

EU ETS, MRAV the broad picture

Imre Csikós



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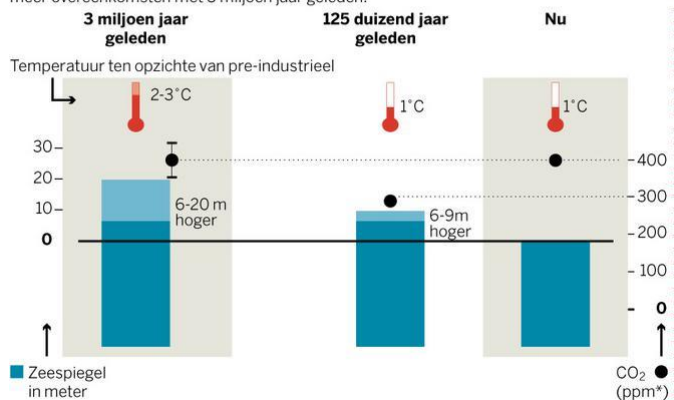


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WHAT HAPPENED IN 2015?

Gevolgen opwarming erger

Het klimaat 3 miljoen jaar geleden, 125 duizend jaar geleden en nu. Tegenwoordig ziet men meer overeenkomsten met 3 miljoen jaar geleden.



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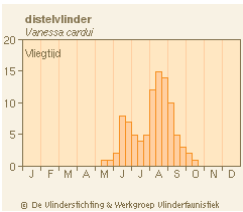


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ECRAN

Painted lady

- Picture taken this morning on 5 December in Paris, resting and warming on a wall outside our hotel
- Not supposed to be there, but in south of France, Spain, Morocco



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2015 – for the first time early spring flowering of hazel, crocus and blackthorn already on 11 January (Normally as from mid February)



Crocus, 11 January
Utrecht



Hazel (Coryllus
avellana), 11 January
Utrecht



Blackthorn (Prunus
Spinosa), 11 January
Utrecht



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2050 Decarbonisation Roadmap to contain dangerous climate change

**80% domestic
reduction in 2050 is
feasible**

- with currently available technologies,
- with behavioural change only induced through prices
- If all economic sectors contribute to a varying degree & pace.

Efficient pathway:

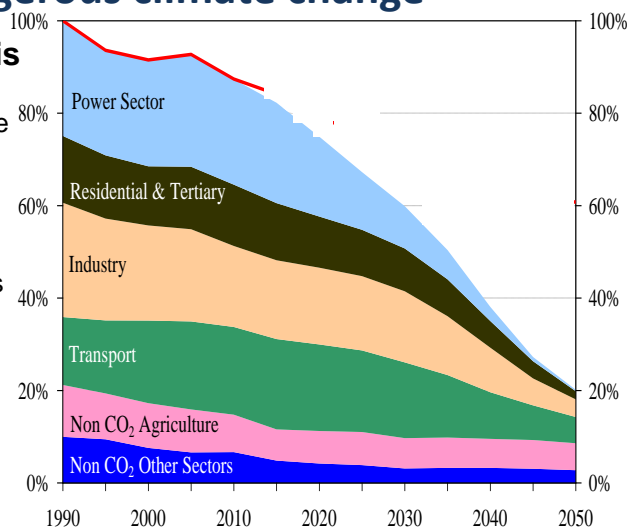
- > 20% in 2020
- 40% in 2030
- 60% in 2040



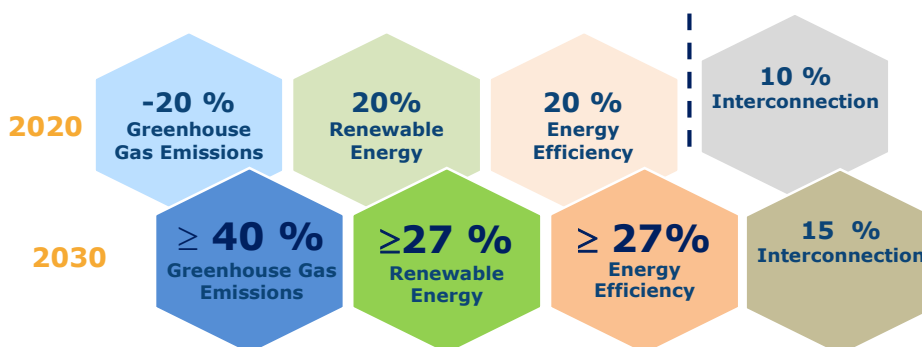
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EU is delivering: 20-20-20 is now 40-27-27



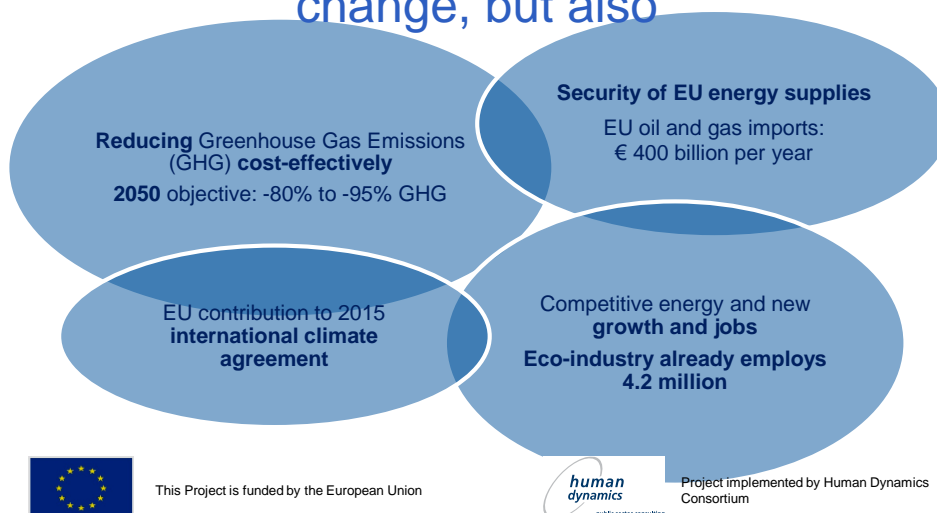
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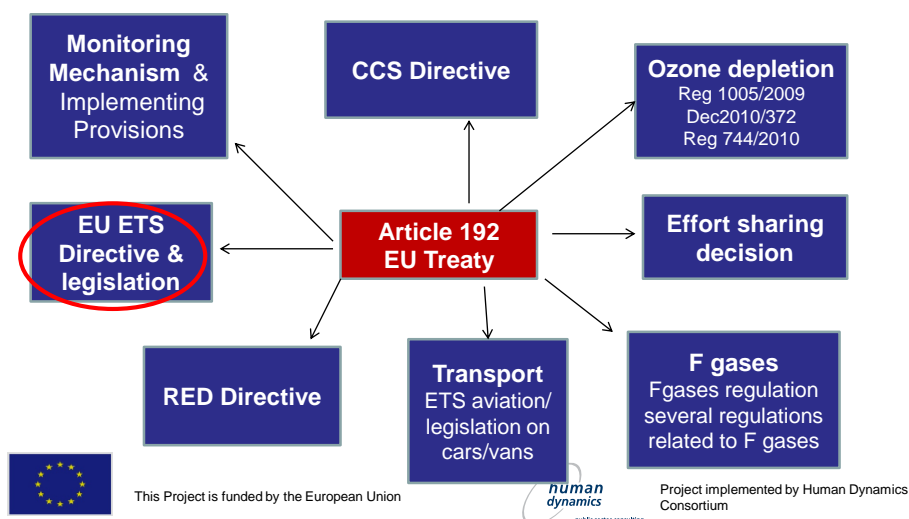
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Why does this make sense?

Not only to fight dangerous climate change, but also

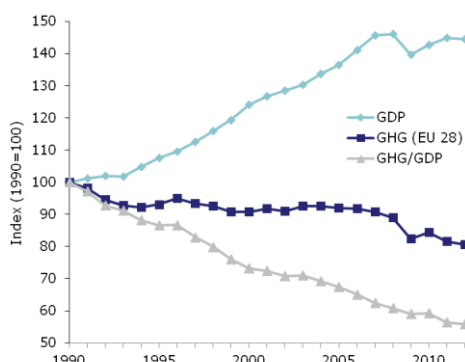


Overview EU Climate Change Law



NEED TO STEP UP EFFORT

...while the EU economy continues
to grow



Decoupling between economic growth and GHG emissions:

- EU GDP growth 1990-2011: 45%
- Emissions decreased by 18.3 % during the same period
- 2010/2011 → EU-28 GDP increased by 1.4% while emissions fell by 3.3%



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Summary main points EU ETS Directive

- **Centralised EU-wide cap** on emissions that reduces annually by 2.2% per year
- **Full auctioning** is the rule for electricity generators (with temporary deviation options)
- In other sectors **allocations for free will be phased out progressively** (40% auctioning in 2013 to 70% in 2020)
- **Carbon leakage installations** will receive 100% of the benchmarked allocation for free



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Summary main points EU ETS Directive

- **Backloading** of 900 million **allowances** from 2013-2015 until 2019-2020
- **Access to project credits** from outside the EU will be limited to no more than 50% of the reductions.
- Half of the revenues from auctioning to be used for climate change projects
- Allowances for free allocated on the basis of **benchmarks**



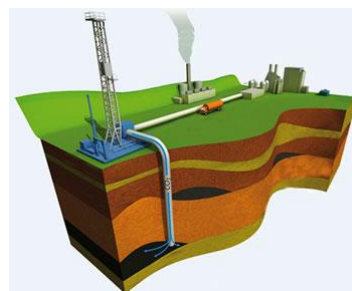
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Summary main points EU ETS Directive

- Up to 300 million allowances from the new entrants reserve of the EU ETS will be used to support **innovative renewable energy technology** and **carbon capture and storage** demonstration projects

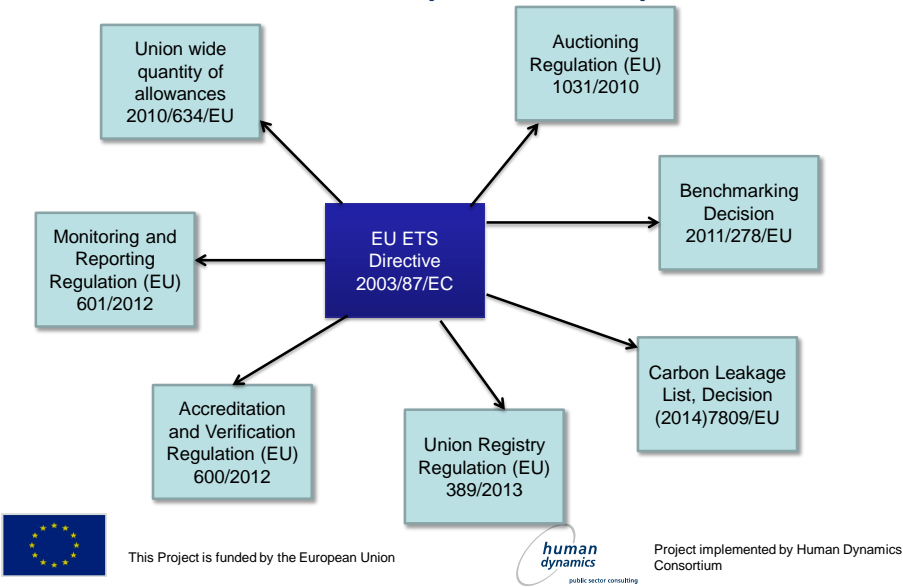


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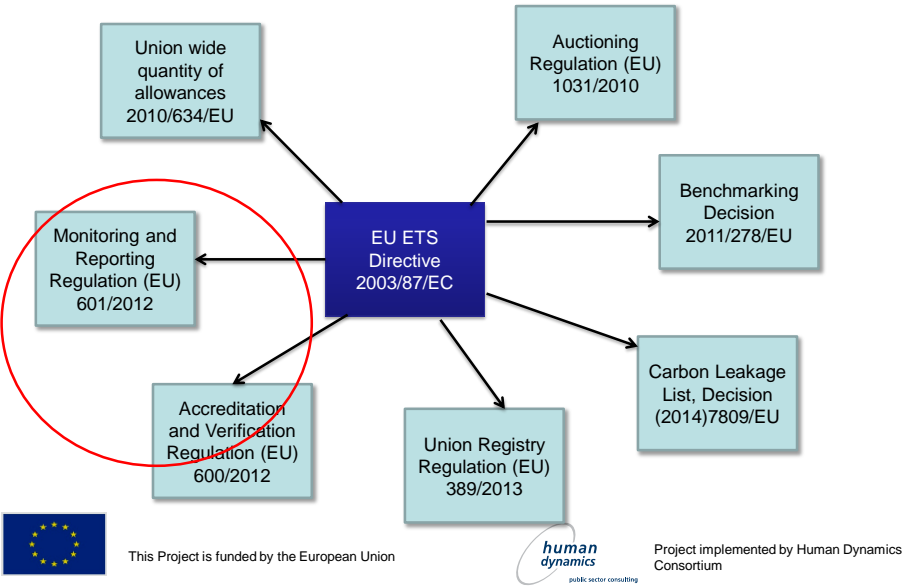


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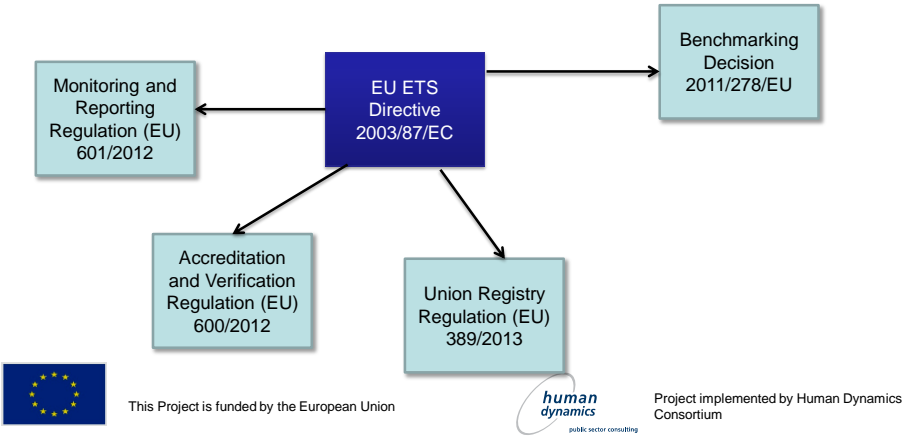
**Complementary legislation to the EU ETS
Directive (2003/87/EC)**



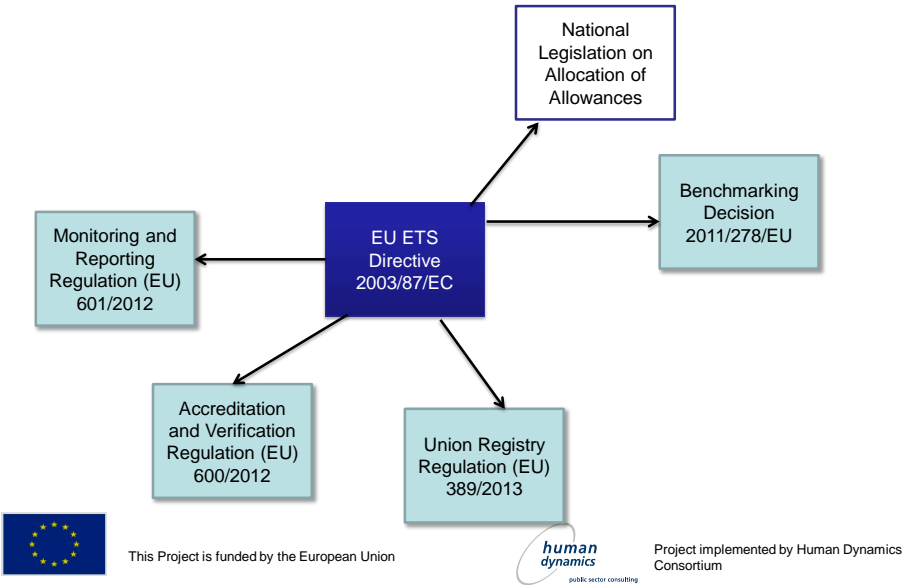
Where to start???



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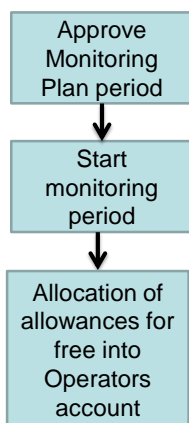


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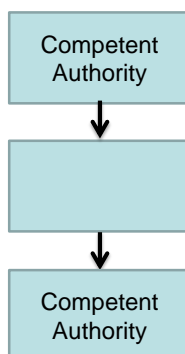


Monitoring, Reporting, verification and accreditation

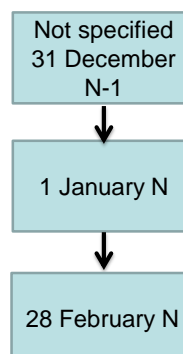
What?



Who?



When?



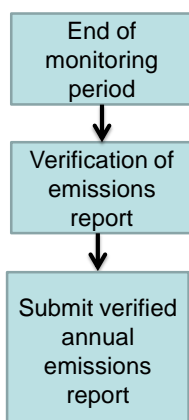
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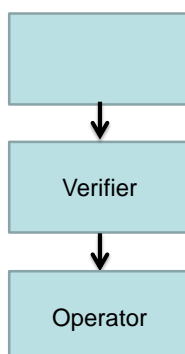
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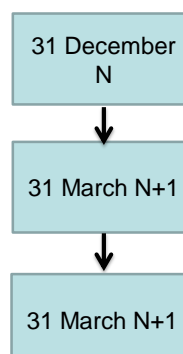
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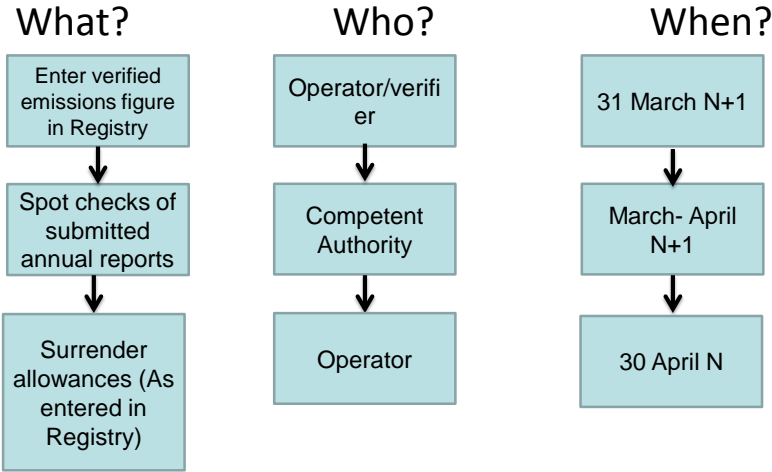


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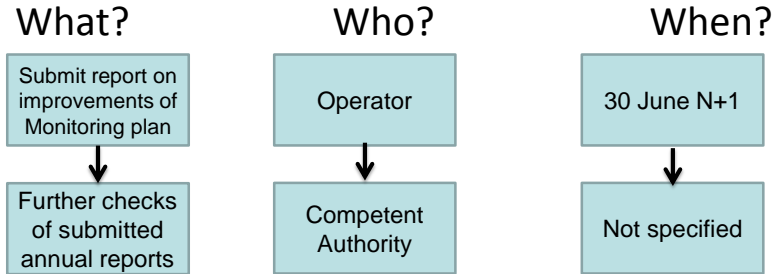


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Planning and Preparation - Where to start?

1. ETS Implementation Plan to determine

- Required tasks, costs and associated staffing
- Identify the list of activities (operators of stationary installations of Annex I and Aircraft operators)

2. Designate the Competent Authority to implement/regulate

- Auctioning (decide to work with own or existing platform)
- Issuing of permits and allowances
- National Implementation Measures (NIMs)
- Monitoring, reporting, verification, accreditation
- Registry work (Union Registry)
- Organise internal and external information streams including public access to information



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Planning and Preparation - Where to start?

3. Develop necessary legislation :

- Recommend to start with MRV legislation and permitting legislation

Following that start developing legislation that regulates

- Inclusion of stationary installations (Annex I) and aviation sector
- Allocation and issuing of allowances (NIMs)
- Registry functioning
- Transfer, surrender and cancellation of allowances
- Use of credits (accept only credits from LDCs and not from nuclear installations and not from LULUCF and not from large hydropower)
- Auctioning (own platform or existing platform)
- Public participation and access to information



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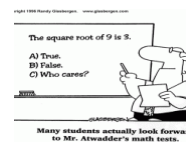


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Planning and Preparation - Where to start?

4. Determine Capacity Building requirements for implementation

- For Authorities
- For operators !!!
- Information campaigning to explain in simple terms to general public



5. Assess

- Installations that are considered carbon leakage prone
- Installations that may receive emission allowances for free (based on efficiency benchmarking)



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Planning and Preparation - Where to start?

6. Consider to start as a first step with Monitoring, Reporting, Verification and Accreditation

- Prepare Guidance Materials (use the existing guidance and templates)
- Develop an IT based system (electronic reporting) (recommended for large market)!
- Accreditation body to accredit verifiers

7. Learn the actual trading

- Consider as a first step to use monopoly money (to learn)
- Establish a National Registry (modelled along the requirements of the Union Registry so that linking with the ITL though the EUTL is possible)
- Consider national or regional trading



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Planning and Preparation - Where to start?

8. Set up compliance structures:

- Inspectorates to check verified emission reports
- Ensure secure trading through national registries
- Training of inspectorates



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What can ECRAN offer?

- Assistance in guidance through the above steps of planning and preparation
- Formulate together TAIEX expert missions of Member State experts (such as from Emission Authority, accreditation agency, verifiers)
- Assistance in legislation drafting, IPA Project development, guidance documents, further training



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Next ETS events

- Planned in May and Summer 2016
- Regional Seminar of ETS implementation and ETS strategy and roadmap development in May or June

Thank you for your attention

