



International Cooperation on ETS

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International ETS: key highlights 2015

- *Globally, 17 systems are in force to date and another 15 in preparation or under consideration. ETS can be found across 4 continents: 35 countries; 13 provinces/states and 7 cities. 2 out of 5 people worldwide live in a jurisdiction either considering, preparing or operating an ETS*
- *Together, these jurisdictions produce about 40% of global GDP*
- *China is now housing the world's second largest carbon market, covering the equivalent of 1,115 million tons of carbon dioxide emissions*

East and Southeast Asia: some features

- *Mix of advanced/emerging and developing economies*
- *Some common features:*
 - **Regulated electricity markets**
 - **Heavy coal consumption**
 - **Huge potential energy efficiency improvement in various sectors**
- *Climate national policies and institutions in place*
- *Preference for "no-regret measures" such as MRV*
- *Complementarity with World Bank Partnership for Market Readiness (PMR)*

Promote EU Regulatory Approach in East and SE Asia: the case of MRV

- *Using bilateral cooperation to encourage formulation and implementation of MRV and ETS*
- *Existing Korean ETS (KETS) and future national Chinese ETS have adopted, or are adopting/developing MRV procedures similar to the EU ETS*
 - **Monitoring Plans**
 - **Calculation Methodology and Continuous Emission Monitoring Systems (CEMS)**
 - **Use of Emission Factors**
 - **Compliance Cycles**
 - **Third Party Verification**
 - **External Control of Verifiers**

Technical co-operation on ETS

South Korea

- *Capacity building project under FPI from 2015-17 and beyond*
- *Demand driven, close co-operation with public authorities*
- *Direct support to public sector (MoE), indirect support to private sector*

China

- *2014-16: bilateral ongoing capacity-building project*
- *Focus shifted from pilots to national system in 2017*
- *Possibly: FPI project from 2017*
 - **Policy dialogue and capacity building**
 - **Roll-out of national system from 2017-19**

Conclusions

- *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.), inspired by European Regulatory Approach, so as to promote the development of compatible systems*
- *Need for soft coordination to ensure efficient use of resources*