

## **A STEP-WISE IMPLEMENTATION experiences from Slovenia**



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ECRAN workshop

## **OUR WAY**

- **Directive adopted in October 2003**
- **SLOVENIA became EU Member on May 1, 2004**
- **ETS to start January 1, 2005**
  
- **NO experiences in other “old” Member States, nor European Commission**
- **New to “polluters”**
- **Nobody knew in advance “how it will look like”**
- **Nobody could come to us to teach us**

## HOW TO MAKE IT WORK in 6 months

### DECIDE WHO IS WHO:

- Legislative framework

### ISSUE GHG permits

### REGISTRY

### VERIFIERS identification via exam

Numerous "step by step" workshops with industry

## DECIDE WHO IS WHO ?

### COMPETENT AUTHORITY

#### MINISTRY:

Draft legislation  
Organise meetings,  
attend meetings in BXL  
Train industry, Agency, other ministries



#### ENVIRONMENTAL PROTECTION AGENCY

GHG permits issuance  
Registry

## OUR TEAM



### 2004-2012:

- **Ministry:** 2 x ½
- **AGENCY:** 1 (ghg permits, registry administrator)

### After 2013:

- **Ministry** 2, (but non ETS as well)
- **AGENCY** 2, (ghg permits, registry administrator)
- **Auctioneer:** development bank
- **Accreditation:** SA

## The beauty of a small team

- **No huge coordination needed – ETS is complex enough**
- **One stop shop for all operators**
- **CA has good “industry” overview**
- **Overview on implementation helpfull for “future action” (negotiations for post 2020)**

## CA KEY MILESTONES

### • ADOPT LEGISLATION

- EU legislation transposition
- Not all EU regulation is directly applicable
- **Do not copy/paste but adapt to local circumstances**

#### RECOMMENTATIONS:

- **Decide on organisational framework**
- **Start with legislation on GHG monitoring**
- **National legislation needed ex ante for data collection (monitoring of emissions)**

## CA KEY MILESTONES

### • IDENTIFICATION OF INSTALLATIONS

#### OUR APPROACH:

- national CO2 tax (since 1996) = identification of installations and data on quantity of fuels used
- Monthly meetings with industry (first year of implementation), continuous training

#### RECOMMENTATIONS:

- Communicate asap – engage them in preparatory phase of legislation drafting
- Capacity building & training (use experts & experiences from other MS)

## CA KEY MILESTONES

### • **REGISTRY**

- Decision on organisational framework (one stop shop)
- Develop or buy IT to connect to EU registry
- Adopt national legislation
- Coordination with other national authorities (responsible for anti money laundering, crime)

#### RECOMMENDATIONS:

- Public body (obligation lies within Government)
- One stop shop in the country

## CA KEY MILESTONES

### • **ALLOCATION**

- NIMs (gather data, data verification crucial)
- equivalent measures

#### RECOMMENDATIONS:

- use experts & experiences from other MS)

### • **AUCTIONING**

- Nominate institution acting as auctioneer

#### OUR APPROACH:

Development bank (changes under consideration)

- Cash flow determination

#### **Decision for earmarking use of auctioning**

OUR APPROACH: 100% earmarked funds

## CA KEY MILESTONES

- **ACREDITATION OF VERIFIERS**

- Train the verifiers
- Train the accreditation body/ technical assistance needed
- Communication between competent authority, national accreditation body and verifiers needed

- **INSPECTION**

- Control of actual situation on site
  - How /what/define installation/which parts is subject to permit
  - Control during operating (any technical changes made without being reported upfront)

## CA KEY MILESTONES

- **SANCTIONS**

- Control of actual situation on site
- How to implement to apply sanctions
- Enforcement - what if the operator does not pay?
- What if the operator does not prepare MR on time?

- **REPORTING TO EC**

- Art 21 /template/ by June each year
- Use of auctioning revenues by June each year

## HOW, WHERE TO START

- **Set up organisational structure**
- **Prepare and adopt legislation – devision of responsibilities , data on emissions from industry**
- **Let the industry start with monitoring in advance- why?**
- **They need experiences and you need data for allocation**

## „NOT BY THE BOOK“ situations

- **Control of actual situation on site:**
  - **CA is responsible**, so do not trust anybody else
- **Operators' bankruptcy**
- **Changes of operators, changes of installations**
- **Changes not notified – political problems/jobs ?**
- **„what if “ situations**

## EU ALLOWANCE

- = right to emit a tonne of CO<sub>2</sub> equivalent
- issued by MS (competent authority)
- dematerialised asset (RegReg)
- tradeable across EU
- held in electronic form in the registry system

## COMPLIANCE CYCLE

- **Before start of the trading period**
  - Allocation of EUA
  - Monitoring plan approval
  - GHG permit obtained
- **monitoring of ghg emissions**
- **Verified Monitoring report submitted**
  - Accredited verifier contracted by operator
  - Principle: independente, competent
  - Checks if reported emissions are in compliance with monitoring plan
- **Surrender EUA:** through registry, approved by verifier





## INDUSTRY obligations

- Prepare monitoring plan in order to get GHG permit approved
- Monitor, prepare report with verified data on emissions
- Surrender allowances EUA
- Inform CA of any changes to the installation that would influence GHG emissions

## LESSONS LEARNED

- **ETS is complex, time needed for preparation**
- Invite industry asap, **time needed for implementation**
- Time needed for approval by CA
  - Do not underestimate it
  - Communication with other MS CA
- Learning by doing: **to improve implementation**
  - Communication between CA-NAB-Operators
  - Communication between verifiers-inspectorate
- **But remember that ETS is not the only part of CC legislative framework**

## STEP by STEP reminder

- **identify required tasks**
- **staffing,**
- **administrative structure**
- **costs**
- **list of activities**
- **capacity building requirements**
- **training needs**

## WHY AND HOW ETS fits into big CLIMATE CHANGE picture

- **Time is running out to prevent climate change impacts – everybody on board**
  - Decarbonising economy
- **Avoid locking-in fossil investments**
- **ETS implementation helps restructuring economies**
- **Business opportunities**
- **Cost efficiency, reduce costs, new jobs opportunities**

## RECOMMENDATIONS

- **Non legal guidance is essential for implementation**
  - Workshops, guidance notes, templates, helpdesk
- **Develop of guidance/FAQ tools**
- Keep repeating „untill done“
- Predictability, Stability needed for operators
- **Share experiences and learn from other MS**



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