



TECHNICAL ASSISTANCE TOWARDS THE IMPLEMENTATION OF THE NEW PARIS CLIMATE AGREEMENT

EDITION N°3

ETS

Newsletter



The project is funded by the European Union

This newsletter contains a selection of news items and capacity building activities on the topic of emissions trading, with a focus on the EU Emissions Trading System.

The newsletter is provided in the framework of and with assistance from the European Union in the framework of the “Technical Assistance towards the Implementation of the New Paris Climate Agreement”.

The contents of the publication are the sole responsibility of the Consortium implementing the project and can in no way be taken to reflect the views of the European Union.

The RIPAP

The Regional Implementation of Paris Agreement Project (RIPAP) aims to support beneficiary countries in the Western Balkan and Turkey with the implementation of the Paris Agreement.

The project will run from August 2017 until October 2018. Work is supported by DG Climate Action and DG NEAR.

The beneficiary states are:

- Albania
- Bosnia and Herzegovina
- Kosovo*
- The former Yugoslav Republic of Macedonia
- Montenegro
- Serbia
- Turkey.

The two main purposes of the project are:

1. To support the beneficiaries to build their capacity for the implementation of the 2015 Paris Agreement and low emissions development strategies and
2. To support regional cooperation through the exchange of information, best practices, experience and awareness-raising between IPA beneficiaries.

The project contains 3 main components:

1. Awareness of relevant staff working in the beneficiary countries on the outcomes and provisions of Paris Agreement improved.
2. Upgrades of national GHG monitoring and reporting practices supported.
3. Strengthening the monitoring, reporting, accreditation and verification (MRV) requirements targeted at: operators, authorities and verifies under the EU ETS.

Each of the components will organise various capacity building activities, ranging from high-level political meetings to organisation of technical workshops and from knowledge exchange via an online portal to issuing of newsletters.

This third edition of the ETS newsletter is a deliverable in *Component 3*.

* This designation is without prejudice to positions on status, and it is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Regional ETS developments

Talanoa event Serbia



On 16 May 2018 the European Commission together with the Serbian Ministry of Environmental Protection convened an EU – Serbia Talanoa conference. The conference was organised in the framework of the RIPAP.

The High Level Conference discussed implementation of the 2030 climate and energy framework and specifically the EU's and Serbia's Nationally Determined Contributions that define the country specific emissions reduction targets in line with the provisions of the Paris Agreement.

More information is available on: <https://bit.ly/2HbuqZB>

Technical workshop on EU ETS in Serbia

On 17 and 18 May 2018, following the Talanoa event, the RIPAP organised a technical workshop on EU ETS and the wider regulatory climate framework.

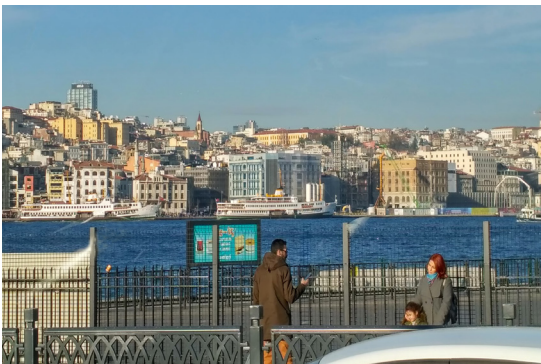
The workshop presented and discussed the EU ETS requirements and achievements. Specific attention was given to lessons learned in Poland and the possibilities and challenges to decarbonising energy demand and supply in Serbia.

The training programme and presentations are available on:

<https://bit.ly/2HVuiC4> and <https://bit.ly/2J2uQr9>



ETS implementation and planned ETS training in Turkey



Turkey published its PMR project implementation status report in April 2018. The report provides an overview of ETS implementation activities conducted in the last years, including a description of currently running activities such as modelling fiscal, economic and sectoral impacts of carbon pricing and on assessment of carbon leakage risk under carbon pricing policies. PMR is a support programme of the WorldBank that supports implementation of carbon pricing in several countries.

The report is available on: <https://bit.ly/2F6NKGA>

The RIPAP is planning to organise training in Turkey on carbon leakage and updates of benchmarking rules under the EU ETS. This training will take place in Istanbul in September and will address both public and private stakeholders.

EU ETS developments

Phase 4 revision



On 19 March the revision of the EU ETS Directive for phase IV (from 2021) was published in the EU Official Journal.

The Directive was formally adopted by the EU Council of Ministers on 27 February 2018 and by the European Parliament on 6 February 2018. The new Directive entered into force on 8 April 2018. EU Member States must transpose the provisions of the Directive into national law by 9 October 2019.

The Directive is available at: <https://bit.ly/2K2TqVB>

Preliminary carbon leakage list published

The preliminary carbon leakage list for the EU ETS for Phase 4 (2021-230) was published on 8 May 2018.

The list is the result of an extensive assessment and consultation process. The European Commission determined for all relevant sectors and sub-sectors their exposure to the risk of carbon leakage based on criteria set out in the ETS Directive.



The list is available at: <https://bit.ly/2IVSwgP>

Will the UK stay in the EU ETS?

On 19 March the Brexit negotiators have reached agreement on a transition period until December 2020. In this transition period the UK will no longer participate in EU decision-making on EU ETS but continue to remain part of the EU ETS.

On 21 March a Parliament Committee hearing was organised on the impact of Brexit on the EU Emissions Trading System, discussing the post-2020 preferences. Various options were explored, including staying part of the EU ETS, setting up a national ETS with a so-called Swiss-linking to the EU ETS, linking to or participating in other ETS systems and defining a carbon tax.

More information is available on <https://bit.ly/2HFCczh> and on <https://bit.ly/2G0C5u2>

Revision of MRR and AVR

The European Commission is working on revision of the Monitoring and Reporting Regulation (MRR) and the Accreditation and Verification Regulation (AVR). The main aim is to lower MRVA burden and adapt regulations to recent changes. First draft texts for updated regulations were discussed with the EU ETS competent authorities at a meeting in Brussels mid-April. Full legal drafts are expected in June.

Global ETS developments

Mexico going fast forward in ETS implementation



Mexico has drafted a proposal to update the General Law on Climate Change. This proposal includes a strengthening on carbon pricing, changing the optional set up of a voluntary ETS to a mandatory ETS to be introduced in a gradual and progressive manner. SEMARNAT, responsible for the ETS design, expects to publish the ETS rules in July 2018, then starting a 3-year pilot programme in August 2018 and the mandatory ETS to start in August 2021.

The proposal was adopted by the lower House on 12 December 2017 and it is tabled for discussion in the Senate. The Mexican ETS would be the first of its kind in Latin America and will help Mexico to reach its 22% GHG emissions reduction target by 2030.

More information is available on: <https://bit.ly/2qVsRcZ>

ETS included in new Climate Law in Colombia

Colombia has drafted a new Climate Law that includes the option to implement an ETS. The ETS design discussed allows use of offset credits in the GHG allowance trading as well as taking into account carbon tax payments. The carbon tax is levied on sales and imports of fossil fuels.



IMO agreement on GHG reductions shipping



The International Maritime Organization (IMO) have adopted a climate change strategy for shipping. The strategy adopted on 13 April 2018 among others includes targets to reduce average CO₂ emissions per transport work by at least

40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008.

More information is available at: <https://bit.ly/2EJEh7R>

Events, conferences, reports

Paris Declaration on Carbon Pricing in the Americas



At the One Planet Summit organised December 2017 in Paris, 5 countries and 7 states/regions in the Americas adopted a declaration on Carbon Pricing. The declaration among others announced the plan to create the platform for cooperation on Carbon Pricing in the Americas (CPA) and the intention to strengthen MRV systems with a view to future linking of carbon markets. The parties are currently formulating their roadmap towards implementing the CPA.

The declaration is available at: <https://bit.ly/2Biaq8N>

ICAP 2018 status report

On 28 February, ICAP launched its annual report 'Emissions Trading Worldwide: Status Report 2018'. The report indicates that 15% of the global GHG emissions are not capped by an emissions trading system.

The report includes factsheets on each individual ETS around the globe and infographics showing global trends and insights into ETS. In addition to information on operating systems the report also describes planned systems and their specific design elements such as Monitoring, Reporting and Verification regulations.

The report is available at: <https://bit.ly/2HNQAmJ>



Simulation as key capacity building tool for ETS



ETS simulations are used to build capacity on the potential impacts and design choices of ETS. Mexico, for example, in the process of preparing for ETS has conducted simulation exercises with 94 companies that are responsible for generating a large part (nearly 60%) of its national emissions. Also at the first-ever Africa Climate Week (ACW2018) a simulation exercise was conducted. This ACW 2018 was convened from 9-13 April 2018 to address climate issues in the regional context, among others with the aim to provide input to the

formal negotiations under the UNFCCC, through the Talanoa Dialogue.

<https://bit.ly/2qYLPyE>



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