proposa
 - 40% reduction (own effort)
 - Linear reduction path increases from 1.74% to 2.2
 - Market Stability Reserve
- Prices ~8 EUR
- Linking negotiations with Switzerland





Europe and its periphery (2)



Kazakhstan

- Pilot phase 2013, start 2014
- Delay in allocation processes, regulatory reform
- Prices ~\$2 2.50 USD

Russia

ETS under discussion

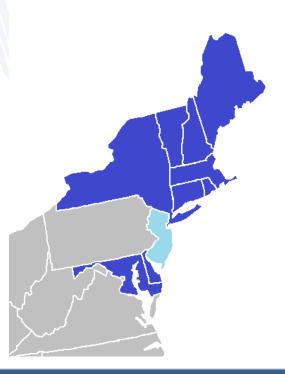
Ukraine

 Development of domestic ETS stipulated in EU association agreement

North America (1) - Regional Greenhouse Gas Initiative (RGGI)



- 9 states in US, started in 2009
- Electricity sector, almost all allowances auctioned
- Reform:
 - Cap reduced by 45% in 2014
 - Cost containment reserve
- Prices now ~4.20 USD
- Role model for CPP?



- California and Québec ETS
 - Auctioning, price control mechanisms
- Linked since 1 January 2014
 - First international link
 - Mutual recognition of allowances and offsets
 - Hold joint auctions
 - Current prices around ~11-12 USD
- Expansion of coverage 2015: fuel distribution
 - ~85% coverage after expansion

International Carbon Action Partnership







Asia Pacific (1)



Tokyo

- First ETS on city level, linked to Saitama ETS
- Participants: Industry, large commercial buildings
- Already achieved emissions reduction target (23% compared to base year emissions)

Korea

- launched Jan 2015 covering 67% national emissions
- First domestic offsets issued

China

- Seven pilots, national ETS announced for 2016/2017
- 2014 compliance ended (pilots)

Asia Pacific (2)



Australia

- Abolition of the Carbon Pricing Mechanism (July 2014)
- Alternative: Emissions Reduction Fund -> financing of mitigation projects
- Opposition: ETS policy for next federal election

New Zealand

- Second system review expected
- No international offsets from mid-2015
- Current prices ~ 5 NZD (3.80 USD)



Thank you for your attention!

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