



Regional Implementation
of Paris Agreement Project

RIPAP

EDITION N:1

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.

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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 Balkans 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 beneficiaries of the Instrument for Pre-Accession Assistance (IPA).

The project contains 3 main components:

Component 1: Improved awareness of relevant staff working in the beneficiary countries on the outcomes and provisions of Paris Agreement.

Component 2: Upgrades of national GHG monitoring and reporting practices supported.

Component 3: Strengthening the monitoring, reporting, accreditation and verification (MRV) requirements targeted at: operators, authorities and verifiers 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 newsletter is a deliverable under 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

EU ETS developments

Linking EU ETS with Swiss ETS

In August the European Commission adopted two proposals to link the EU ETS with the Swiss ETS. Next steps are:

- Formal signature of agreements (possibly by end 2017)
- Finalisation of technical linking arrangements
- Ratification of the agreement
- Entry into force (not expected before 2019)

The full press release is available on <http://bit.ly/2w9JWV1>

Phase 4 revision

Discussions on EU ETS revision are in its final stages. The key political issues are:

- Deliver the required emission reductions in a cost efficient manner via a strengthened and well- functioning ETS
- Adequately protect vulnerable sectors in EU industry with free allocation and carbon leakage provisions
- Support the clean energy transition where most needed via low-carbon funds.

In a separate proposal the European Commission has proposed to continue exclusion of international flights from the EU ETS until 2021 (the “stop-the-clock” provisions). The proposals are discussed in trilogue meetings that are held between the European Parliament, the Council and the Commission.

Revision of MRR and AVR

In December 2016 the European Commission started a project to prepare revision of the MRR and AVR. An inventory was made of potential revisions, giving priority to those that lower the MRV burden without diminishing the effectiveness of the regulations.

EU ETS competent authorities and the European Commission are currently selecting and prioritising potential revisions. Final proposals are expected in June 2018.



Regional ETS developments

ETS implementation in Turkey



Turkey has achieved major progress in implementing its national ETS, including:

- Preparation of Monitoring Plans for the electricity sector, the cement sector and the refinery sector
- Pilot verification of emission reports in these 3 sectors
- A roadmap for the ETS
- ETS Guidance for plant operators

More information is available on the website of PMR Turkey: www.thepmr.org/country/turkey-0

ETS implementation in Serbia

Serbia's climate activities now largely focus on the legislative framework.

The Law on Climate Change is being drafted, which will incorporate relevant provision of the EU climate acquis, including the monitoring mechanism, the MRV aspects of the ETS, the CO₂ labelling Directive and relevant provisions of the Effort Sharing Decision.



The Law is expected to be adopted by the end of 2018. Following its adoption, relevant by-laws such as on MRV of ETS will be adopted as well.

ETS activities in Serbia for now focus on the MRV aspects and do not yet include trading.

China's NDRC still plans to formally announce the start of its national ETS in 2017. The system will then start operation during 2018. Recent work on design of the system focused on obtaining accurate emissions data and developing benchmarks.

The Kazakhstan Emissions Trading System (KETS) operated in 2013-2015. In 2016 it was temporarily suspended until 1 January 2018. The KETS covers around 140M tonnes of CO₂ emissions from 170 participating enterprises in the industry and energy sector.

California Cap-and-Trade Program

In July California adopted the bill to extend the California Cap-and-Trade Program until 2030. The bill includes a 40% reduction of the cap, changes to the program's allocation mechanism and reduces the amount of offsets allowed from 8% to 4% of an entity's total compliance. The bill also includes a price stability mechanism.

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In August the nine US states participating in the RGGI announced their proposed changes to the program including a 30% additional reduction in the emissions cap from 2020 to 2030.

Details of the proposed changes are available at: <http://bit.ly/2xLQ0nr>

Events and conferences

COP 23

The 23rd Conference of the Parties (COP 23) will take place in Bonn from 6-17 November 2017. The EU will organise various presentations in the EU Pavilion.

On 9th November 2017 a special side event will be organised entitled 'The Innovative approaches to MRV: the EU experience in the Enlargement and Neighbourhood countries'. The RIPAP project as well as results from preceding activities will be presented at this interactive side-event.

Compliance Conference

On November 7th and 8th the European Commission will hold the 8th EU ETS Compliance Conference in Brussels. Competent Authorities of the 31 EU ETS implementing countries will meet to discuss the latest developments in EU ETS MRV with their peers and exchange national experiences.

Presentations and conference proceedings will be published on the website of DG Climate Action.





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