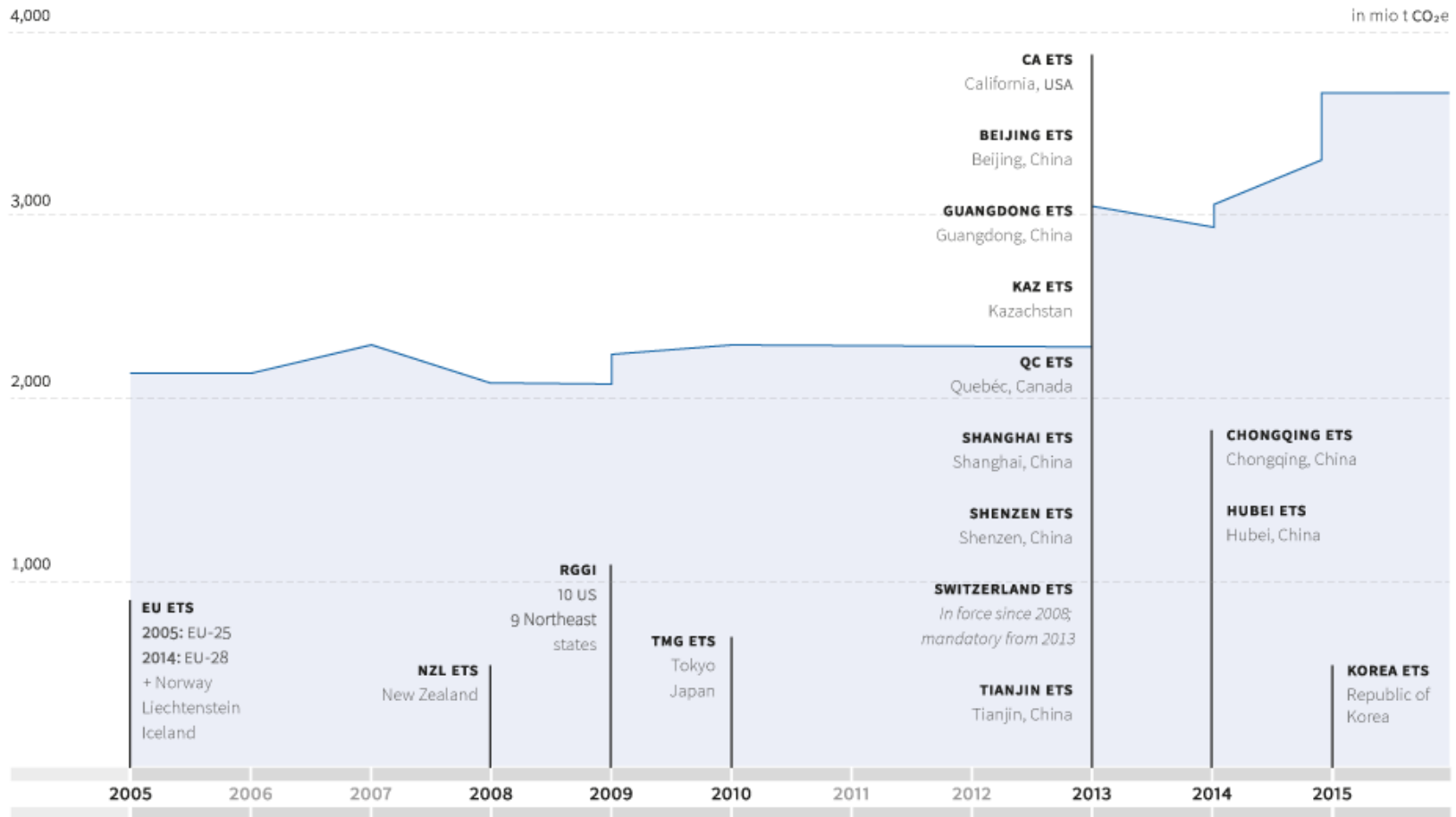




Introducing ETS Knowledge Sharing Activities at the International Carbon Action Partnership

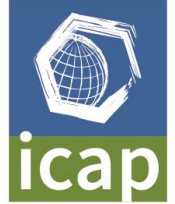
Constanze Haug, ICAP Secretariat

Proliferation of emissions trading worldwide



Source: ICAP ETS Status Report 2014

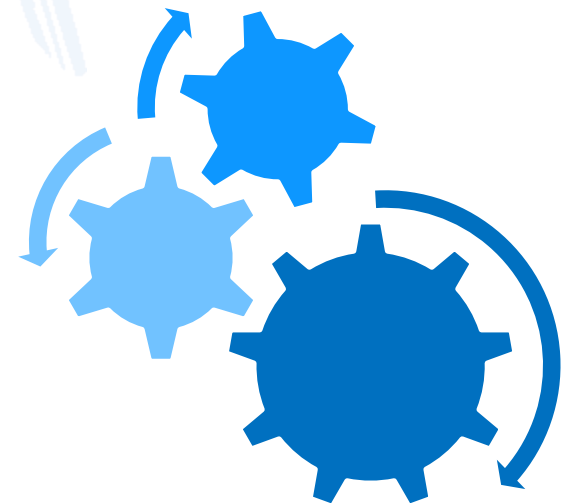
About ICAP



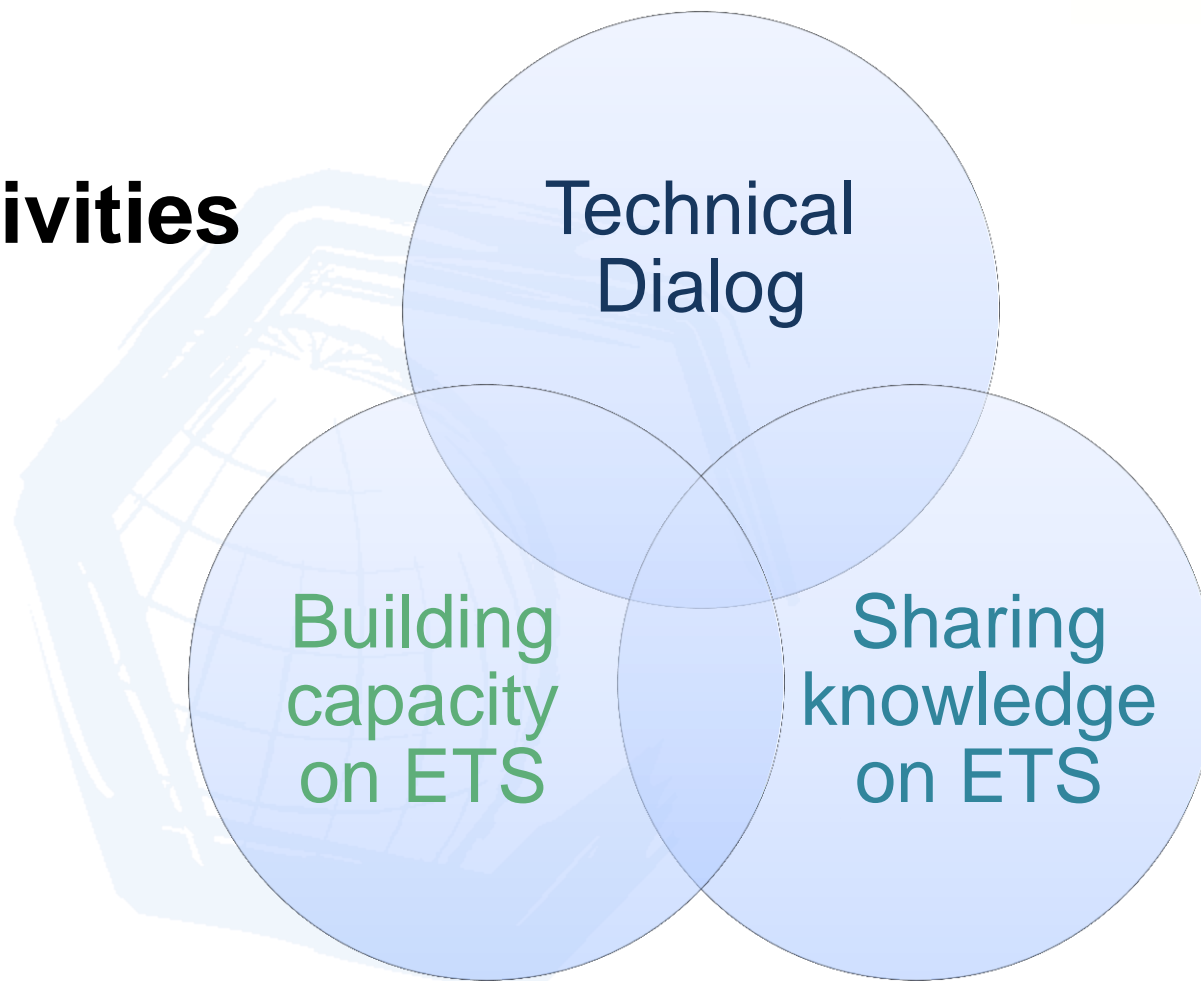
- The International Carbon Action Partnership (ICAP) was founded in 2007 in Lisbon by Heads of State and regional Governments
- Forum for 30 regional, national and sub-national governments + 4 observers to exchange knowledge and experience on emissions trading schemes (ETS) and the way forward to a global carbon market

ICAP's distinctive features:

- Focus on ETS only allows detailed technical discussions on design and compatibility issues
- ICAP brings together national and subnational governments

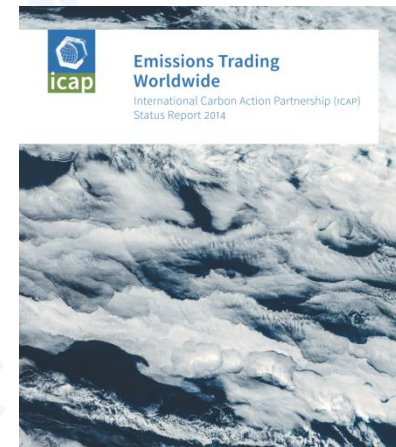


ICAP Activities



ICAP Knowledge-Sharing Activities

- **ICAP Interactive ETS Map**
 - Up-to-date collection of concise ETS information on schemes worldwide.
- **ICAP Status Report 2014, „Emissions Trading Worldwide“**
 - Offering detailed factsheets on all existing and planned emissions trading systems, infographics, and signed articles
- **Quarterly Newsletter Global Trends in Emissions Trading**



ICAP Interactive ETS Map



Select an ETS ▼ ▼ ▼

Interactive ETS Map

Emissions Trading Schemes (ETS) are a key instrument in the mitigation of climate change. The Interactive ETS Map allows users to visualize the status of ETSs around the world, to access information on the schemes and to compare key design elements across ETSs.



Interactive ICAP ETS Map

- **Present the big picture: action on ETS worldwide**
 - Ppt-friendly downloads, both global and regional views
- **Dive in: Easy access to in-depth information on the design of ETS operating and planned**
 - Compare up to three systems at once
 - Comprehensive download options

The map and the underlying database are continuously updated as new information becomes available



- ETS in force
- ETS scheduled
- ETS considered

Shenzhen pilot system
Status: in force
 The Shenzhen ETS started on June 18 2013 as the first of the Chinese pilot systems. Shenzhen does not have a large heavy industrial sector. Instead, 635 mostly medium and small emitters from 26 sectors and close to 200 buildings are covered under the Shenzhen scheme accounting for about 40% of Shenzhen's 2010 emissions (about 30 MtCO₂ in 2013).

EU Emissions Trading System (EU ETS)
Status: in force
 The EU ETS was launched in January 2005 and is the EU's major policy to reduce GHG emissions. To date, the EU ETS covers about 45% of overall GHG emissions in 31 countries (about 2 GtCO₂e) and is thereby the largest emissions trading scheme. The program expanded and underwent major changes as Phase III started on 1 January 2013.



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 Downloads

EU Emissions Trading System (EU ETS) ▼
 Shenzhen pilot system ▼
 ▼

Status: ETS in force

Jurisdictions: 27 EU Member States plus Croatia, Iceland, Liechtenstein and Norway

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Status: ETS in force

Jurisdictions: Shenzhen

The draft Shenzhen ETS design was released in September 2012. In addition, the City Council passed its ETS bill on 30 October 2012. This bill forms the legal basis for the Shenzhen ETS. The system started officially on June 18 2013 as the first of the Chinese pilot ETS. Shenzhen

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In the face of current allowances surplus (almost 2 billion permits) and of the subsequent price drop on the carbon market, an internal debate on both a short-term fix and a long-term reform of the EU ETS is taking place within the European institutions. The European Commission suggested postponing the auction of 900 mio. allowances from 2013-15 to a later time in phase III. In parallel, the Commission submitted structural measures for debate and consultation in a report published in November 2012. Discussions are on-going. More information on the current state of debate and consultations is available [here](#).

[European Commission Website on the EU ETS](#)
[Official EU ETS Fact Sheet 2013](#)
[Consolidated version of the EU ETS Directive](#)
[Information on the EU ETS in the previous phases \(2005-2012\)](#)

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Export current view as PDF

Export current view as CSV

General Information

Overall GHG emissions (excluding LULUCF) +

General Information

Overall GHG emissions by sector +



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General background: The 12th Five Year Plan affirmed China's commitment to "gradually develop a carbon trading market". In October 2011, China National Development Reform Commission (NDRC) designated seven provinces and cities - Guangdong, Hubei, Beijing, Shanghai, Tianjin, Chongqing and Shenzhen - as regional mandatory ETS pilots. Most of the pilot regions submitted their implementation ETS plans to the NDRC before November 2012, they are now planned to start in 2013 or early 2014. The NDRC also announced its aspirations to build a national ETS in China by 2015. In November 2012 the Vice Minister of the NDRC announced that there will be an extension of the piloting period to more regions in 2016-2020, which may imply a delay in the national scheme. In parallel to development of mandatory ETS, NDRC released a regulation on voluntary trading in June 2012.

[Shenzhen ETS bill \(Chinese\)](#)
[Shenzhen ETS press conference September 2012 \(Chinese\)](#)

General Information		
Type of ETS		+
General Information		
Cap and trajectory		×
Type of Cap: Absolute	Type of Cap: Absolute	
<p>Phase I and II: Aggregation of National Allocation Plans of each MS Phase III: Centralized EU-wide cap for stationary sources: 2.040 Mt CO₂e in 2013, reduced by 1.74% annually (effective beyond 2020). Aviation sector cap: 210 Mt CO₂e/year for 2013-20 (not decreasing). It will be adjusted when Croatia's aviation emissions will be brought into the ETS on 1 January 2014.</p>		
ETS Size		
Emissions covered by the ETS		×
		
ETS Size		
GHG covered		+
ETS Size		
Sectors covered		+
ETS Size		
Number of liable entities		+
ETS Size		
Point of regulation		+
Phases & Allocation		
Compliance period		×



Scope & Coverage

Defining the scope and coverage of an ETS implies decisions on which greenhouse gases and sectors should be included in the scheme, and what the minimum size (threshold) should be for the emitters involved. Moreover, the point of regulation, referred to in terms of upstream and downstream, determines the point in a supply chain that is targeted by an ETS. In theory, the broader the scope of an ETS and the more comprehensive its coverage, the higher its environmental effectiveness and economic efficiency. In practice, certain limitations, like which parts of a supply chain have the best abatement options, may affect feasibility, fairness, and the appropriate incentives.

Carbon dioxide (CO₂) is the most common greenhouse gas and is therefore usually the first gas covered in an ETS. When other gases, like methane (CH₄), nitrous oxide (N₂O), or fluorinated gases (SF₆, HFC, PFC, etc.) are included in a system, CO₂ still serves as the point of reference and is the gas against which others are measured, expressed in terms of tons of carbon dioxide equivalents (CO₂e). In some sectors, such as electricity and large industry, emissions are easier to measure and account for than in others, which makes them the most feasible for initial inclusion in an ETS. Other sectors like agriculture or transport may then follow at a later stage or be addressed by other measures. Minimum

size thresholds in a sector determine when an installation must participate in an ETS, based on its emissions, units of production, or installed capacities. Limiting the number of covered entities to larger ones reduces administrative burdens in system management and can help avoid disproportionately high transaction costs for smaller businesses. An ETS that covers a variety of gases, sectors, and installations with a range of different abatement options fosters competition and thus decreases overall mitigation costs.

Determining the point of regulation means deciding where along a supply chain actors should be held responsible for their emissions. This involves weighing the feasibility of measuring emissions of different actors, the number of actors, and their ability to mitigate their emissions. Upstream regulation focuses on implied emissions from natural resource extraction, such as coal mining or oil extraction, even if these are not burned at that point. Downstream regulation addresses the end users on the supply chain, such as consumers. Usually, it is most effective to regulate actors with the greatest control over their abatement options; often, this is at the point where the gases are actually emitted, for instance at a power plant or steel mill, rather than the embedded or indirect emissions involved in a product either upstream or downstream.

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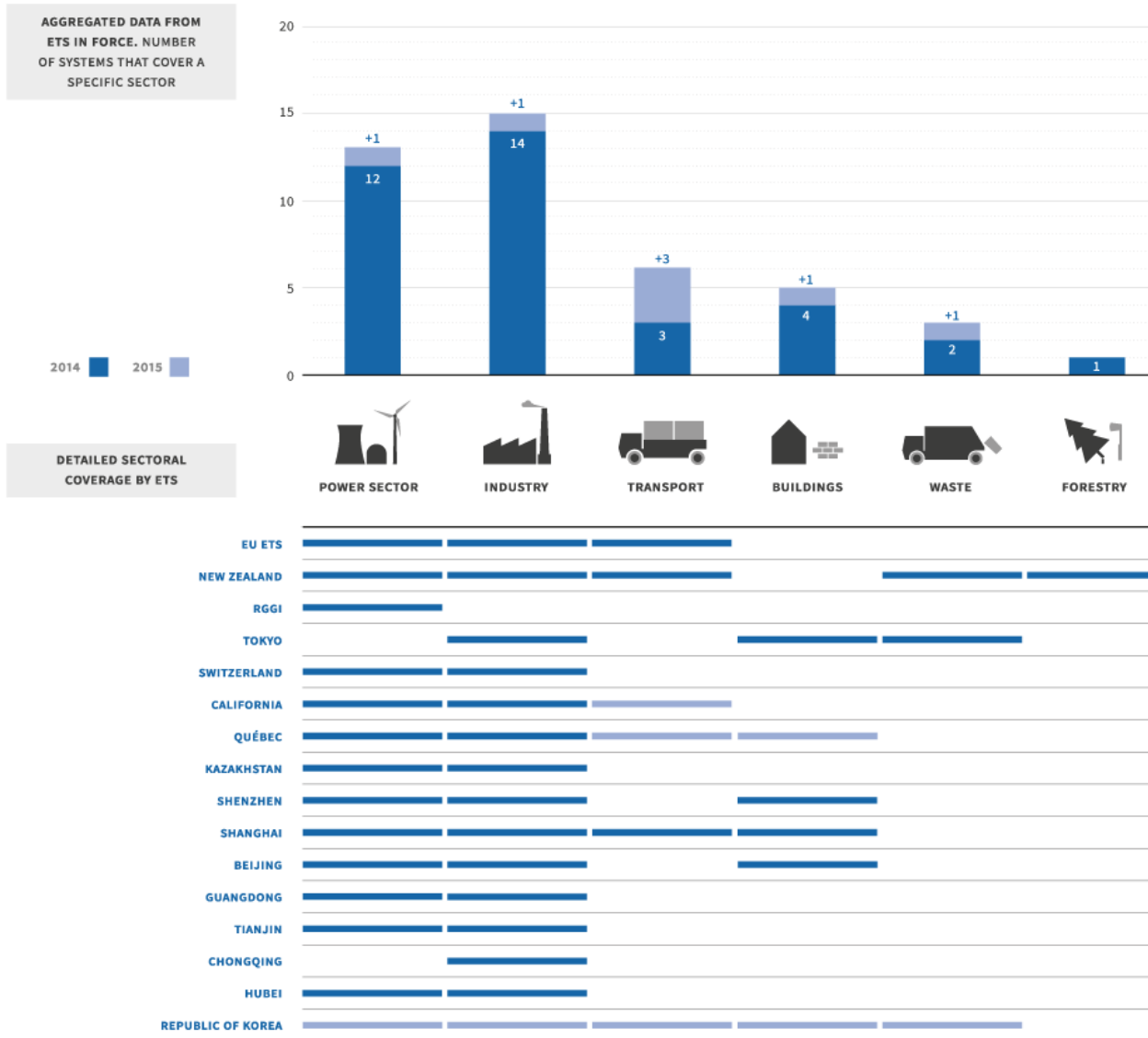
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Sectoral coverage across ETS, 2014-2015



Emissions covered by the ETS	GHG covered	Sectors covered
Australia's Carbon Pricing Mechanism (AUS CPM)		+
California Cap-and-Trade Program		+
EU Emissions Trading System (EU ETS)		+
Kazakhstan Emissions Trading Scheme (KAZ ETS)		+
New Zealand Emissions Trading Scheme (NZ ETS)		+
Québec Cap-and-Trade System	<p>CO₂, CH₄, N₂O, SF₆, HFC, PFC, Nitrogen trifluoride (NF₃)</p> 	<p>First compliance period (2013-2014): Electricity, Industry (> 25,000 CO₂e/year)</p> <p>Second compliance period (2015-2017) and third compliance period (2018-2020): Sectors of 1st compliance period + distribution and import of fuels for consumption in the transport and building sectors as well as in small and medium-sized businesses, threshold: >25,000 CO₂e/year. Accordingly, coverage is projected to increase to about 86% of Québec's overall GHG emissions.</p>
Regional Greenhouse Gas Initiative (RGGI)		+
Shenzhen pilot system		+
Swiss ETS		+



Thank you!

www.icapcarbonaction.com

constanze.haug@icapcarbonaction.com

ICAP's Mission

- Share **best practice** and learn from each others' experiences;
- Ensure that **design compatibility issues** are recognized at an early stage;
- Help to **make possible future linking** of trading programs;
- Highlight the **key role of cap and trade** as an effective climate policy response.

