Emissions Trading Around the World

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Outline

1. Around the world with emissions trading:
   17 systems across 4 continents
2. Europe & the periphery
3. North America
4. Asia Pacific
5. Trends & Challenges
6. Future Outlook
Emissions Trading Worldwide: 10 years on...
Global Trends: A snapshot of 17 systems

- 35 Countries
- 13 Provinces/States
- 7 Cities

Global trends in emissions trading

- 2005: 2,150 MtCO₂e covered
- 2006: +1
- 2007: +1
- 2008: +1
- 2009: +1
- 2010: +1
- 2011: +1
- 2012: +1
- 2013: +9
- 2014: +2
- 2015: +1
- 2016: 4,590
- 2017: 6,840

As more systems enter operation, the share of emissions covered by ETSs grows. At the same time, a growing number of new ETSs are in place.

Global GDP

- 2016: 40%
- 2017: 49%

Source: ICAP Status Report 2016
Europe & the Periphery

- EU ETS: 2030 Climate & Energy Framework
Europe & the Periphery

- **EU ETS**
- Market Stability Reserve from 2019
- Currently negotiating revisions for 2021-2030 period; proposed increase of Linear Reduction Factor: 1.74% to 2.2%
Europe & the Periphery

- **Kazakhstan**
  - System temporarily suspended until 2018 to improve MRV, GHG regulations and functioning of Kazakhstan’s ETS

- **Turkey**
  - MRV system in place, reporting started this year

- **Ukraine**
  - Plans to establish a national ETS that can be linked to the EU ETS
North America: Regional Greenhouse Gas Initiative (RGGI)

- Covers power sector, almost 100% auctioning
- Price just under USD 5
- Initiative by New York‘s Governor: linking with California-Québec?
North America: California & Québec

- 2014: Bilateral link, joint auctions
- 2015: Extended to transport sector by covering fuel distribution (~85% coverage)
- Minimum auction price & cost containment reserve
- Price around USD 12.70
- Set to expand to Ontario
North America: US (National Level)

EPA-Clean Power Plan

- Regulate GHG emissions from existing power plants
- 32% reduction by 2030 compared to 2005 levels
- Compliance can be rate- or mass-based (ETS)
- Flexibility: joining with other states in an ETS like RGGI
- CPP implementation currently on hold by Supreme Court
Asia Pacific

• **New Zealand**
  • Broad system coverage
  • System review: phasing out transitional measure (1-for-2 surrender) by 2019
  • Price around 9.5 USD
Asia-Pacific

- **Tokyo and Saitama**
  - Tokyo first ETS in Asia & first ETS in a city
  - Linked to Saitama since 2011
  - By 2015, 25% emission reduction compared to base-year emissions

- **South Korea**
  - Newest system (2015)
  - Covers 2/3 national GHG emissions
  - Price around 11 USD
Asia-Pacific

China

- Estimated size: 3-4b tCO2e (7,000 entities)
- 7 Chinese pilots have built capacity & tested design elements
ETS Trends & Challenges

• **First generation ETS**: Undergoing system reviews, ensuring the program remains fit for purpose
  • **Market Management**: qualitative and quantitative mechanisms to regulate supply and demand
  • Dealing with **lower than expected** prices
  • Gradual increase of **auctioning** allowances
  • **Linking**: interest from jurisdictions but significant challenges (EU-SUI, US states)
• **Asia** emerging as the new ETS hub: Korea, China…
Future Outlook

- **ETS continue to spread worldwide:** 2 new systems planned for 2017 with many more jurisdictions considering an ETS
- **ETS linking and cooperation:** gradual emergence of ETS hubs (eg. European market, US subnational systems)
- **Accounting** under UNFCCC, Article 6
- **ETS in developing countries:** accounting for growth & development under a cap, carbon pricing in regulated power sectors.
More information on ETS

- **ICAP interactive world map**
  - Latest information on existing and planned systems

- **ICAP Status Report Emissions Trading Worldwide**
  - Detailed factsheets on all systems, infographics and articles on the latest trends in ETS

- **ICAP-PMR ETS Handbook ‘Emissions Trading in Practice’**

- **Newsletter “Global Trends in Emissions Trading”**

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