Emissions trading worldwide: An overview of recent developments

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Expansion of emissions trading 2005-2015

Source: ICAP Status Report 2015
Overview

• Emissions trading around the world – an overview
• Update on recent developments
  • Europe‘s periphery
  • North America
  • Latin America
  • Asia Pacific
ETS planned and in force worldwide
ETS worldwide

Jurisdictions with an ETS make up

Global GDP
- 40% in 2015
- 48% in 2016

ETS can be found across 4 continents

- 35 Countries
- 13 Provinces/States
- 7 Cities
Overview

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  • Asia Pacific
Europe’s periphery (2)

Kazakhstan

• Pilot phase 2013, start 2014
• Regulatory reform, new allocation plan 2016-2020 published
• Prices around 2.50 USD

Ukraine

• Development of domestic ETS stipulated in EU association agreement
• Draft concept paper released by Environment Ministry
North America (1) - Regional Greenhouse Gas Initiative (RGGI)

- 9 states in US Northeast
- Started in 2009
- Electricity sector, almost all allowances auctioned
- Positive effect despite relatively low prices
- Reform:
  - Cap reduced by 45% in 2014
  - Cost containment reserve
- Prices now ~$6.70 USD
North America (2) - California and Québec (& Ontario & New York??)

- See Jean-Yves Benoit‘s presentation -
North America (3) – New impetus through EPA Clean Power Plan (CPP)

- CPP regulates US power plant emissions by imposing state emission rate targets for 2030
- States can choose rate-based or mass-based approach
- Flexibility: from EPA-crafted model rules (‘plug-and-play linking’) to locally-developed approaches
**Latin America and Caribbean (1)**

**Mexico:** Carbon tax (USD 3.50) on fossil fuel, introduced January 2014

- Partial use of offset credits (no legislation yet)
- Could transition to an ETS

**Chile:** Roadmap for ETS introduction with PMR support

- Carbon tax (USD 5) for thermal power generators, passed September 2014
Asia-Pacific (1)

Australia

• Abolition of the Carbon Pricing Mechanism
• Alternative: Emissions Reduction Fund -> financing of mitigation projects

New Zealand

• Second system review expected
• No international offsets from mid-2015
• Current prices ~ 6.80 NZD (4.50 USD)
Asia-Pacific (2)

Tokyo
- First ETS on city level and in Asia
- Participants: Industry, large commercial buildings

Korea
- Launched January 2015, covering two third of national emissions
- Domestic offsets, from 2021 also international
Asia-Pacific (3)

China

• Domestic ETS now scheduled for 2017, covering all provinces
• Currently work focus on legal framework/allocation/MRV
• 5/6+1 sectors, ~11.000 companies?
• Treatment of ETS pilots yet to be determined

Taiwan

• Climate framework law provides basis for ETS
Summary

• Many countries and regions are implementing emissions trading
• New systems learn from existing ones, but also innovate
• The global carbon market is developing from the bottom up
• ETS not a growth impediment: 6 out of the 10 most competitive countries do carbon pricing (World Economic Forum, 2015)
• Linking ETS remains relevant, but challenging
ICAP - ETS Information Platform

**ICAP Interactive ETS world map**
- Comprehensive, up to date information about existing and planned ETS
- Ability to compare and download detailed profiles

**ICAP Status Report „Emissions Trading Worldwide“**
- New report on existing and planned ETS, market trends, detailed factsheets, infographics, and articles

**Quarterly Newsletter „Global Trends in Emissions Trading“** and ETS news on our website

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