PREPAREDNESS FOR EMISSIONS TRADING IN THE EBRD REGION (PETER)

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PROJECT INTRODUCTION

SUMEET MANCHANDA, DIRECTOR
FEBRUARY 3, 2015
AGENDA

• Context - status of global carbon markets

• PETER project introduction
  – Objectives
  – Analysis completed under the project
USE OF CARBON PRICING INCREASING GLOBALLY

Source: Adapted from World Bank, State and Trends of Carbon Pricing, 2014
OVERALL CARBON MARKETS OUTLOOK IS POSITIVE
INTERNATIONAL NEGOTIATIONS/ OUTLOOK

• Joint China-US announcement injected momentum into climate talks

• Over $10bn provided to Green Climate Fund in 2014

• All Parties to communicate Intended Nationally Determined Contributions (INDCs) by 1 April. Many parties will include carbon trading as means of achieving contributions.

• Increased use of linking between geographies/ instruments/ sectors is likely in medium to long term.
Objective: To assist the Kazakhstan and Ukraine governments in –

- Understanding costs, benefits of domestic ETS
- Analyzing options and criteria for linking with external ETSs such as EU ETS
- Identifying potential road maps towards implementation of domestic ETS, plus linking with other ETS
- Increasing preparedness and providing practical tools for discussions with external partners on linking carbon markets
PROJECT WEBSITE: www.ebrdpeter.info

NEWS

New USAID Program supports Kazakh leadership on climate change
04 February 2014
In January, the Kazakhstan Climate Change Mitigation Program (KCCMP), officially launched to help Kazakhstan achieve long-term, sustained reductions in greenhouse gas emissions intensity.
Read More

EBRD assists the Russian government in carbon market development
21 October 2013
In response to a request by the Russian Government, the European Bank for Reconstruction and Development (EBRD) assists in development of the Russian carbon market.
Read More

The PETER project aims to help the governments of Ukraine and Kazakhstan to:
- Understand the costs and benefits of domestic cap-and-trade regimes, compared to other instruments of climate mitigation policies.
- Analyse cap-and-trade options, and criteria needed to link any domestic emissions trading scheme (ETS) with other emissions trading schemes, such as the EU ETS;
- Identify potential road maps towards:
  - Implementation of a domestic cap-and-trade scheme
  - Linking with external cap-and-trade schemes
- Increase preparedness and provide practical tools to create a platform for possible discussions with external partners on linking carbon markets.
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PETER PROJECT PHASE 1 (COMPLETED PREVIOUSLY)

**RATIONALE**
- Carbon pricing policy analysis and comparison
- General analysis of linking options
- Logical Framework for ETS development

**STATUS REPORTS**
- Preparedness analysis
  - Legislative
  - Technical
  - Political
  - Institutional
  - Market

**ETS COMPARISON**
- Scope, caps
- Rules: auctioning, allocation, banking, etc.
- Institutions
- Offset markets
- Tradability, linking options
LOGICAL FRAMEWORK FOR ETS DEVELOPMENT
PETER PROJECT PHASE 2 ANALYSIS IN REPUBLIC OF KAZAKHSTAN

COSTS AND TARGETS
- Abatement potential and costs
- Implications of different caps
- Options to decrease costs of meeting targets

LINKING OF ETS
- Comparability and compatibility
- Linking options
- Template MoU
- Template Term Sheet

OTHER ANALYSIS
- Proposed Improvements to Ecological Code draft
- Guidance on allocation methodologies

We will present and discuss the results of this work today.
THANK YOU!

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