



ETS International Cooperation and MRV

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Agenda

International Carbon Market

EU Cooperation Approach

Multilateral Cooperation: WB PMR

Bilateral Cooperation: The Asian Region

Recommendations



International Carbon Market

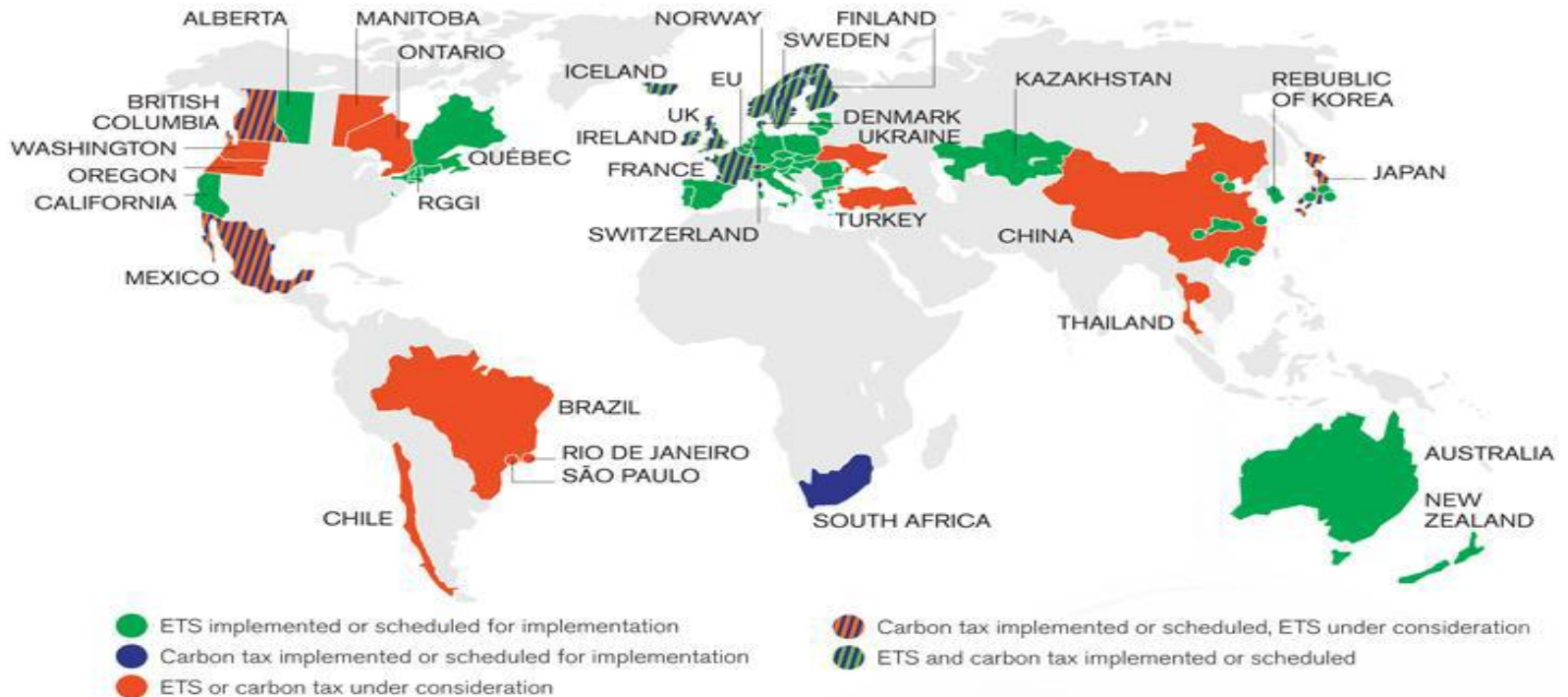
International Carbon Market: key highlights

Globally, 39 national and 23 sub-national jurisdictions have implemented or are scheduled to implement carbon pricing instruments, including emissions trading systems and taxes

The world's emissions trading schemes are valued at about \$30 billion

China is now housing the world's second largest carbon market, covering the equivalent of 1,115 million tons of carbon dioxide emissions

Carbon Pricing around the World: Existing and Scheduled Regional, National and Sub-national Carbon Pricing Instruments





EU Cooperation Approach

The general framework: Partnership Instrument

New instrument to promote EU interest (TRADE and Regulatory Approach) – it is not a development instrument.

Global reach, but focus on 10 strategic partners: China, US, India, Russia, Japan, Korea, Canada, South Africa, Mexico, Brazil

Stand-alone projects: multi-million Euro projects over 3-4 years
Policy support facility: smaller one off projects – e.g. €200 to €500K

2014 and 2015 PI being programmed now

The general framework: climate change

The EU is committed to a solid rules based Agreement in Paris under the UNFCCC

In 2012 in Doha, COP 18, the EU signed up to a second commitment period of the Kyoto Protocol

Concrete measures to tackle climate change at domestic level are needed, pre & post 2020, to stay on track for the below 2°C objective (last IPCC Report)

The general framework: ETS outreach

Promote ambitious mitigation through use of emission trading as a cost effective approach to implementing mitigation goals

Promoting minimum quality standards for ETS design

Enabling future linking to EU ETS through promotion of compatible ETS systems

Openness to other market based instruments (MBIs) that are comparable in design



Multilateral Cooperation: WB PMR



World Bank Partnership for Market Readiness

Most large emitters and strategic partners included

Covers virtually all States developing or considering Market Based Instruments

Implementing countries participants: Brazil; Indonesia; Thailand; Chile; Jordan; Turkey; China; Mexico; Ukraine; Colombia; Morocco; Vietnam; India; South Africa; Costa Rica; Peru and Tunisia

Contributing Country Participants (US\$125million mobilized): Australia; Netherlands; Denmark; Norway; European Commission; Spain; Finland; Sweden; Germany; Switzerland; Japan; United Kingdom and United States

Technical partners: Kazakhstan; California (tbc); Quebec (tbc)

World Bank Partnership for Market Readiness

- *Most countries are still at an early stage of policy formulation; building readiness is critical and takes time. Integrating analytical work into the decision-making process is important*
- *The PMR plays a role to help countries organise, consult, analyse implications (through modelling), and build ownership in support of a market instrument*
- *MRV is the most in demand element in order to build readiness capacities (“no-regret measures”) -- provides a foundation for implementation, regardless of the choice of instrument. 3 MRV regional workshops. Indonesia, Thailand, Vietnam, Turkey, Ukraine have plans to develop ETS MRV*



Bilateral Cooperation: focus on the Asian region

East and Southeast Asia: some strategic elements

Mix of advanced/emerging and developing economies
High growth rates (6% average)

Regulated energy markets

Heavy coal consumption

Huge potential energy efficiency improvement

Climate national policies and institutions in place

Preference for "no-regret measures" such as MRV

Complementarity with World Bank PMR

ETS Technical Cooperation with Korea: PI

Partnership Instrument

- *Partnership Instrument (PI) is the main innovative financial instrument for EU external action 2014-2020*
- *PI intends to promote EU visibility and to address major global challenges in emerging economies and countries of strategic interest to the EU*
- *The Republic of Korea is a Strategic Partner to the EU*
- *Climate Change is one of the global challenges. ETS technical cooperation with Korea will share EU expertise on the subject*

ETS Technical Cooperation with Korea: PI

Technical Cooperation Project under discussion

- *Direct support to the public sector (Ministry of Environment) and indirect support to the private sector during the preliminary phase of the KETS*
- *Capacity building project developing simulation tools, training and modelling capacity on MRV, Benchmarking, Trading*
- *Demand-driven, close co-operation with public authorities, international team of consultants*
- *A 3 years project possibly starting in the 4th quarter 2015. Duration 2015-18*

ETS Technical Cooperation: „the Chinese Model“

European Commission facilitates a bilateral technical cooperation process on ETS with the People's Republic of China

Demand-driven project, pilot-based, natl. system

Very close cooperation with government: NDRC

ETS Capacity Building Project based on EU ETS expertise

EUR 5 ML for three years: 2014-16

Conclusions: Promote EU Regulatory Approach & Best Practices

Using multilateral fora (e.g. through PMR/ICAP) and bilateral cooperation to: encourage formulation and implementation of carbon markets

Encourage the development of global standards or good practice for ETS design (e.g. MRV, registry, allocation, cap-setting etc.), based on European "gold standard", so as to promote the development of compatible systems

*Need for more EC + MS/NOR soft coordination. In order to share the existing scarce resources. **Only way to have a strategic influence bilaterally and multilaterally!***

Conclusions: More Coordinated Approach on MRV and ETS Outreach

Answering the request for ETS MRV capacity-building in a more coordinated manner: EC MR and AV ETS Regulations are highly considered

Need for exchanging practical experiences on ETS MR&AV implementation (general compliance, stakeholder consultation, specific fuels – e.g. coal)

Need for organising study-trips to Europe in different MS

Need for keeping everybody informed about ongoing activities and avoid duplications or overlapping