



TURKEY

Final Market Readiness Proposal

27 May 2013 - Barcelona

Introduction: MRP Focus and Objective

- ◆ MRP identifies Turkey's needs for market readiness in two categories:
 - Implementation of existing MRV Regulation – *iMRV* and,
 - Preparation for an informed decision making process on the use of market based instrument(s) – *DoMBI(s)* :
 - *ETS for the Electricity Sector*
 - *ETS and other MBIs for MRV covered/not covered sectors*

Process of Revising MRP

- ◆ Consultations with other ministries and private sectors after PA5,
- ◆ Better formulation of the existing situation and the needs
- ◆ Inclusion of clear timeline, list of activities and budgeting with source of funding
- ◆ Minor changes in BB-1 and BB-2
- ◆ Reorganization and enhancement of BB-3, BB-4

Update on Context

- ◆ Electricity sector (one of main GHG source) has expressed willingness to participate in piloting MRV and in studies to develop MBIs”

PA Questions and Answers - 1

How PMR funding will be additional?

- ◆ PMR Funding is requested for:
 1. Piloting of MRV: capacity building on MRV and starting concrete implementation ahead of regulated timeline
 2. Research and analysis on DoMBI(s): Informed decision making process for future MBI(s)
 3. Stakeholder Consultation/Engagement and Public Awareness Activities
 4. Implementation support for MRV and MBI
 - ◆ Considering limited capacity to implement MRV regulation, piloting the program is necessary for a successful implementation of the full MRV regulation
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PA Questions and Answers - 2

Carbon Market consideration in Turkey's climate change plans?:

- ◆ All strategy papers, including activities for consideration of carbon markets, refer to up-scaling of CDM-like projects and with this to create financial support to climate friendly projects
- ◆ None of the actions stated in the existing strategy papers includes the vision of implementing ETS or crediting NAMA
- ◆ PMR funding will help Turkey to assess and take decision for implementation of ETS and/or other MBIs

PA Questions and Answers - 3

Other sources of funding?

- ◆ Turkey has a technical partnership with Germany on MRV, with a budget around 2.5 Mil. EUR (3.25 Mil. USD).
- ◆ GIZ and Climate Change Department of MoEU will be implementing agencies
- ◆ Partnership is covering most of the needs (legal, technical, infrastructural) of Turkey for *iMRV*
- ◆ No other source of funding yet.

PA Questions and Answers - 4

EU-ETS?

- ◆ BB-3 of Final MRP clarifies that the existing MRV regulation is based on EU-ETS directives.
- ◆ MRP further clarifies that Turkey will continue to build secondary MRV legislation in accordance to EU-ETS
- ◆ Turkey will explore ETS for electricity sector (implemented in EU and other countries/regions)
- ◆ Turkey commits for implementation of EU-ETS directives upon EU membership

PA Questions and Answers - 5

How to address concerns of the MRV-sectors?

- ◆ BB-2 includes strategic targets of MRV sectors.
- ◆ Especially electricity and industry sectors has ambitious targets for decreasing dependency to exported fuels and increasing competitiveness, respectively.
- ◆ Both sectors need to be better informed and educated on MBIs, in order to address their concerns. Consultations and trainings will aim this.
- ◆ Studies to be prepared on ETS and other MBIs shall take these strategic priorities into account

Summary of Building Block 1

- ◆ BB-1 provides an overview of Turkey's climate change policies and activities
- ◆ This block also includes an overview of Turkey's carbon market experiences, specifically with the CDM-based voluntary carbon markets
- ◆ In 2010, the total GHG emissions in Turkey is 401.9 MtCO₂e, which corresponds to a 115% increase compared to the 1990 levels
- ◆ CO₂ emissions had the largest share of GHG emissions with 81% in 2010
- ◆ Industrialization and urbanization are the key drivers of GHG emissions.

Summary of Building Block 2

- ◆ BB-2 includes, a comprehensive general and sectoral policy mapping analysis on CC with organizational framework
- ◆ BB2 reflects on the multi-sectoral and sectoral strategies
- ◆ Policy mapping analysis reveals that Turkey has already adopted several low energy and carbon intensity policies.
- ◆ BB2 shows that there are some sectoral objectives that need to be taken into account during the design and implementation of an MBI in order to ensure acceptance by the sector participants.

Summary of Building Block 3 – 1/3

- ◆ BB-3 describes Turkey's existing GHG data management system and elaborates on the means to achieve a successful implementation of existing MRV regulation.
- ◆ Turkey published a framework regulation for MRV of facilities from industry and energy sectors in April 2012. First submission year is 2016.
- ◆ The first monitoring year of compliance is 2015, and obligated entities need to prepare their monitoring plans and submit them to MoEU by June 2014.

Summary of Building Block 3 – 2/3

- ◆ A list of additional necessities for *iMRV* is provided below:
 1. Preparation of secondary and complementary legislations for *iMRV*
 2. Establishment of a robust web-based database and registry system
 3. Training and capacity building activities for stakeholders on *iMRV*, including a piloting of the *MRV regulation*.

Summary of Building Block 3 – 3/3

- ◆ Turkey-Germany technical partnership on MRV covers most of the items listed above.
- ◆ An additional activity, not covered under the Turkey-Germany technical partnership, is the piloting of the MRV regulation.
- ◆ Piloting will include the preparation of monitoring plans/ reports, and verification for the facilities voluntarily participating in the piloting.
- ◆ Electricity sector expressed interest to the piloting. During the PMR implementation phase, other willing sectors/facilities covered by the MRV regulation will be included in the piloting program.

List of Implementation Phase Activities, BB3

Activity	Timeline (Quarter)										Budget (x1000 USD)			
	1	2	3	4	5	6	7	8	9	10	Y1	Y2	Y3	Total
<i>iMRV</i>											2,500	1,300	300	4,100
1. Preparation of Additional Legislations for <i>iMRV</i>														300
a. Technical consultancy to develop monitoring, reporting and verification guidelines											200			200
b. Other legislative works for <i>iMRV</i>											100			100
2. Establishment of Robust Web-based Database and Registry System														2,500
a. Selection of the software											100			100
b. Technical support for a web based reporting and verification system											100			100
c. Training of the trainers for this system											100			100
d. Piloting the data management system											100			100
e. Technical consultancy to establish a national registry system											100			100
f. Procurement of Software and Establishment of the System											1,000	1,000		2,000
3. Training and Capacity Building Activities for Stakeholders on <i>iMRV</i>														1,300
a. Training of Trainers (gov. and business representatives, operators, verifiers consultants, etc.)											300			300
b. Establishment of an MRV Training Centre											100	100	100	300
c. MRV Piloting											300	200	200	700

Budget for activity 3.c (“MRV Piloting”) is requested from PMR

BB-3 Deliverables

Deliverables	Description	Party Responsible for Ensuring Action
<p>a) Guidelines for monitoring, reporting and verification</p> <p>b) Amendments of existing legislations, and enforcement of new complementary regulations</p>	Supporting legislative works for iMRV	GIZ and MoEU
MRV Database and Registry System	A web-based robust system shall be established for data management system of MRV regulation	MoEU
Piloting on MRV Regulation in the electricity sector, possibly others	Design and implementation of a MRV piloting phase: sectors and num. of plants, the timeline, activity list. Pilot run the scheme, including reporting and verification. Recording of the outcomes of the piloting with recommendations for fixing identified shortcomings in the MRV system and/or capacity	MoEU

Summary of Building Block 4

- ◆ BB-4 includes two parts:
 - Part-I, a policy mapping assessment and a SWOT analysis for an informed decision on the implementation of MBIs (*DoMBI(s)*).
 - Part-II, provides a list of studies and activities for *DoMBI(s)* with an estimated timeline and budget.

- ◆ The electricity sector already indicated willingness for ETS study. This is important for creating an awareness for the other sectors covered or not covered by the MRV regulation for such studies.

Summary of Building Block 4

- ◆ As part of the *DoMBI(s)*, the following reports are expected to be prepared:
 1. GHG Emission Projections and Sectoral MACCs (*to be covered from the national budget*),
 2. Consideration of ETS for the Electricity Sector,
 3. Recommendations for Selection of MBIs and Sectors for Modeling,
 4. GHG Market Modeling and Outcomes for Selected Sectors,
 5. Market Based Instruments for GHG Emission Reduction Objective – *Policy Options and Recommendations*

List of Implementation Phase Activities, BB4

Activity	Timeline (Quarter)										Budget (x1000 USD)			
	1	2	3	4	5	6	7	8	9	10	Y1	Y2	Y3	Total
DoMBI(s)											650	1,350	1,000	3,000
a. Report on GHG Emission Projections and Sectoral MACCs											450	800	450	1,700
b. Report on Consideration of ETS for the Sectors Covered by MRV Regulation												400		400
c. Report on Recommendations for Selection of MBIs and Modeling for Sectors not covered by MRV												150		150
d. Report on GHG Market Modeling Outcomes for Selected Sectors													350	350
e. MBIs for GHG Emission Reduction Objective – Policy Options and Recommendations Report													200	200
f. Training of Stakeholders (gov. and business representatives, operators, verifiers consultants, etc.)											200			200

Budget for activities from b to f listed above, total 1.3 Million USD, are requested from PMR

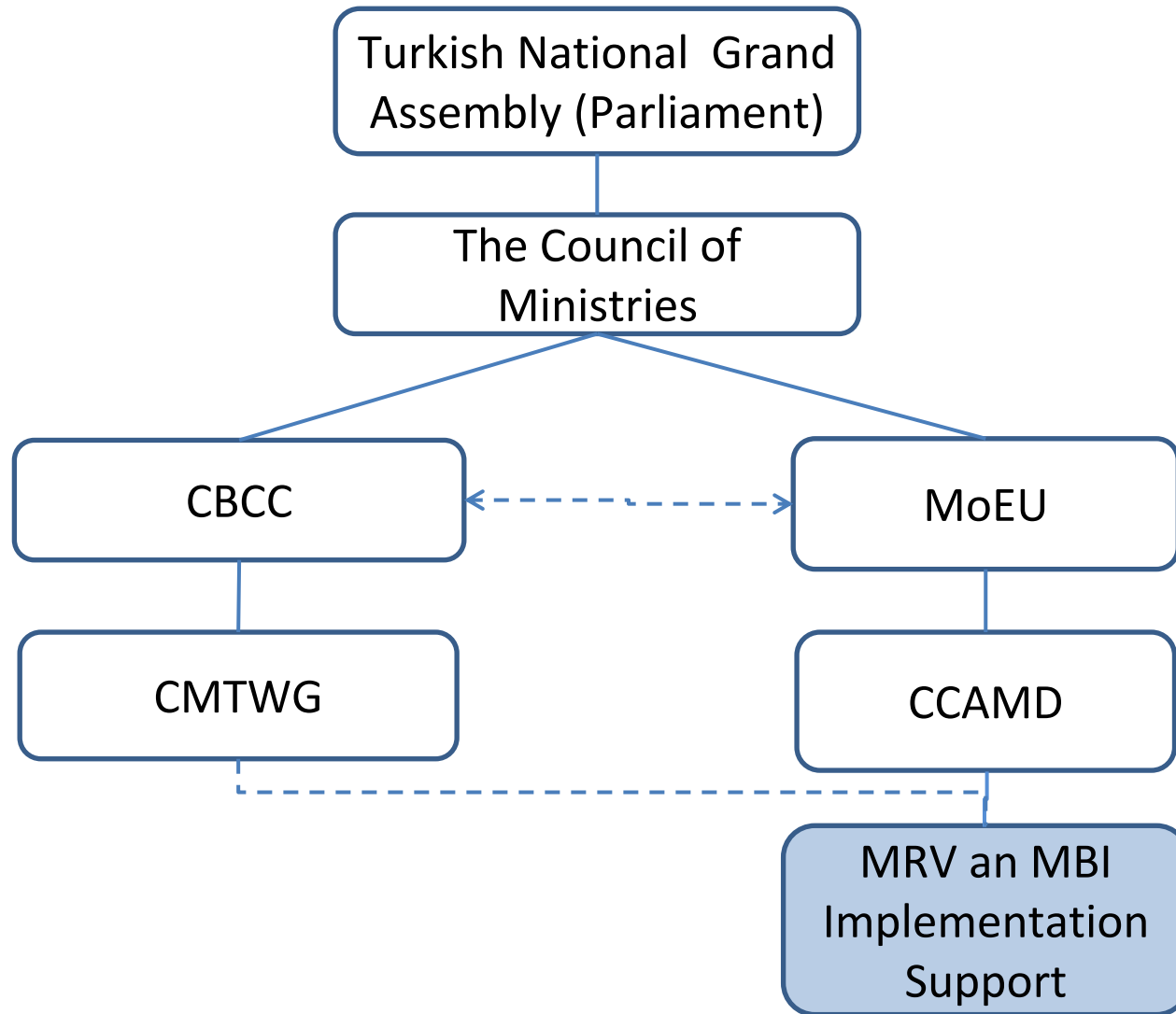
BB-4 Deliverables

Deliverable(s)	Description	Party Responsible for Ensuring Action
Consideration of ETS for the Electricity	Analysis on different ETS being implemented in EU and other countries/regions shall be prepared for the electricity sector.	Carbon Market Technical Working Group under CBCC and MoEU
Recommendations for Selection of MBIs and Sectors for Modelling	Analysis of crediting NAMA and new market mechanisms considered under UNFCCC shall be analyzed for the sectors covered and not covered by MRV regulation.	Carbon Market Technical Working Group under CBCC and MoEU
GHG Market Modelling and Outcomes for Selected Sectors	Modeling and simulation works based on different scenarios, assessing the implications of implementing market mechanism(s) for relevant sector(s), and comparison of model results with other non-market or legal instruments.	Carbon Market Technical Working Group under CBCC and MoEU
Market Based Instruments for GHG Emission Reduction Objective – Policy Options and Recommendations	A general policy options and recommendation report to be prepared for decision makers, based on outcomes of all above analysis and modelling works.	Carbon Market Technical Working Group under CBCC and MoEU

Summary of Building Block 5

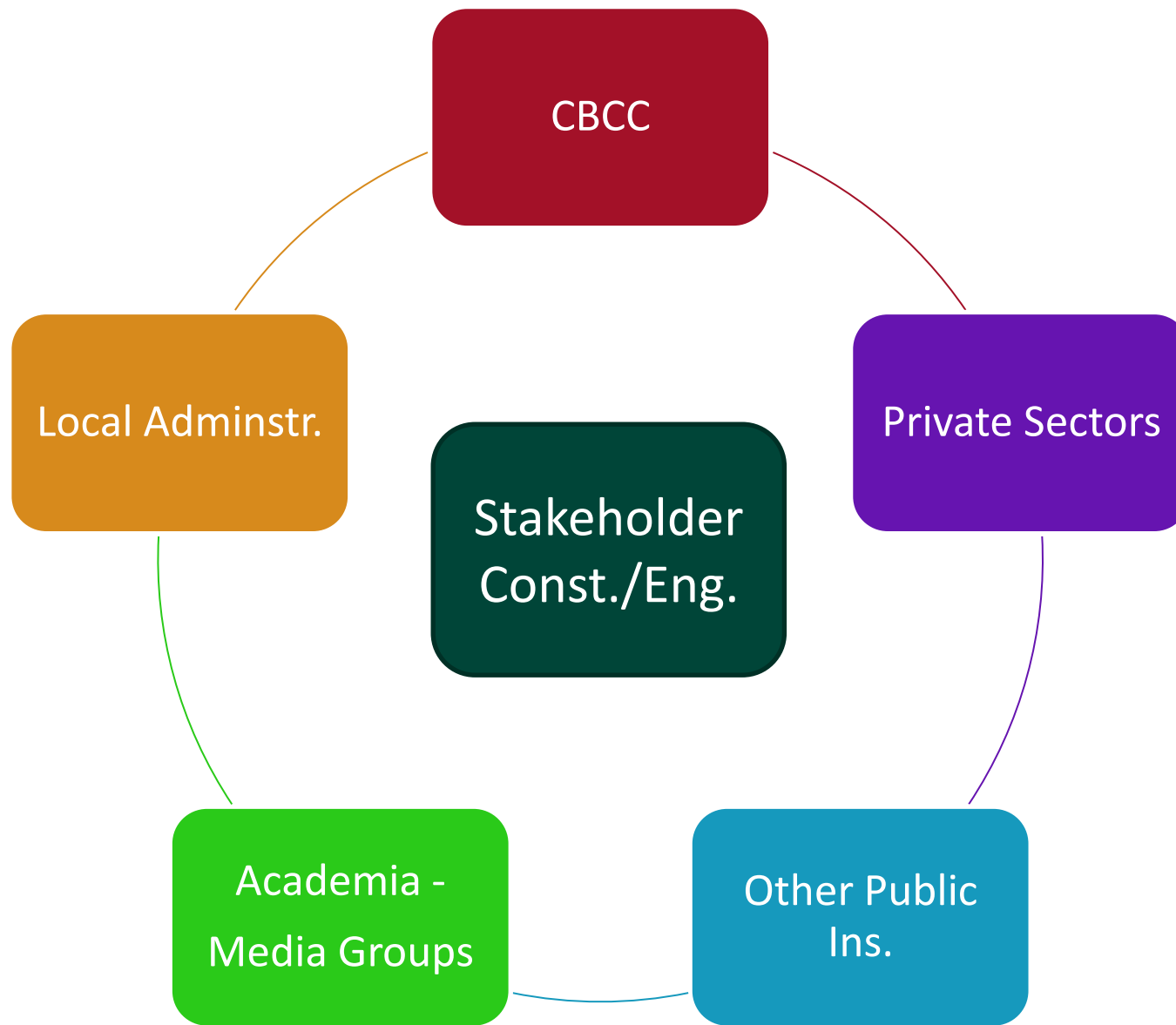
- ◆ BB-5 provides an assessment for stakeholders consultation and engagement process during the PMR implementation phase.
- ◆ BB-5 also includes the information on the MRV and MBI expert implementation support, which is also responsible for overall coordination of PMR activities
- ◆ The Carbon Market Technical Working Group (CMTWG) and MoEU will be the main responsible bodies to undertake the activities identified in the MRP.

Summary of Building Block 5



Organizational Chart for MRP Implementation

Summary of Building Block 5



List of Implementation Phase Activities, BB5

Activity	Timeline (Quarter)										Budget (x1000 USD)			
	1	2	3	4	5	6	7	8	9	10	Y1	Y2	Y3	Total
<i>Stakeholder Consultation/Engagement and Public Awareness Activities</i>											200	150	150	500
a. Conferences and Workshops on <i>iMRV</i> and <i>DoMBI(s)</i>											100	50	50	200
b. Meeting with related stakeholders for consultation of <i>iMRV</i> and <i>DoMBI(s)</i>											50	50	50	150
c. Public Awareness Activities (Media activities, high level public/private meetings etc.)											50	50	50	150
<i>Coordination and expert support for MRV and MBIs implementation</i>											500	500	300	1,300

1 Million USD of total BB-5 budget (1.8 Million USD) is requested from PMR

Summary of Total PMR Funding Request for Implementation Phase

BB	Activity	Total Cost of Activities	Source of Funding (x1000 USD)		
			PMR Funding Request	National Government	Other (GIZ)
BB-3	Implementation of MRV Regulation (<i>iMRV</i>)	4,100	700	450	2,950
BB-4	Informed Decision on Implementation of MBI(s) - (DoMBI(s))	3,000	1,300	1,700	0
BB-5	Stakeholder Consultation/Engagement and Public Awareness Activities	500	500	0	0
BB-5	Coordination and expert support for MRV and MBIs	1,300	500	500	300
	TOTAL	8,900	3,000	2,650	3,250

Conclusion

- ◆ MRP identifies Turkey's needs for market readiness in two categories:
 - Implementation of existing MRV Regulation – *iMRV* and,
 - Preparation for an informed decision making process on the use of market based instrument(s) – *DoMBI(s)*
- ◆ Implementation phase of MRP is estimated to continue for 3 yrs, through 2016
- ◆ Total estimated budget of the identified activities is around 9 Million USD, of which 3 Million USD is requested from PMR

Thank You!

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