

The background of the slide is a close-up photograph of green leaves, likely from a tree, with sunlight filtering through them, creating a bright and natural feel.

20131024 Partnership for Market Readiness Workshop  
Stakeholder Engagement and Communication

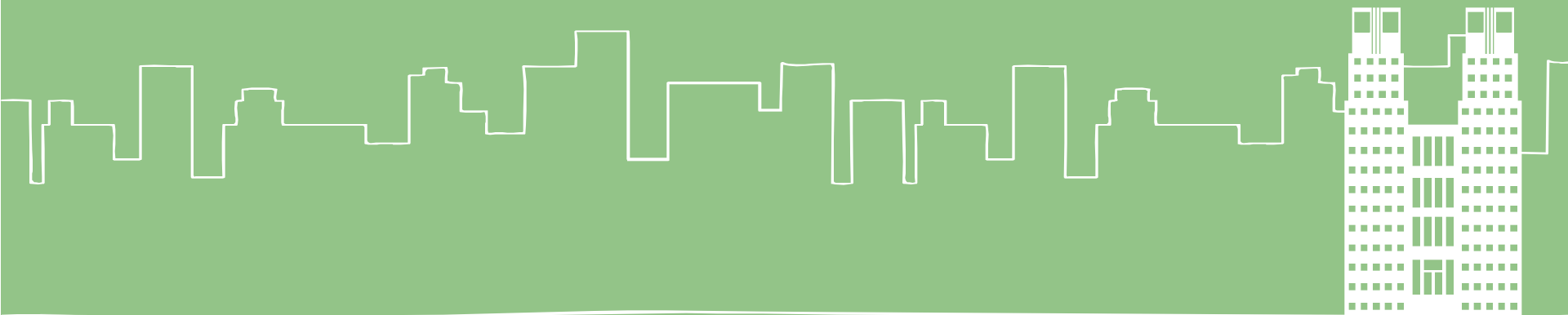
# **Stakeholder Engagement**

## **Case in Tokyo Cap-and-Trade**

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# Agenda

1. Background information
2. What is Tokyo Cap-and-Trade?
3. Stakeholder Engagement in Tokyo C&T
4. What we learned



# 1.Tokyo's Climate Policy

## Background Information on Tokyo

Population 13 m

Economy (GRP) 815 b

Emission 59 tonnes

Industrial structure: Commercial dominant

Governor 's power

Climate actions: Tokyo vs. National



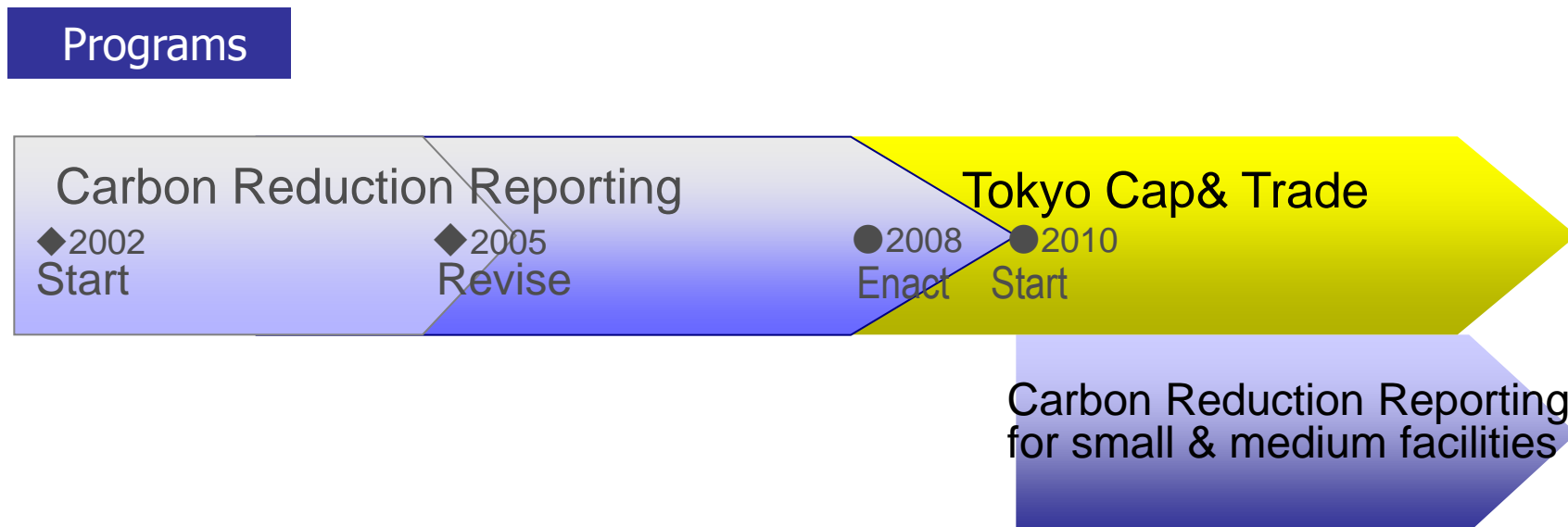
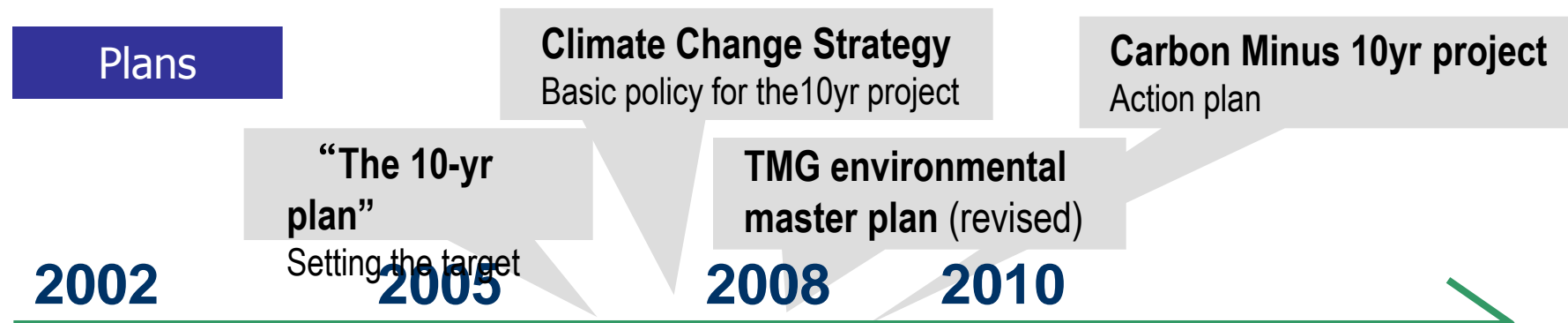


An aerial photograph of the Tokyo skyline, showing a dense cluster of skyscrapers and buildings. The image is slightly hazy, giving it a soft, atmospheric feel. A semi-transparent green and white rectangular box is overlaid on the bottom half of the image, containing text. The word 'Tokyo' is in green, 'Climate Strategy' is in green, and 'TARGET' is in pink. Below this, '25%' is in pink, 'Reduction in GHG Emissions' is in black, and 'By 2020 from the 2000 level' is in black.

# Tokyo Climate Strategy **TARGET**

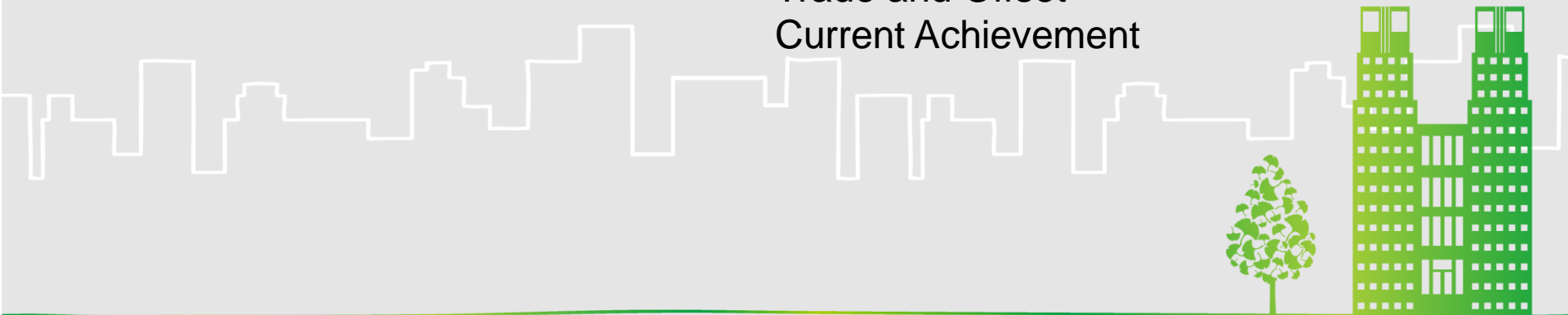
**25%** Reduction in GHG Emissions  
By 2020 from the 2000 level

# Policy Development in Tokyo



## 2. Tokyo Cap & Trade --Outline

Coverage and Scope  
Cap and Allowances  
Trade and Offset  
Current Achievement





# Tokyo Cap-and-Trade Coverage and Scope

## Coverage



Covers 1,400 facilities with energy consumption over 1500kl crude oil eq.

**Mainly buildings in the commercial sector**

Covers 20% of Tokyo's total CO2 emissions 40% of commercial and industry sector emissions

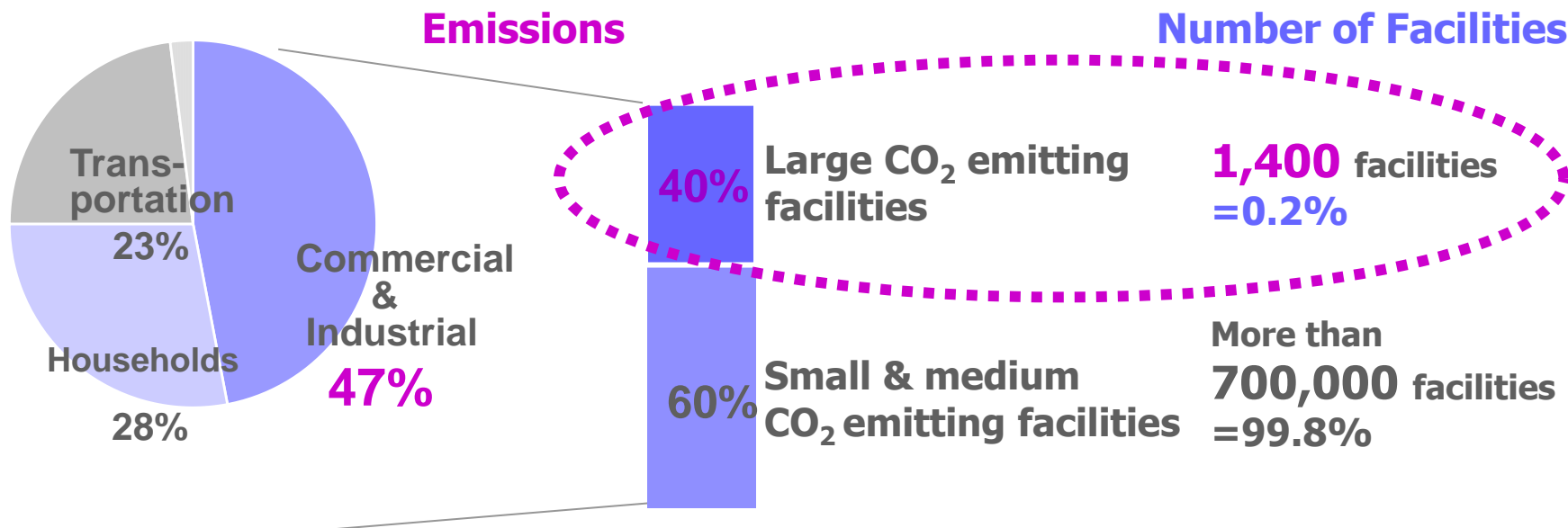
## Compliance Period

2010-2019 in two five-year compliance periods  
(2010-14, 2015-19)



# Tokyo Cap-and-Trade Coverage and Scope

Total CO<sub>2</sub> Emissions: **59** million tonnes (FY2010)





# Tokyo Cap-and-Trade Cap & Allowances



## Cap

6% reductions for the 1st phase, 15% for the 2nd phase (two 5yr periods )

## Compliance Obligation

Covered facilities are required 6 or 8% reductions over a 5 year period from their own base year emissions

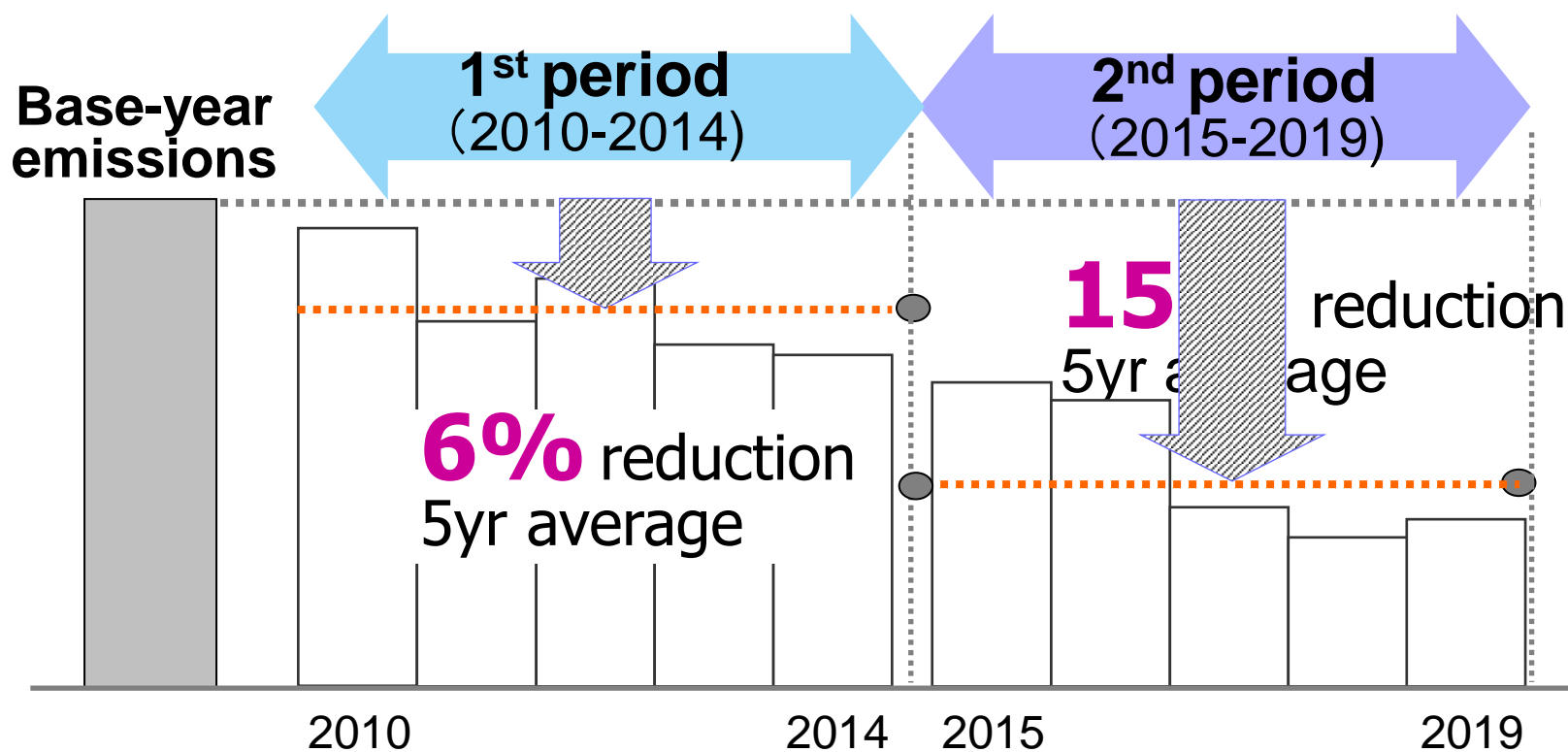
## Allowance Allocation

Grand-fathering, for free



# Tokyo Cap-and-Trade

## Cap setting



# Tokyo Cap-and-Trade Allowance Allocation

$$\text{Emission Allowance} = \left( \text{Base-year emissions} \times (100\% - \text{Compliance factor}) \right) \times 5 \text{ years}$$

## Compliance factor by category

<b>I -1</b>	Commercial buildings, District cooling & heating facilities (plants)	<b>8%</b>
<b>I -2</b>	Commercial buildings using DHC	<b>6%</b>
<b>II</b>	Factories, etc.	<b>6%</b>
<b>Top level</b>	Certified facilities as: Top Level / Near-top level Facility	<b>1/2 or 3/4 of the compliance factor</b>

# Tokyo Cap-and-Trade Trade & MRV



## Emission Trading:

Tradable allowances are limited to the excess reductions over compliance obligations

## MRV:

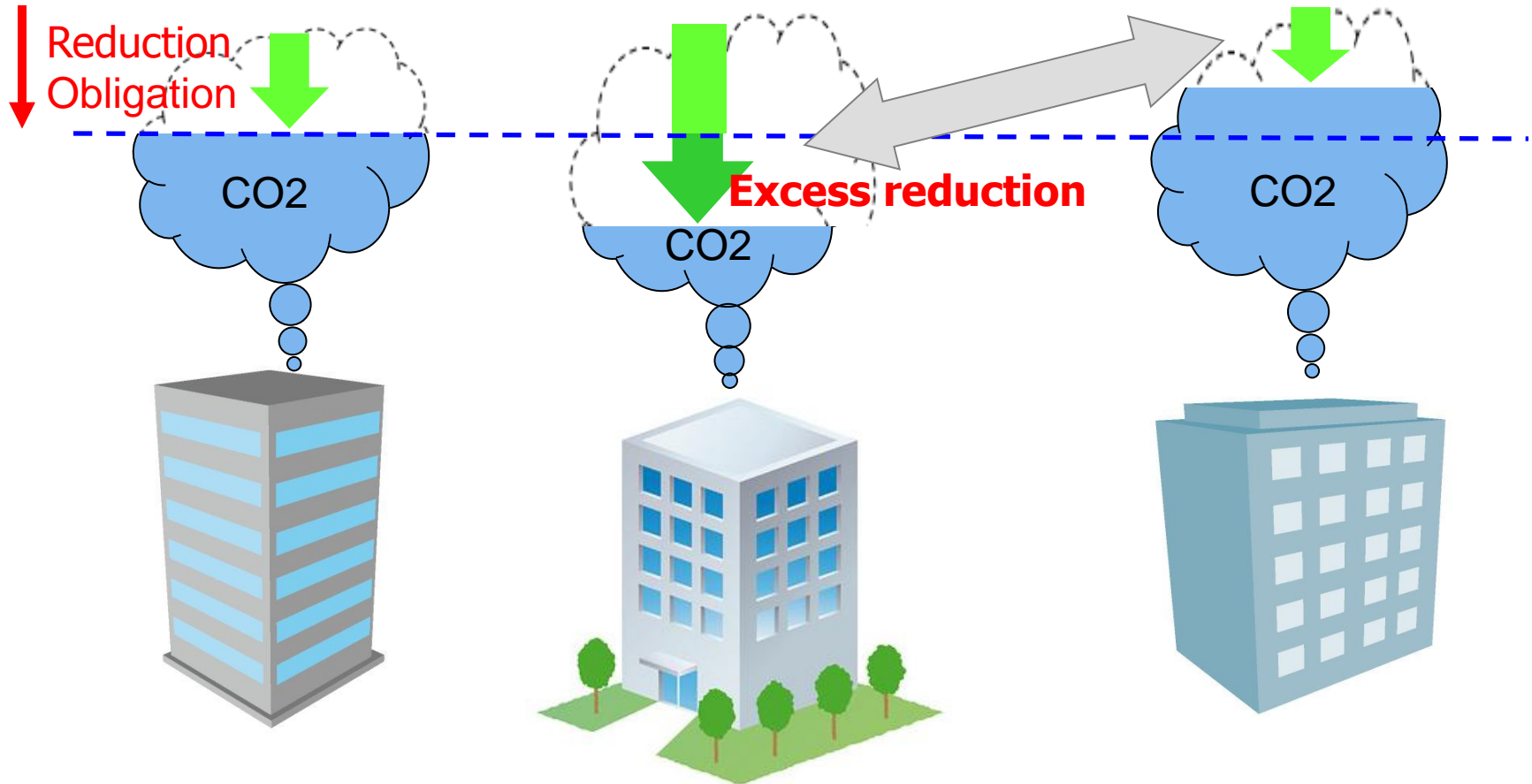
Monitoring and annual reporting are required.  
Verification system has established for the program

## Offset system, Linkage:

Renewable, Emission reductions in small facilities, etc.  
Linkage with the C&T of an adjacent Prefecture



# Tokyo Cap-and-Trade Trading





# Tokyo Cap-and-Trade Remarkable Results

In total **23%** Reduction

from the base-year emissions

Cf. Their obligated reduction: 6 % or 8%

**93%** of the covered facilities  
reduced more than the obligations



## 3. Stakeholder Engagement Tokyo's Case

The Overall Process

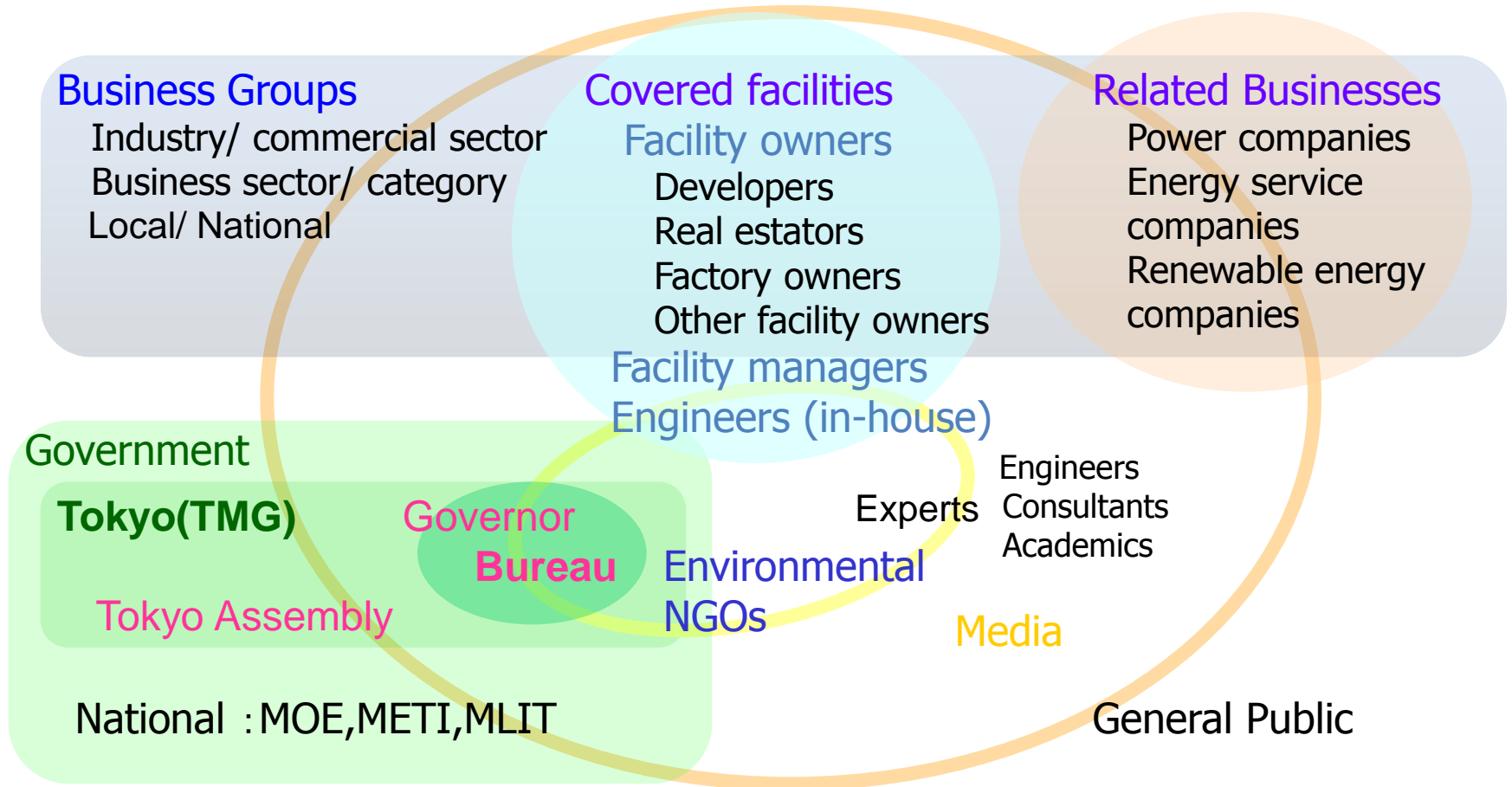
Key Issues and Concerns

Addressing the issues and concerns



# SE in Tokyo's Case:

## Who are the stakeholders?



# SE in Tokyo's Case: The Process Used

## Stakeholder Engagement by Stages

		Major SE	Method Used
Stage0	Pre C&T Reporting	Facility managers, Engineers	Publications, Report submission & feedbacks, seminars
Stage1	Draft program design and proposal	Experts, FMs, Engineers, Local business group representative	Expert panels, Ev. Councils, Questionnaires
Stage2	Decision making (authorization) of introduction	Business Group (local & nat'l), NGOs, General Public	Stakeholder meetings, public comments collections, forums, Wis
Stage3	Detailed program design	Local Business Group, Leaders in real estaters & developers, Engineers, Experts	Negotiations, discussions (One-to-one, one-to some), seminars, forums,
Stage4	Implementation and improvement	FMs, Engineers	Report submission & feedbacks, Call center

# Key Issues and Concerns from Stakeholders 1

## 1. Mandatory scheme vs. Voluntary scheme:

Why mandatory scheme need?

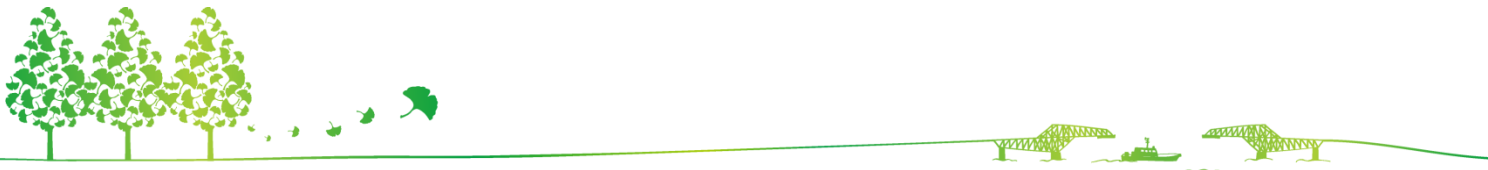
Mandatory scheme restricts business growth and affect downward industries

## 2. Fairness Issue:

Why only in Tokyo?

Why only us? 20% of total emission is too small

Fairness in C&T scheme





# Key Issues and Concerns from Stakeholders 2

## 3. Issues on Cap and Trade Scheme:

Speculation drives the market

Leakage

Fair allowance allocation is impossible!

\* Skepticism on C&T scheme

## 4. Reduction Potential:

We have already done a lot!

We know our buildings well; There's nothing else we can do!



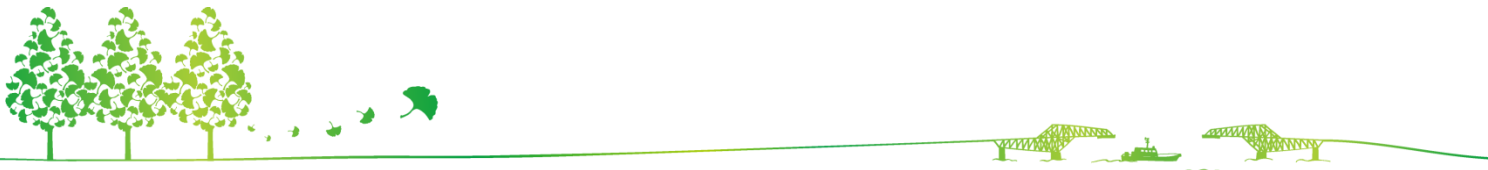
# Key Issues and Concerns from Stakeholders 3

## 5. Typical Complains from Building Owners:

Reduction potntial

Tennants issue: hardly get tenant's cooperation

It's costlrly to retrofit. We can not afford it!



# Addressing the Key Issues and Concerns

1. Mandatory scheme
2. Fairness Issue
3. Issues on Cap & Trade Scheme
4. Reduction Potential

Public discussion  
Stakeholder Meetings

Negotiation with  
focused industry groups

Program Design  
Integration

⇒ **Better program design**

⇒ **Successful Political decision making**



# Addressing the Key Issues and Concerns 1

## 1. Draft design program and its process

To solve key concerns as much as possible

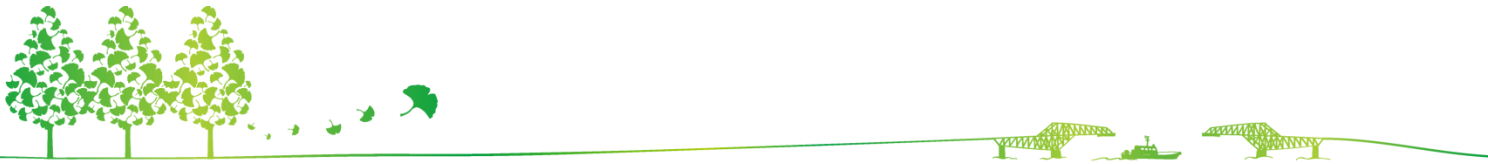
Key: Utilize data & knowledge from FMs and engineers on site.

Inclusionary process of design (Expert panel: NGOs, local business group rep.)

## 2. Open discussion and debate:

### Stakeholder meetings

To remove skepticism, discuss the necessity and fairness issues



# Stakeholder meetings: to Create Public Support



## Associate Participants:

Business Groups, Companies with interests  
Environmental NGOs,  
Tokyo Metropolitan Government

## Open to the public

About 200 audience members every time  
with broad media coverage

## Disseminating data and information

Key: Multiple stakeholders balanced the discussion  
The role of NGOs, media  
Supportive data from previous program & communications  
Supportive information from international relations



# Addressing the Key Issues and Concerns 2

## 3. Negotiations with focused industry groups

Issue-oriented discussion & negotiations

Key: Outcome reflected to the program design improvement

## 4. Decision making process and politics

Political Environment in the Tokyo Metropolitan Assembly

Key: Governor's leadership, Inclusion of local business groups, Public support

## 5. Designing program details

Through various types of communication tools including meetings, seminars, forums, information dissemination, program design improvement and at the same time awareness of program are enhanced

1.Tokyo Policy 2.C&T Outline 3.SE in Tokyo's case 4.Lessons

## 4. What we learned



# What We Learned 1

## 1. Mandatory Reporting Program prior to C&T introduction

- Getting data on target facility and communicating with FMs and engineers of facilities were crucial.
- The previous program enabled data correction and also preparation for the C&T scheme.

## 2. Consensus building through open discussions and debate (Stakeholder meetings)

- Based on appropriate data and information
- The role of NGOs and medias



# What We Learned 2

## 3. Address to various aspects of Fairness

- Fair and transparent discussions for introduction
- Fairness among facilities plan to be secured through the program design and additional sub programs including those for tenants and top-level facilities.

## 4. Information on related carbon pricing programs was necessary

- Getting detail information on related programs including EU-ETS, RGGI etc. were very important.



# Intensive communications in various level are always the key

## Reference:

■TMG Website     [www.kankyo.metro.tokyo.jp/en](http://www.kankyo.metro.tokyo.jp/en)

■Yuko Nishida and Ying Hua (2011) Motivating stakeholders to deliver change: Tokyo's Cap-and-Trade Program, Building Research & Information 39(5)

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