

Setting up a framework for Emission Trading System (ETS)

Sarajevo, March 21&22, 2016

WELCOME!



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Monique Voogt, coordinator WG ETS



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ECRAN Climate

- ECRAN: The **E**nvironment and **C**limate **R**egional **A**ccession **N**etwork
- 8 beneficiaries: Candidates and potential candidates for accession to the EU
- Designed to assist countries to converge with the EU Climate acquis and with EU climate policies
- 4 workgroups – WG3 focuses on emissions trading

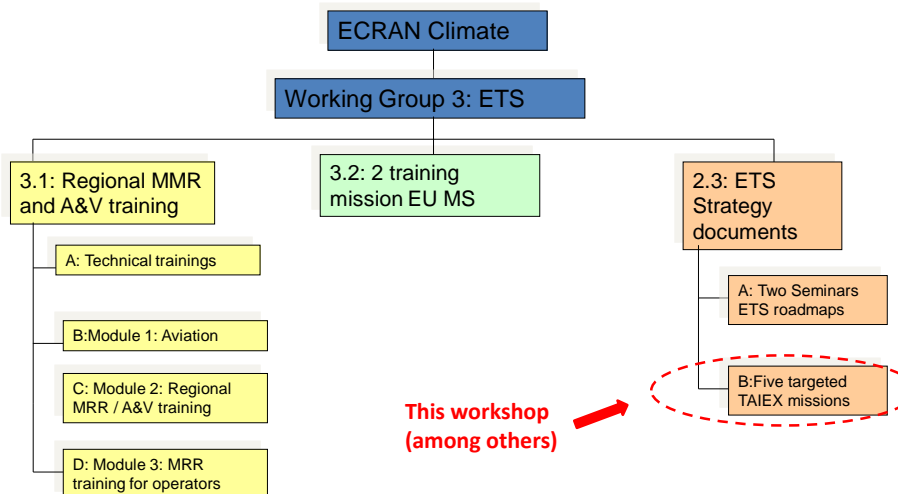


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Activities scheduled 2013 – 2016



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This training

Main aim: Support the Republic of Bosnia and Herzegovina in setting up the **legal and organisational framework** for implementation of emissions trading.

- Strengthen the understanding of the legal, institutional and procedural ETS requirements within the scope of the EU ETS
- Obtaining a further understanding of choices to be made in the Republic of Bosnia and Herzegovina
- Exchanging information on lessons learned in EU Member States for setting up an ETS Competent Authority

We aim this training to be a practical exchange of expertise; with limited 'classroom listening'



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The trainers/foreign experts

- Ms. Heidi De Prez - expert EU ETS from the Walloon Air & Climate Agency
- Ms. Nives Nared – expert EU ETS from the Slovenian Ministry of Agriculture and the Environment
- Ms. Madlena Ožanić – expert EU ETS from the Ministry of Environment and Nature Protection of Croatia
- ECRAN experts Imre Csikós and Monique Voogt



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The main steps in EU ETS implementation

Monique Voogt, coordinator WG ETS

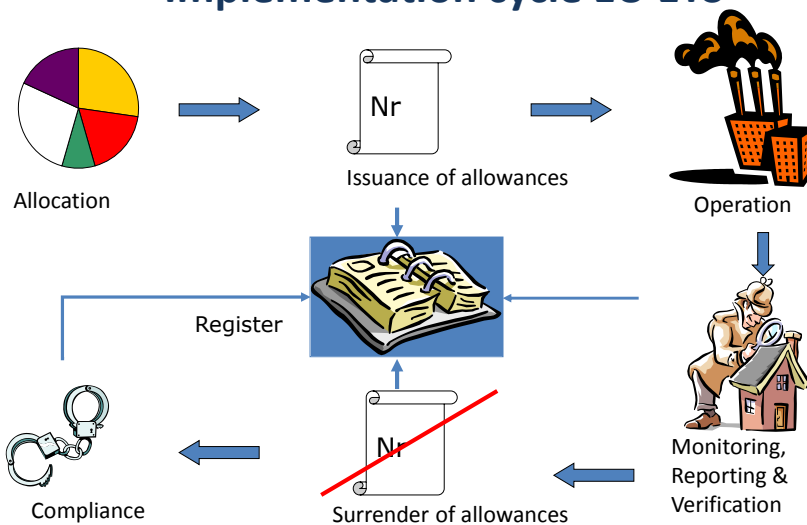


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Implementation cycle EU ETS



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Some ETS lingo

Abbreviation	Full term
AER	Annual Emissions Report
AVR	Accreditation and Verification Regulation
CA	Competent Authority
CL	Carbon Leakage
EU ETS	The EU emissions trading system
IR	Improvement Report
MRAV	Monitoring, Reporting, Accreditation and Verification
MRR	The Monitoring and Reporting Regulation
MP	Monitoring Plan
NAB	National Accreditation Body

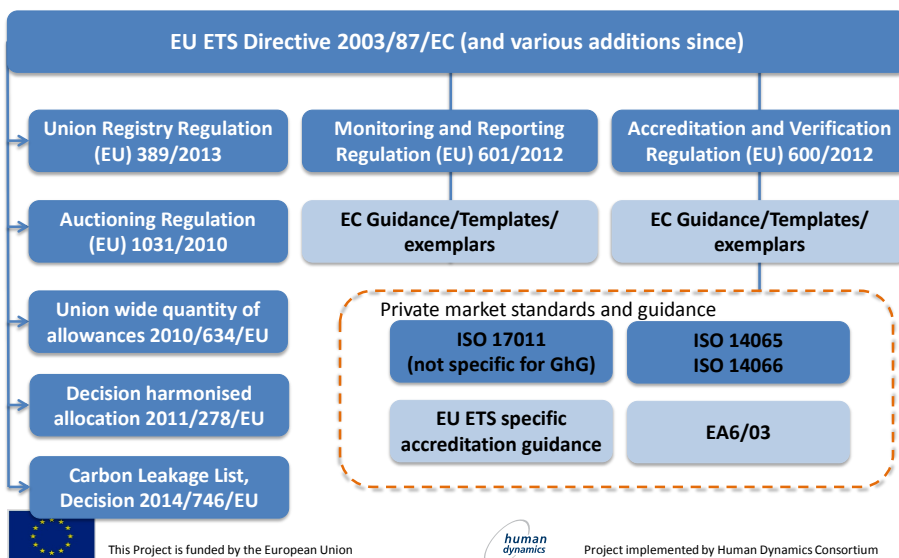


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The Regulatory Framework of the EU ETS

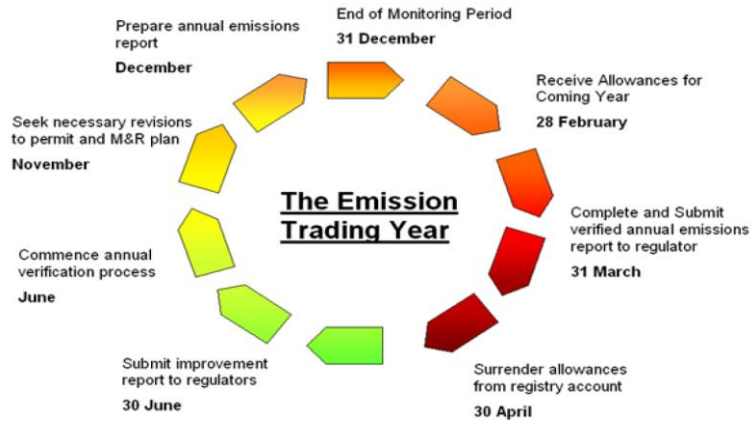


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The emissions trading year




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The timeline



When	Who	What
1 January year N		Start of monitoring period
By 28 Feb. year N	CA	Allocation of free allowances (if applicable) on registry accounts
31 December year N		End of monitoring period
By 31 March year N+1	Verifier	Complete verification and deliver verification report to operator
By 31 March year N+1	Operator	Submit <u>verified</u> emission report
By 31 March year N+1	Verifier/Operator	Enter verified emission figure in the verified emissions table in the registry

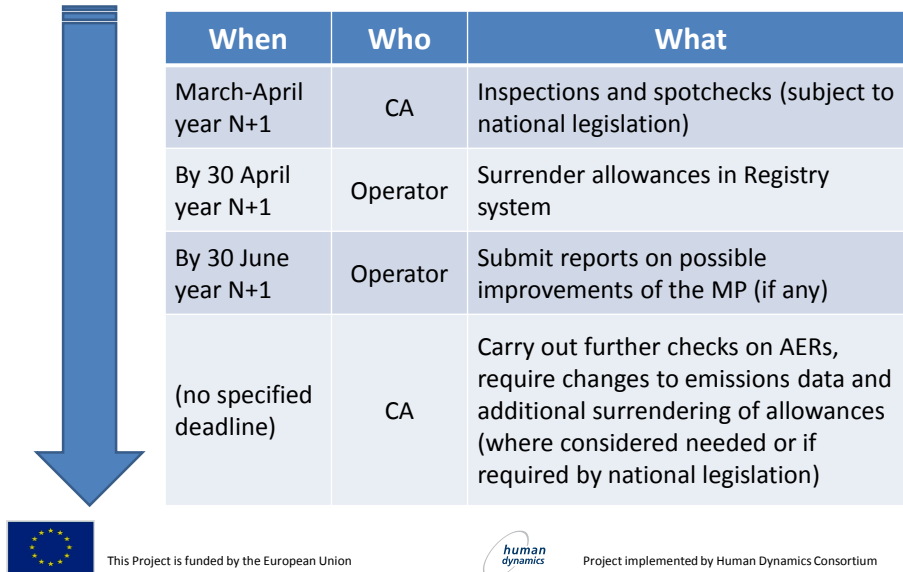


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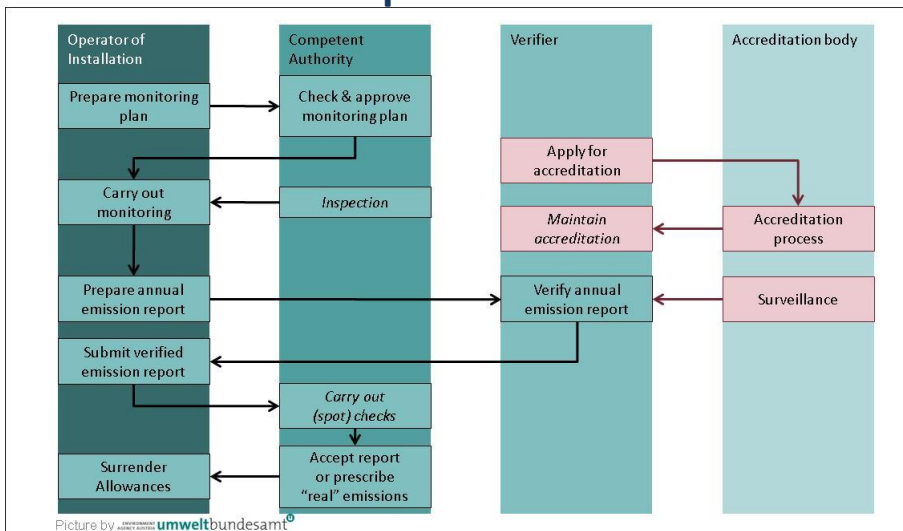


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The timeline (2)



Roles and responsibilities in MRV



A roadmap

Chapters of a possible roadmap towards ETS implementation	
1. Political and economic context	7. Allocation
2. Emissions trading and key institutional requirements	8. Monitoring and reporting
3. Action plan for transposition and implementation	9. Registry
4. The legislative framework	10. Auctioning
5. Identification of installations	11. Accreditation and verification
6. Permitting	12. Inspection and enforcement



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Key choices to be made



- **Time schedule** – planned timeframe of start ETS and back casting on what needs to be prepared/organised.
- **National system or otherwise** – gaining expertise before joining EU? National system or regional?
- **Legal responsibilities** – what body is formally responsible, who is involved in formulation of and decision making for legislative framework?
- **Organisational structure** – what bodies will be involved (or set up) for implementation, what capacity needs to be built?
- **Capacity building** – which stakeholders need to be informed and prepared?



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Some examples of discussion elements / decision items



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Implementation of ETS

Implementing the EU ETS is required upon EU accession. Until then own choices can be made on how to support emission reductions.

- Is it beneficial to start implementation of an ETS system prior to EU accession? What are the benefits and what are the costs and possible drawbacks?
- If ETS implementation is decided upon, what would be a good timeframe for implementation? What key messages should be sent to the hierarchy, to the sectors and to the public on this choice?
- What would be the preferred scope and design of the national ETS? To what extent is similarity to the EU ETS preferred? What are the potential benefits and drawbacks of each design choice? What parties should be involved in design choices?
- What legislation has to be drafted, what responsibilities need to be assigned and what implementing bodies need to be established? What capacity needs to be built?



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Permitting

Requirements from the ETS legislation:

- The competent authority shall issue a GHG emissions permit granting authorisation to emit GHGs from all or part of an installation if it is satisfied that the operator is capable of monitoring and reporting emissions
 - Technical capacity needed to check such capabilities
- The competent authority needs to ensure that no ETS installation carries out activities resulting in GHG emissions unless the operator holds a permit.
- The competent authority shall, at least every five years, review the GHG emissions permit and make any amendments as are appropriate.
 - Capacity needed to do inspections/enforcement

For discussion today:

- What party/parties would best be placed to organise this?
- Regional or national approach? If regional: how to ensure consistency? If national: how to ensure sufficient knowledge of the installations?



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Reporting by EU MS

Requirements from the ETS legislation:

- Each year the Member States shall submit to the Commission a report on the application of this Directive. This is called the Art. 21 report
- That report shall pay particular attention to:
 - the arrangements for the allocation of allowances,
 - the operation of registries,
 - the application of the implementing measures on monitoring and reporting, verification and accreditation
 - Issues relating to compliance with this Directive
 - Issues on the fiscal treatment of allowances, if any.
- One report per Member State. So even when regionally organised, a consolidated report needs to be drafted and sent.

For discussion today:

- Is MOFTEC the party to assign final responsibility for communications with EC?
- Should this reporting be organised at national or regional basis? If regional: how to ensure consistency? If national: how to ensure access to the required information?



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