Korea’s Policy to Reduce GHGs

- Target Management System & Emission Trading Scheme -

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I. What is Green Growth?
1. What is GREEN GROWTH?

A New Path for Growth

: Achieving sustainable growth by reducing greenhouse gas emission and environmental degradation

Korea’s New Vision → ‘Low Carbon, GREEN GROWTH’
2. National GHG Reduction Target

Scenario 3 adopted: the highest level recommended by the international community for non-Annex I countries
II. Target Management System
1. What is TMS?

Regulating scheme for Large Emitters
- Covered Emission: More than 60% of total national GHG emission
- Covered Entities: 468

➢ TMS is a Precursor to Emissions Trading Scheme in Korea
2. Procedure for TMS

- **Designation of controlled entities**
  - Entity emitting 125,000 CO$_2$ ton annually

- **Setting Target**
  - Based on last 3 years emission records considering the sectoral reduction target

- **Submission of Implementation Plan**
  - In the entity’s own facilities during one year

- **Evaluating Performance Record**
  - KRW10,000,000 (≒ U$10,000) Ceiling on Fine
III. Emission Trading Scheme
1. Similarities and Differences b/t ETS&TMS

- MRV
- Target Setting

- Flexible mechanism: trade emission allowance, use offsets, banking & borrowing
- Stricter degree of penalties for non-compliance and negligence
2. Contents of the draft bill

**Procedure**
- Basic Planning → Allocation Plan → Designation of Entities → Allocation of Permits → MRV → Submission of Permits

**Free Allocation of Emissions Units**
- Over 95% during 1st phase(’15~’17) & 2nd phase(’18~’20)
- Future Allocation Determined by Presidential Decree

**Flexibility of the scheme**
- Banking within same phase or 1st year of next phase
- Borrowing within same phase only
3. Contents of the draft bill

**Participants of ETS**
- Entity emitting over 125,000 CO2 t/year or Installation emitting over 25,000 CO2 t/year (including voluntary participants)
- * Under being reviewed by the National Assembly

**Linkage with International Carbon Markets**
- Linking with Int’l Carbon Markets in the future

**Start date & Duration of phases**
- 1st Phase starting at Jan. 1 2015
- Each Phase lasting for 5 yrs, Except 1st & 2nd Phase for 3 yrs
Timeline of Korean ETS

- **Oct 2010**: Drafted and proposed by PCGG

- **Nov 2010 ~ Feb 2011**: Held public hearings and meetings with Industrial Groups & NGOs

- **Apr 2011**: Submitted to National Assembly

- **Feb 2012**: Approved by Special Committee on Climate

- **Present**: Reviewing at Legislation & Judiciary Committee of National Assembly before the plenary session
Thank You

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