



# Partnership for Market Readiness (PMR) Kazakhstan: Feedback on proposed new activities

Alyssa Gilbert  
Grantham Institute, Imperial College  
London

Thirteenth Meeting of the Partnership Assembly  
Sweimeh, Jordan  
October 28-29, 2015

# PMR's next steps in supporting Kazakhstan

---

- ◆ Kazakhstan's first set of activities
- ◆ Logic for continued support
- ◆ Planned future activities:
  - Benchmarking
  - Electronic reporting
  - Registry
- ◆ Focus on benchmarking: Wider opportunities for the PMR

# First tranche of PMR support for Kazakhstan

---

## ◆ Three work streams:

- Barriers and options
- Benchmarks
- Modelling and overarching policy

# Logic for continued support

---

- ◆ PMR-funded work has clearly added value and focus on core KZ ETS issues
- ◆ The work so far has delivered:
  - High-quality reports (barriers & options, benchmarking)
  - Strong start to final report (modelling and overarching policy), aligned with INDC outputs
- ◆ Future support should continue good coordination with other donors in KZ to ensure efficiency
- ◆ Clear case for continued support to KZ on ETS agenda

# Planned future activities

---

- ◆ Barriers and options report provided a good summary of the next steps required.
- ◆ Core issues covered well, with actions spanning:
  - Legislation,
  - MRV,
  - Technical details e.g. definition of emitter and installation,
  - Confidence and trust,
  - Institutional challenges,
  - Policy rules enabling trading
- ◆ Planned activities are necessary but not the whole picture:
  - Stakeholder engagement for benchmarking
  - Electronic reporting
  - Registry improvements
- ◆ Planned activities are well-focussed on functionality of the ETS
- ◆ Human resource issues may remain a concern

# Benchmarks: Stakeholder consultation and refinements

---

- ◆ Stakeholder engagement is the logical next step in the KZ work. This was important in other jurisdictions.
- ◆ The engagement should be:
  - A dialogue, enabling capacity building with industry, going beyond data
  - Carefully managed to ensure transparency and avoid negotiations
  - Based on clear benchmarking principles, missing from the exercise so far.
  - Collaborative: Government and industry can analyse data sets together, and encourage or allow industry to produce their own estimates for comparison
  - A forum to present voices e.g. EU industry, where helpful
  - More than just a one-off meeting

# Discussions with industry: What to cover

---

- ◆ Questions to prepare for may include:
  - Technical details about the benchmarks themselves
  - How to upgrade benchmarks and provide continuous expectation of improvement? Or will this be achieved through tightening allocation approaches?
  - Why is the choice of benchmark related to the current performance of sectors rather than future potential? E.g. grey clinker
  - The varied make-up of different sectors e.g. international vs. locally-owned.
  - How do benchmarks compare to those used in other jurisdictions
  - How do the benchmarks relate to the allocation?
- ◆ Elaborate a clear process and timetable for review and further discussion overtime.

# Electronic Reporting

---

- ◆ Planned activity focuses on strong e-reporting, underpinned by legal element
- ◆ E-reporting is a tool: it depends on:
  - Strong MRV
  - Supportive legal basis
- ◆ Requires the ongoing amendments to legislation to pass according to the prioritisation in the barriers report
- ◆ Consider lessons learned from previous legal inflexibility

# Registry

---

- ◆ Registries must be robust, part of building trust and confidence
- ◆ Turbulent experience so far: should ensure clear functional specifications and strong MRV
- ◆ Good to focus on analysis of registry system requirements as the first step – give this time!

# The PMR and benchmarking

---

The PMR and benchmarking so far:

- ◆ The PMR has done work in South Africa and Kazakhstan
- ◆ Emphasis on learning from the EU ETS, CA and Australia
- ◆ Benchmarking has an important role in the policies that the PMR supports

What can the PMR learn from the Kazakh experience?

- ◆ Pragmatic approach can be taken to sharing lessons
- ◆ Similar to S. Africa, using the EU ETS benchmarks as a starting point
- ◆ *Stakeholder engagement* is key: could influence extent to which the quick methodology can be used.
- ◆ *Data* collection and *boundary definitions* at the heart of benchmarks: but also amongst differences between regions

# Benchmarking: Key considerations

---

Benchmarking= Emissions/ Unit of output

Important considerations need balancing:

- Data sources
- Aggregation versus specificity of unit of output
- Stringency of the benchmark: e.g. top 10%
- Scope of emissions (direct/indirect, which gases, integrated processes etc.)

The choice of approach to choosing benchmarks is very closely aligned to the policy use e.g.

- Regulations/standards
- Encouraging efficiency or adoption of best practise
- Voluntary standards
- Use in an ETS or similar

# Many initiatives on benchmarking: now and in the past

---

- ◆ WBCSD Cement Sustainability Initiative
- ◆ WRI work on pulp and paper, current work in India
- ◆ ETS developments: EU, CA, NZ, AUS etc.
- ◆ C2ES: White paper, Sept 2013, covers full breadth of technical issues
- ◆ EPA work on energy performance indicators (EPI)
- ◆ Sectoral work e.g. CONCAWE
- ◆ Institute for Industrial Productivity (Iron & Steel)
- ◆ ICAP Benchmarking meeting September 2012

Lots of the technical basis/overview is there, with many experts working on details across a range of sectors and for a range of purposes.

# The PMR: Why get involved?

---

- ◆ Excellent collaboration between partner countries
- ◆ Benchmarking links well to the strong MRV focus of many countries, and established technical programme
- ◆ Development of market-mechanisms provides an opportunity for benchmarking exercises that can also stimulate engagement with industry in general around GHG emissions
- ◆ Ability to build upon pragmatic, and cost-effective approaches to allow for quick and easy application.
- ◆ **BUT** there needs to be a match between data sources, methodology and policy mechanism, so do not aim to produce benchmarks for ‘any’ use, as this will not be meaningful.
- ◆ **AND** any activity should seek to add value beyond the work carried out by other groups thus far.

# Options for the PMR

---

- ◆ Focus on practical support:
  - Support in practical terms for ETS or market-based mechanism type policy
  - Clarify principles behind benchmarking approaches
  - Elaborating explicitly pragmatic approaches and how to build on the work of others.
- ◆ More convening events with experts, masterclasses etc.
- ◆ Working with existing groups to help bring case studies to their theoretical work
- ◆ Sectoral support, working with industry, stakeholder engagement.
- ◆ Comparisons and global picture, although recognising the challenges in comparisons.

# Thank You

---

ALYSSA GILBERT  
HEAD OF POLICY AND TRANSLATION  
GRANTHAM INSTITUTE, CLIMATE CHANGE AND THE ENVIRONMENT  
IMPERIAL COLLEGE, LONDON  
A.GILBERT@IMPERIAL.AC.UK