

Pricing Carbon and Shaping the Next Generation of Carbon Markets

The PMR brings together about 30 countries to design and pilot market-based approaches, carbon taxes and other cost-effective mitigation instruments to achieve domestic mitigation objectives.

Newsletter, May 23, 2013

COUNTRY NEWS

- Four countries presented final Market Readiness Proposals (MRP) to the Partnership Assembly (PA) for a decision on the allocation of MRP Implementation Phase Funding. The MRP provides a framework for planning, designing, and piloting a market mechanism, as well as for identifying capacity gaps that need to be addressed in order to implement such a mechanism.
 - [Chile](#): The PMR will assist Chile prepare the groundwork for a political decision on the potential implementation of an ETS in Chile's energy sector. Awarded US\$3 million.
 - [China](#): The PMR will assist China to design and prepare for a national ETS, drawing on experience from its pilots as well as existing schemes in other countries. The PMR work includes development of policy recommendations on the essential components for an ETS. Specific analytical work will be carried out on the inclusion of state-owned enterprises and the power sector. A national ETS is targeted to launch between 2016 and 2020. Awarded US\$8 million.
 - [Costa Rica](#): The PMR will support Costa Rica in its efforts to achieve carbon neutrality through design and operation of a domestic carbon offset market. Awarded US\$3 million.
 - [Mexico](#): The PMR will assist Mexico to reach pilot readiness for NAMA activities in: integrated urban mobility systems, refrigerators, and urban services. Mexico's participation in the PMR will also support the development of relevant infrastructure, including a tool to register and provide information on new NAMAs in Mexico and on existing projects registered in other emission reduction schemes to facilitate their management. Awarded US\$3 million.
- **Turkey** presented a draft MRP to the PA in March 2013. The MRP focuses on the (i) implementation of the country's MRV regulation; and the (ii) necessary preparation for an informed decision making process on the use of market based mechanism(s). Turkey will present a final MRP to the PA this month in Barcelona.
- Peru presented its [Organizing Framework \(OF\)](#) for consideration by the PA and was allocated preparation phase funding of US\$350,000 in order to formulate an MRP. Peru will focus on setting the ground work for designing crediting-based incentives to support usefulness and effectiveness of public expenditures (through results-based budgeting) in line with market readiness for potential crediting mechanisms.
- The **United States** announced that it will increase its contribution to the PMR by US\$2.5 million, bringing its total contribution to US\$7.5 million and increasing total PMR funding to about US\$110 million.

RECENT + UPCOMING EVENTS

Recent Events

[Partnership Assembly 5: Washington DC](#)

- Read about the country news mentioned above and [Chair's Summary](#) for more details on the PA5 meeting held March 11-13, 2013 in Washington, DC.

[PMR Technical Workshop 5: Policy Mapping & Effective Instruments for GHG Mitigation in Domestic Transport](#)

- The PMR hosted a workshop in Washington, DC on March 14, 2013 that focused on approaches to understanding how the introduction of various policy instruments to scale up mitigation – including carbon pricing instruments (e.g., emissions trading scheme, carbon tax, or other instrument) – may interact or overlap with other related policies, such as those addressing energy efficiency and renewable energy.
- Further, this session shared experiences on how carbon market instruments, alone or combined with other policies and incentives, can play a role in urban transport.

[PMR Information Sharing: Emissions Trading Schemes in North America](#)

- In March 2013, representatives from emissions trading systems in California and Québec, as well as from the Regional Greenhouse Gas Initiative (RGGI) in the Northeast United States, presented the key design elements and lessons learned from their respective trading systems. Topics covered included considerations on cap setting, allocation, price containment, and offset design and implementation. California and Québec also shared experience developing mechanisms to link their respective systems

[Tackling Climate Change: Pricing Carbon to Achieve Mitigation](#)

- In March 2013, during an event open to the public, countries came together to talk about the specific carbon pricing policies they are putting in place (or have been using) to meet carbon emissions targets. Features of the event included China's sharing progress of its seven emissions trading pilots and the vision for a national ETS; South Korea's plan and progress toward a national ETS by 2015; South Africa's vision to price carbon through a national carbon tax; and Costa Rica's use of market instruments to reach carbon neutrality.
- In addition, a panel of representatives from countries and regions that are pursuing domestic ETS, as well as private entity representatives, shared views on challenges and opportunities in using market-based solutions to foster scaled-up climate mitigation action. The event closed with remarks from Mr. Min Zhu, Deputy Managing Director, International Monetary Fund. Be sure to see the event [Brochure](#) and [Video Recordings](#).

[Expert Meeting: Modeling for Carbon Pricing Instruments](#)

- This event, held in Washington, DC on April 24-25, 2013, served to enhance the understanding of the gaps and needs in the modeling of carbon pricing instruments and builds on a previous [PMR technical workshop](#) held in October 2012 in Sydney, Australia. Representatives from 12 countries and international experts contributed to the intensive two-day discussion.

Upcoming Events

[Partnership Assembly 6: Barcelona Spain](#)

- The sixth Partnership Assembly meeting (PA6) will take place May 27-28 2013 in Barcelona, Spain. **Turkey** will present its final MRP and **Indonesia** will present a draft MRP. See the PA6 [website](#) for updated materials.

PMR Technical Workshop 6: Building Readiness for Implementation

- The sixth technical workshop will occur May 26, 2013 in Barcelona, Spain. This workshop will provide an opportunity to seek feedback on the various elements of the PMR Technical Work Program, facilitate exchanges of views and experiences, and discuss the next steps in order to provide focused and systematic support to PMR countries. See the [website](#) for updated materials.

OTHER NEWS

- The PMR Annual Report FY13 is available [here](#).
- The **UNFCCC** presents on [The Future of Market-Based Mechanisms After Doha](#).
- **Japan** presents on the development of [The Joint Crediting Mechanism \(JCM\)/Bilateral Offset Credit Mechanism \(BOCM\)](#).
- IETA briefs on the Business-PMR (B-PMR) [activities in Guangdong, China](#). For more information on the B-PMR, please visit <http://www.ieta.org/b-pmr>

For more information about the Partnership for Market Readiness, please visit www.thepmr.org

For more information on the World Bank Carbon Finance Unit activities, please visit

www.wbcarbonfinance.org



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