




International Carbon  
Action Partnership

A background image showing a landscape of rolling hills with several wind turbines silhouetted against a bright, hazy sunset sky. The sun is low on the horizon, creating a warm, golden glow.

## Emissions trading systems worldwide

**Stefano De Clara**

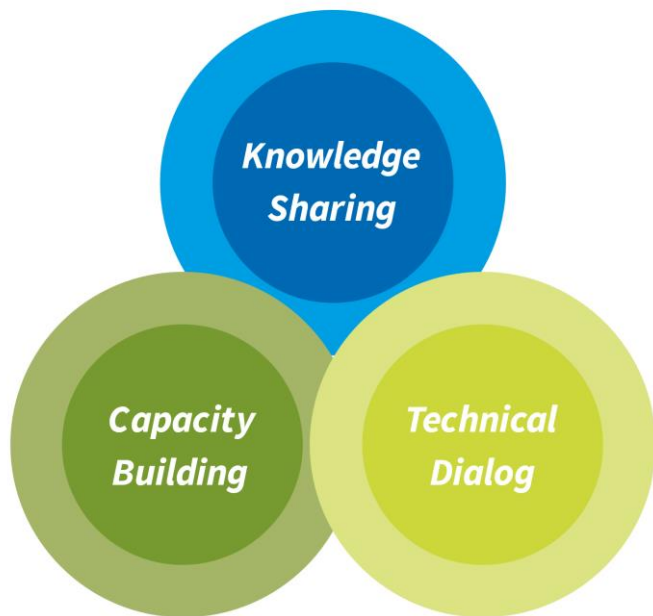
*Head of Secretariat, International Carbon Action Partnership (ICAP)*

**23 November 2023**

# About the International Carbon Action Partnership

An international **forum** of **41 national & subnational** governments to **exchange** knowledge and experiences on emissions trading systems (**ETS**)

- Share **best practice** & learn from each others' experiences
- Facilitate **development and improvement** of carbon markets
- Explore the **role** of emissions trading in decarbonization



ICAP members & observers

Countries **22**

**16** Provinces & States

Union **1** City **1**

# Key ETS trends in emissions trading



## **Momentum for ETS development and implementation continues**

The number of systems and the global ETS coverage more than doubled over the last decade and continues to rise



## **ETSs worldwide have weathered an eventful year without major disruptions**

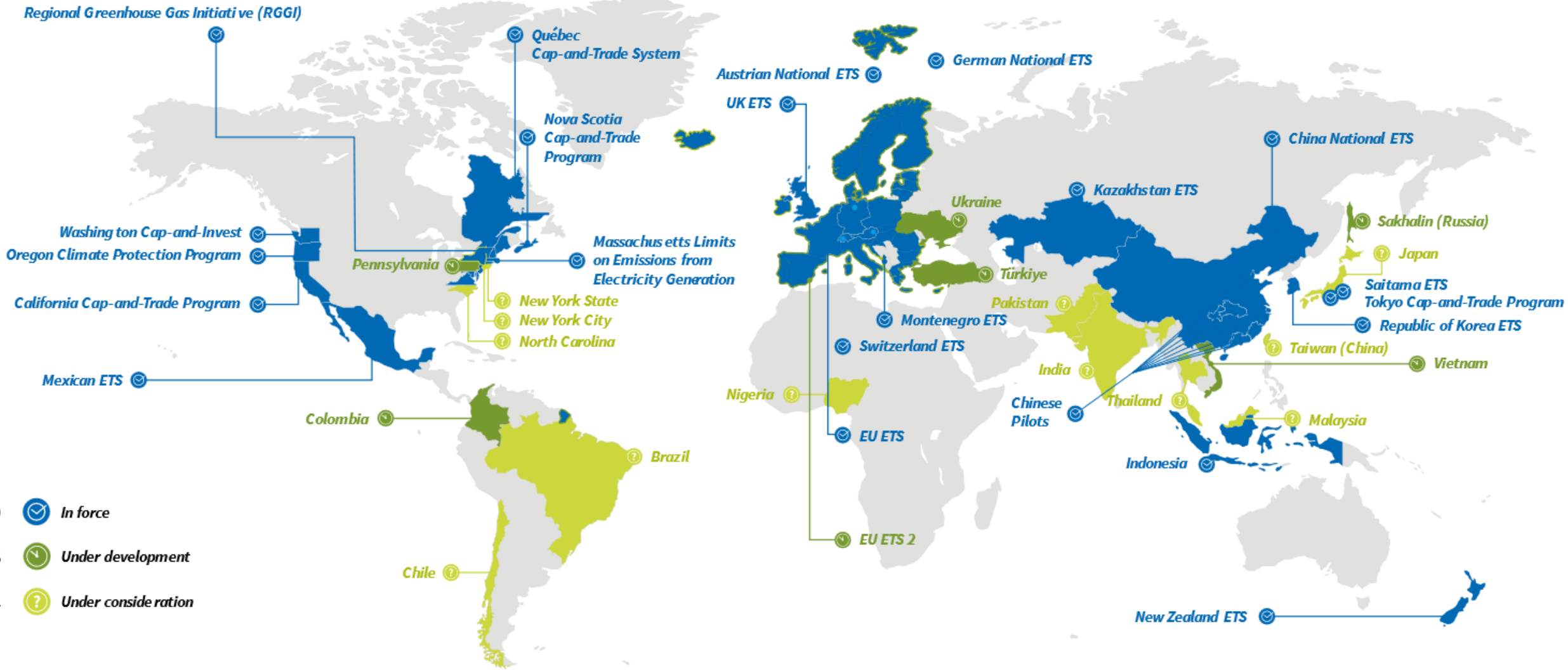
Despite the challenging and unprecedented global backdrop, existing systems showcased maturity and proved to be remarkably resilient to significant external shocks



## **Carbon prices remain largely unchanged but keep raising record revenues**

After significant gains in 2021, prices in most systems started and ended 2022 at around the same levels, despite some fluctuations over the year. With more than USD 63 billion of auctioning proceeds collected, 2022 marked another record year

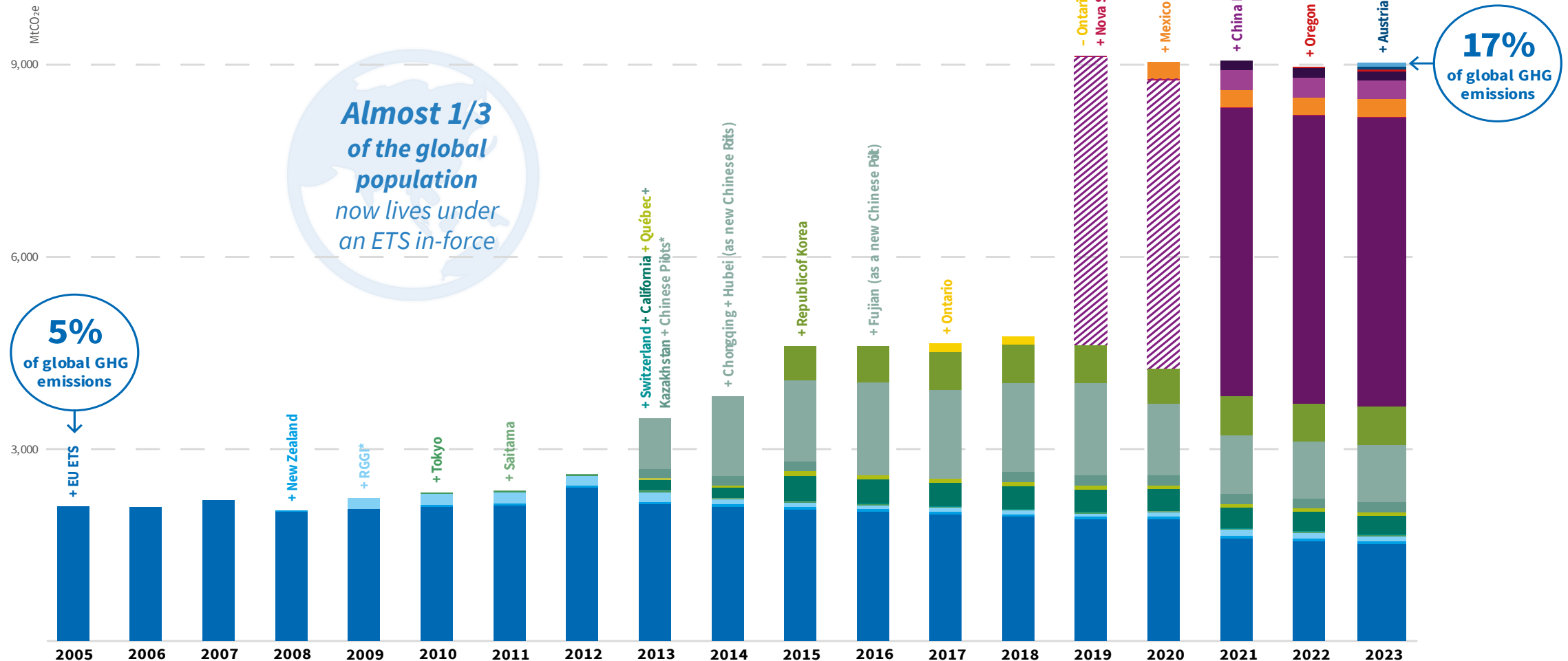
# ETS worldwide



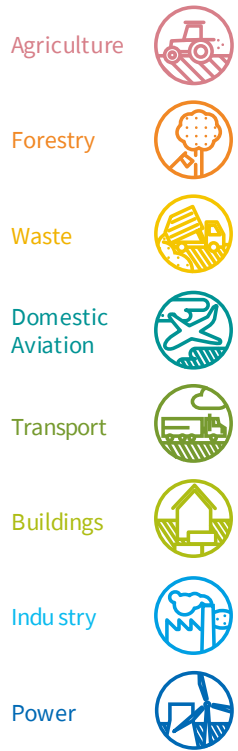
# Global expansion of ETS

The number of ETS systems in force grew from 25 to 29

Jurisdictions making up 55 % of global GDP are using emissions trading

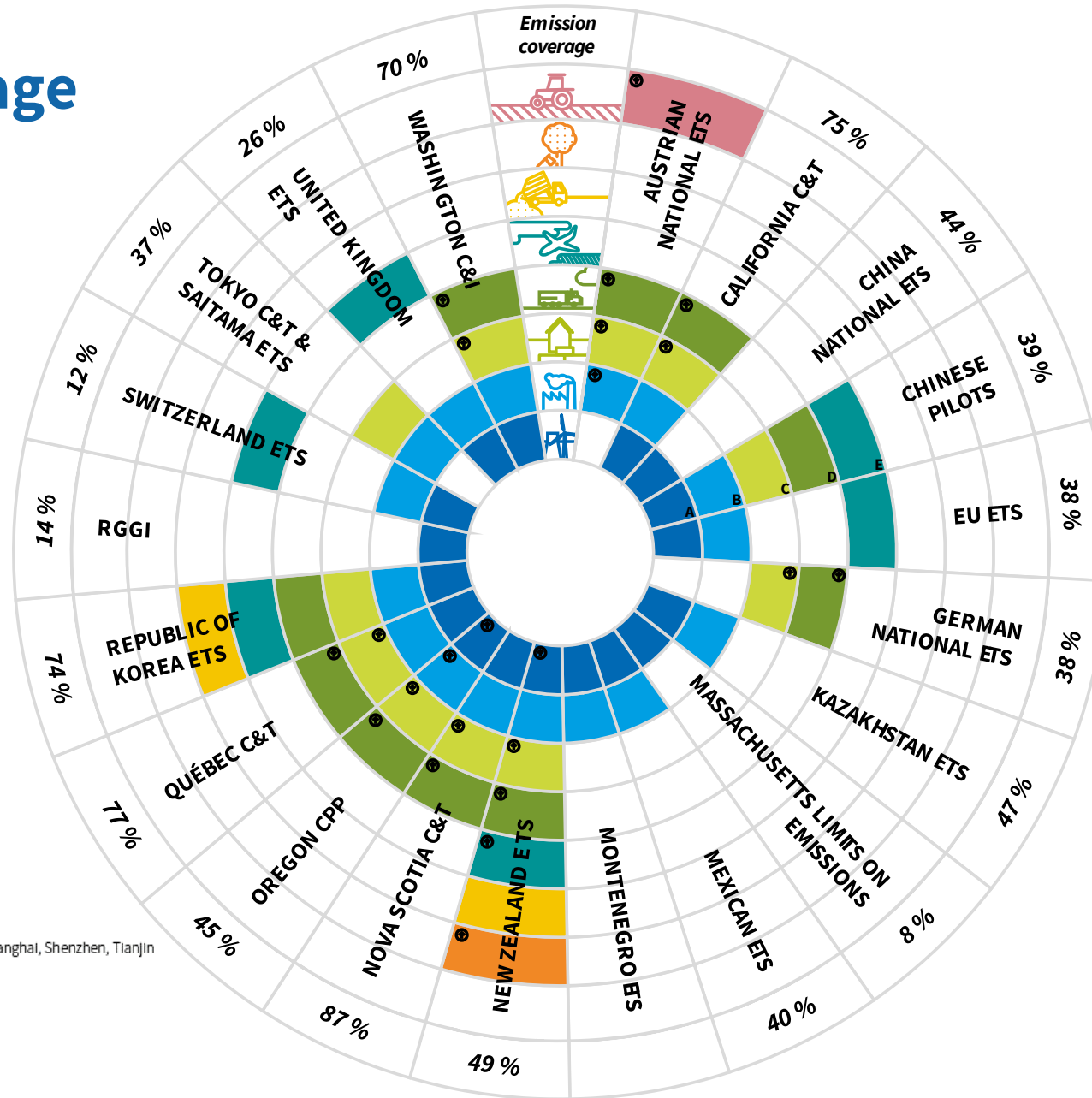


# Sectoral coverage



- A The Fujian ETS covers the electricity grid
- B Beijing, Chongqing, Fujian, Guangdong, Hubei, Shanghai, Shenzhen, Tianjin
- C Beijing, Shanghai
- D Beijing, Shanghai, Shenzhen
- E Fujian, Guangdong, Shanghai

⬆ Indicates which sector is covered upstream



Most systems cover emissions from power and industry

The sectoral coverage of several ETSs expands to other sectors as well

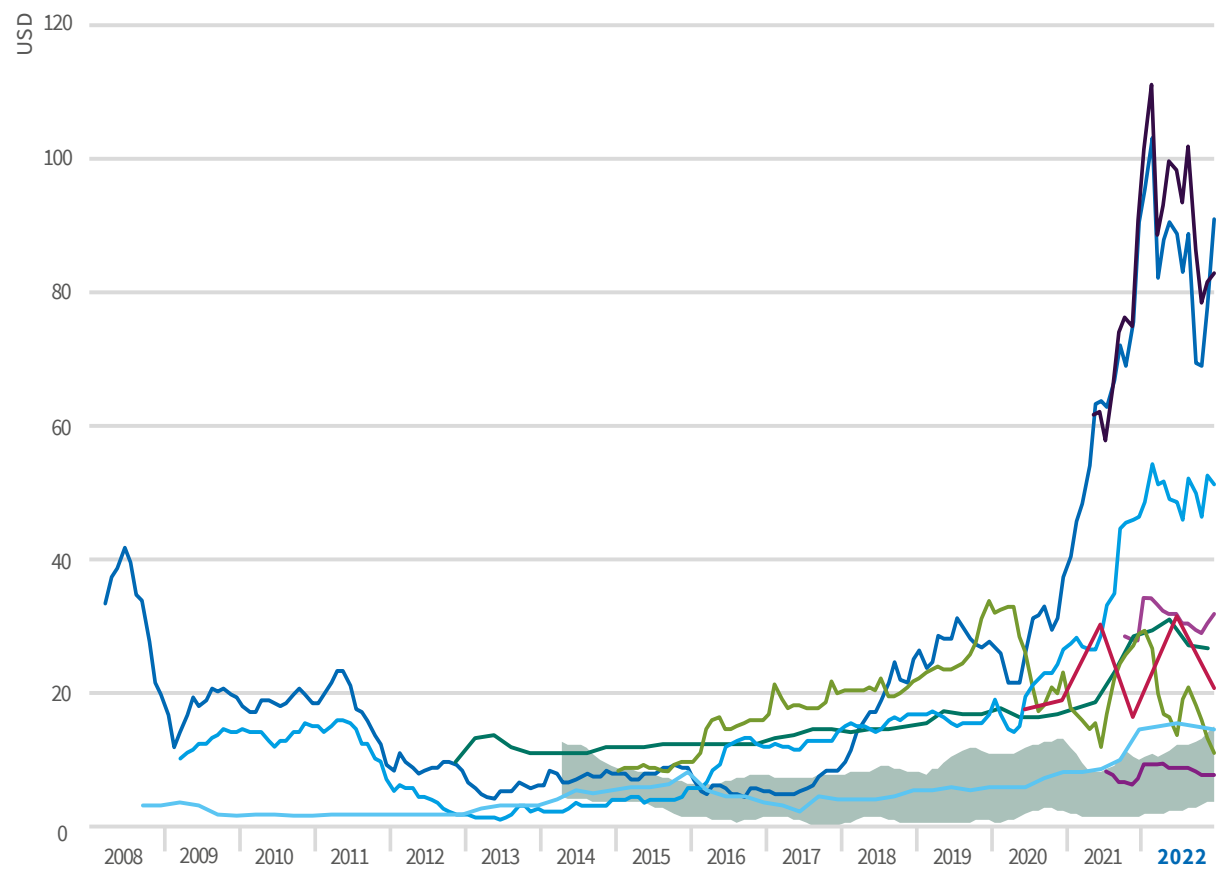
The share of emissions covered and the point of regulation (upstream vs downstream) varies across systems

# Allowance price developments

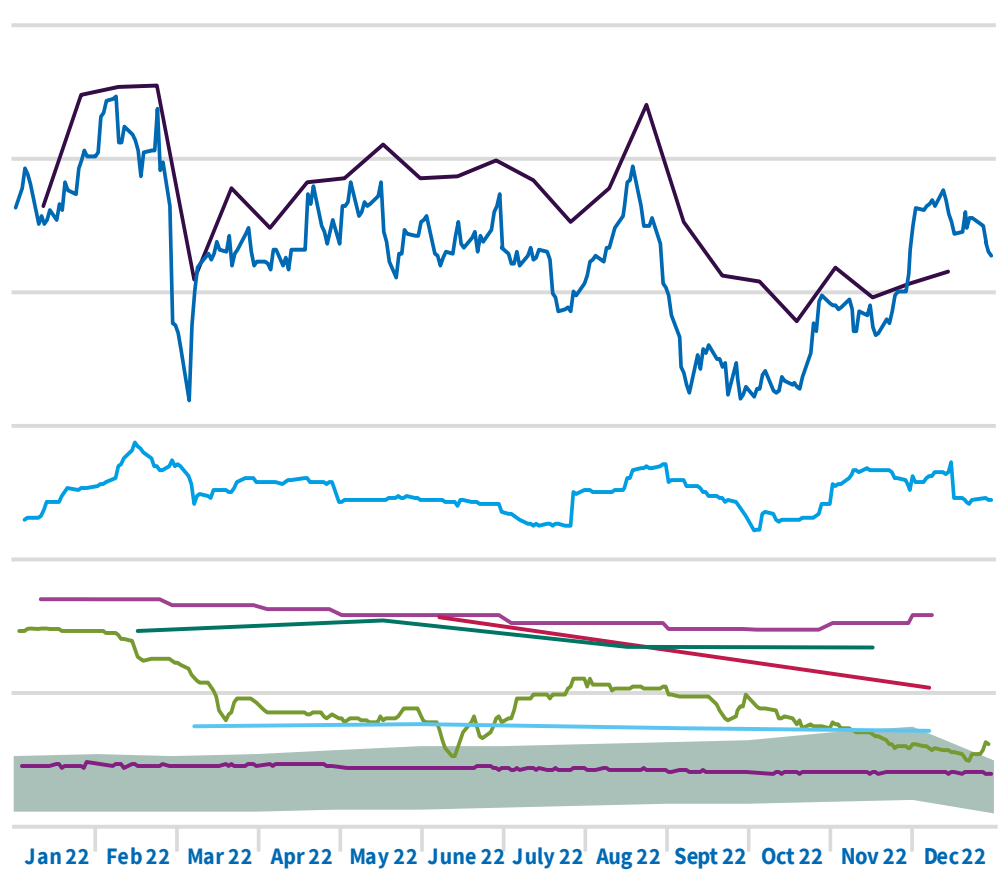
*Allowances prices in most systems ended 2022 largely unchanged*

*This follows significant price gains and record levels over the last 3+ years*

2008-2022



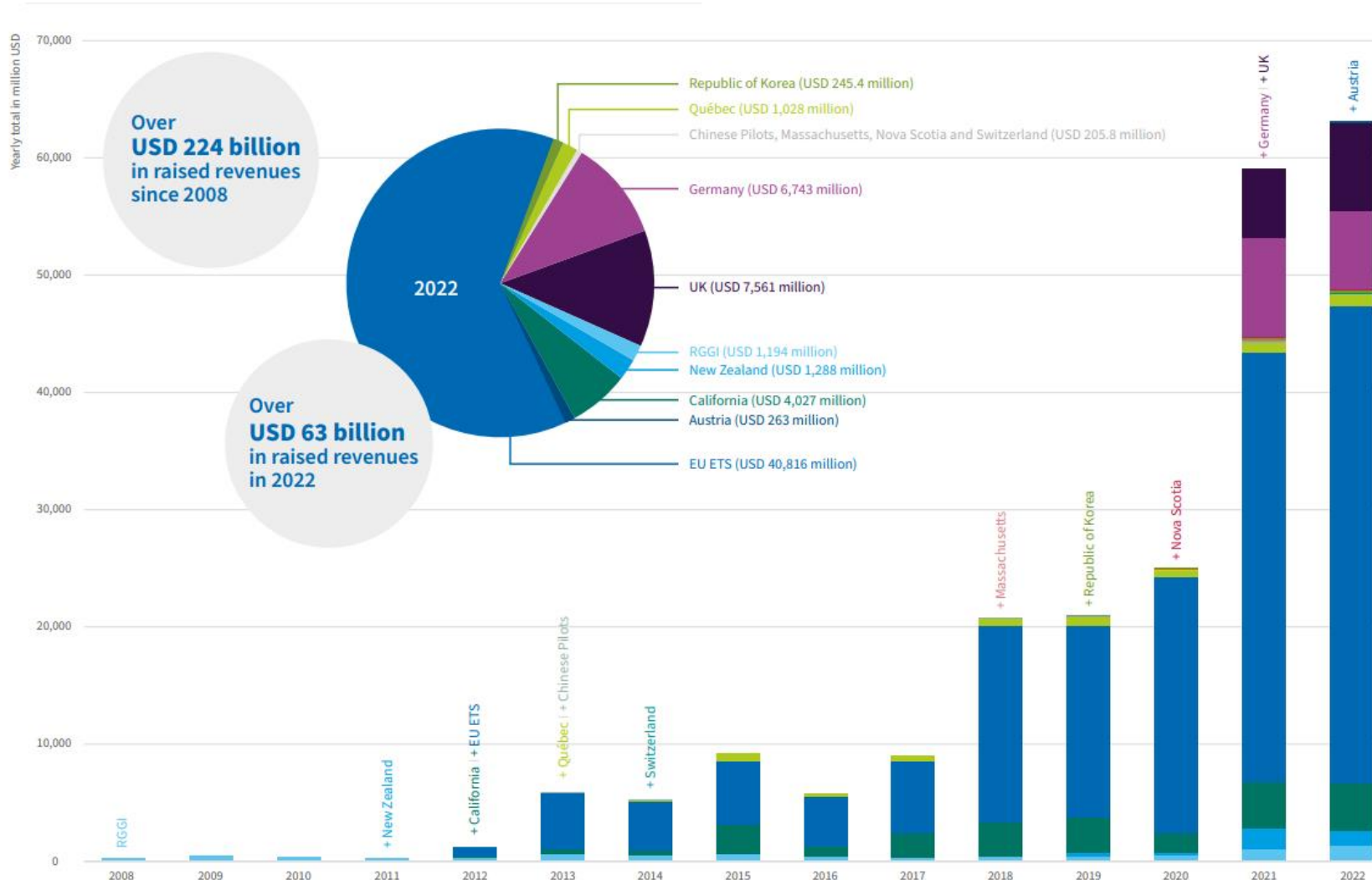
2022



- EU ETS
- UK\*
- New Zealand
- Germany\*
- California / Québec\*
- Nova Scotia\*
- RGGI\*
- Republic of Korea
- China
- Chinese Pilots

\* Primary market data

# Auctioning revenues



*High carbon prices and new revenue streams raised a record \$63 billion globally in 2022. The EU ETS represents 2/3 of the total.*

*More than half of the total revenues raised by ETSs since 2008 was collected in 2021 and 2022 alone*

*Revenues are being reinvested to further climate action or assist industry and consumers*



## ETS trends and developments – looking back, looking ahead

- **Established ETS are maturing and new ones are being developed**
  - Number of systems and coverage have doubled over the last decade
  - ETSs have weathered significant crises, prices rose, record amount of revenues
  - Established systems are now focusing on net zero alignment, expansion
  - New ETS developments are focused on emerging economies
- **No ‘one size fits all’ – Each country is working on its own recipe**
  - Instruments are designed to reflect local conditions/priorities, often using new system designs
- **Trend towards using a mix of different instruments**
  - Interplay of ETS, carbon taxes and domestic and international crediting, Article 6
- **Increasing attention to voluntary instruments**
  - Both in terms of voluntary demand for credits and voluntary instruments to pave the way towards compliance

# Thank you



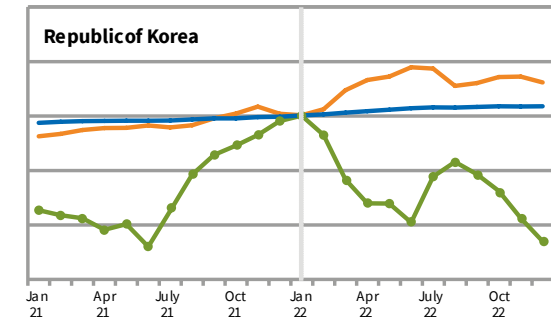
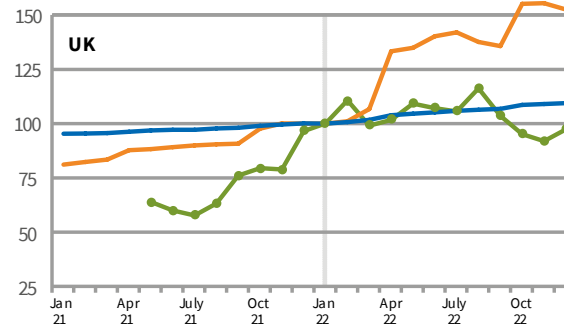
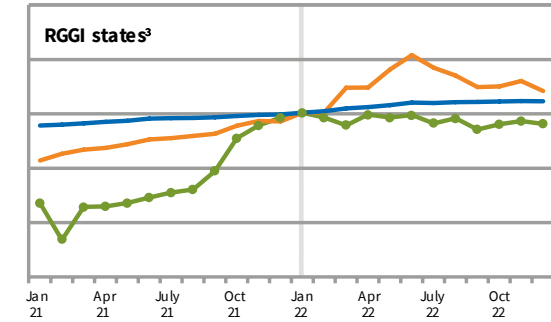
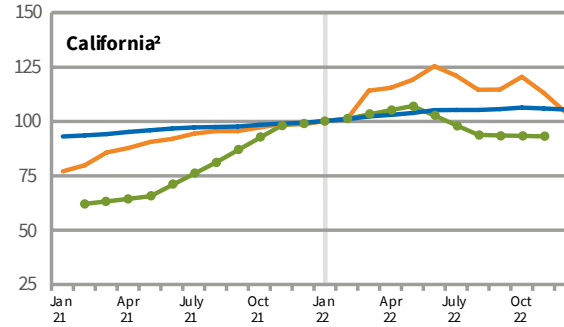
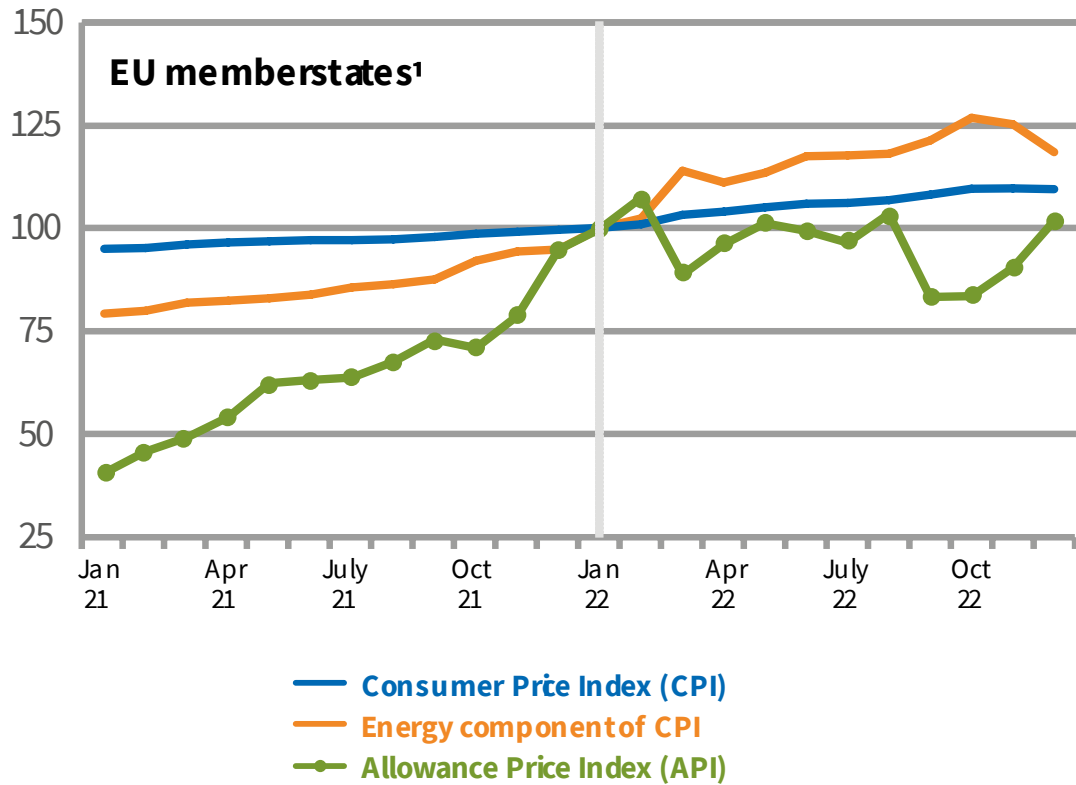
@ICAPSecretariat



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[www.icapcarbonaction.com](http://www.icapcarbonaction.com)

# ETS and the energy crisis



*The consumer price index and its energy component increased significantly in 2022*

*On the contrary, allowance prices largely stagnated over the year after seeing significant gains in 2021*

1 CPI and energy component of CPI correspond to values for the EU 27 member states.  
 2 CPI and the energy component of CPI in California correspond to values in the West urban region.  
 3 CPI and the energy component of CPI in RGGI states correspond to values in the Northeast urban region.