



Implementing Kyoto : EU ETS Phase II

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UK Commitment



- Global Carbon Market with EU ETS at its core
- Needs to be Broad, Deep, Long
- Multilateral Negotiation – Market Key Mitigation Financing Instrument
 - Development and Linking ETS
 - Continuation of CDM
 - Evolution of CDM evolution of other instruments

UK Support to Practical Implementation

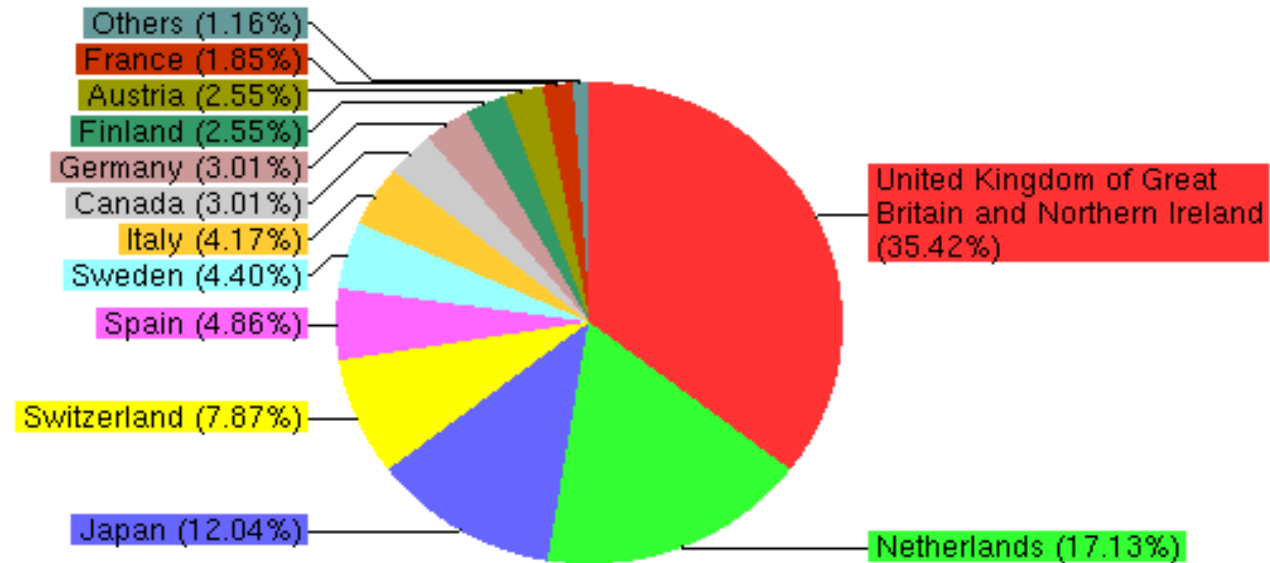


- Greta – 17 Registry Systems based on common software
 - EU ETS Standards and UN ETS Standards
 - Versioned Systems
 - Implementation timetable dictated by linking and testing requirements
 - Cooperate closely Commission and UNFCCC

UK CDM Project Participation



Registered projects by AI and NAI investor parties



UK Project Statistics



	Number of Letters of Approval	Number of Projects	Number of Participants	Estimated Emission Reductions - Mt CO ₂ e/yr	Estimated % of Emission Reductions
Approved projects	329	274	51	101.71	100
Pipeline	128	114	27	44.11	43.37%
Registered	201	160	40	57.60	56.63%

Kyoto Protocol



- Article 17 International Emissions Trading - Transfer and Acquisition of Kyoto Units between Annex I Parties
- Assigned Amount needed to Meet Kyoto Emissions
- National Inventory and National Registry Systems
- Compliance at end of KP period – Retirement to meet emissions 2008-2012

EU Requirements



- Monitoring Mechanism Decision
 - Kyoto Implementation – National Systems
 - Early Annual Retirement “withdrawal of assigned amount” each inventory
- EU ETS Directive
 - transfer of allowances to be accompanied by “corresponding adjustment of assigned amount”
 - EU ETS Registries
- Registry Regulation
 - EUA = converted AAU
 - Early retirement to cover EU ETS Emissions

Implications – UN Eligibility and Linking



- Legal and Practical Requirements separate concepts
 - Forwarding of CERS on linking
 - Issuance of AAU and EUA on linking
 - Transfer and Acquisition of EUA on eligibility

Establishing Eligibility

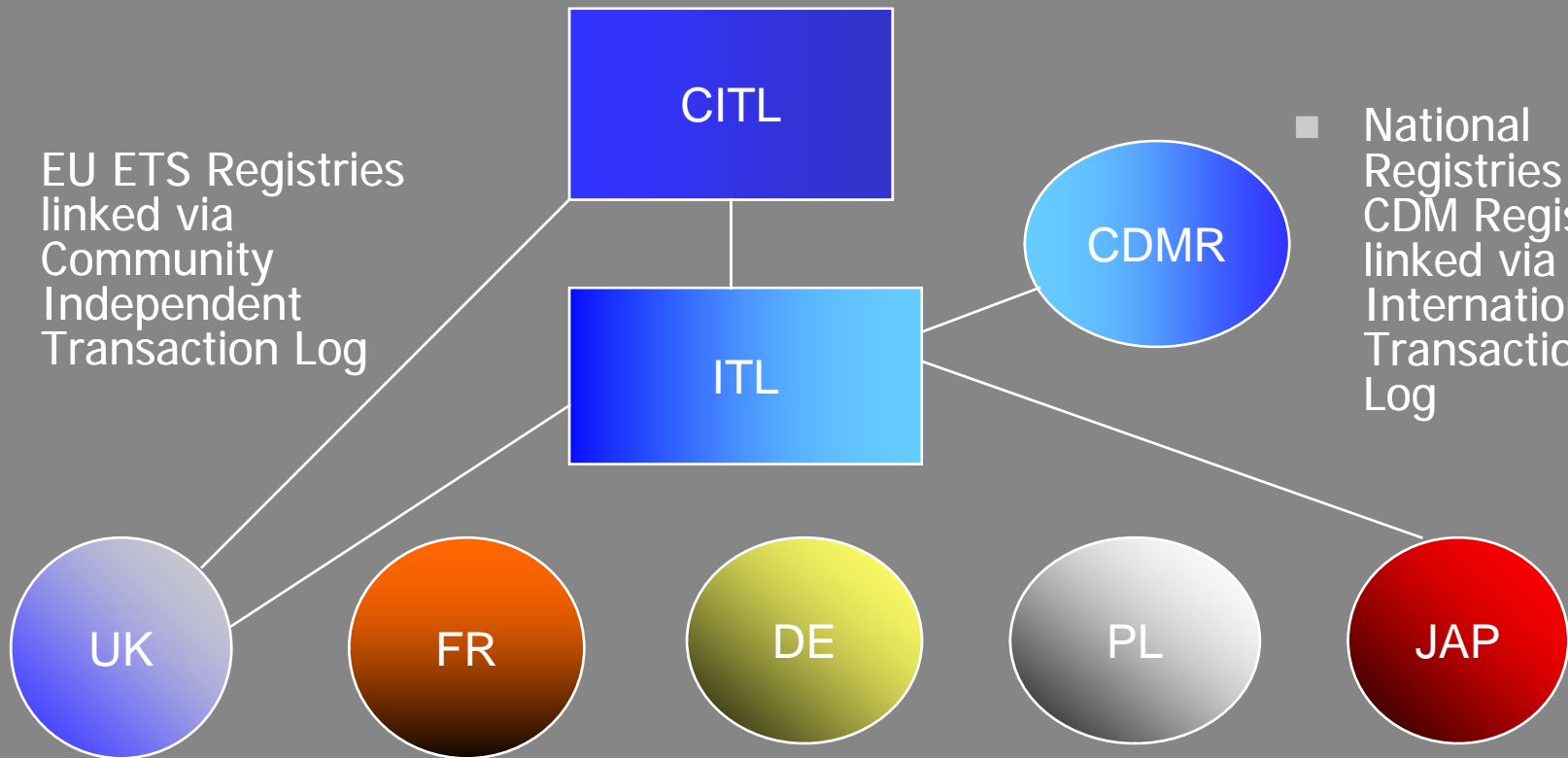


- Initial Reports – Establishing Assigned Amount
- Calculations + National Inventory System + National Registry Systems
- Review Process 16th Month Automatic Eligibility in absence of eligibility
- UK submitted December 2006
- UK Report on All Elements
- Review Team Visit – Mid March
- Registry Compliance Tests July
- Final Report end July

Registry Links



- EU ETS Registries linked via Community Independent Transaction Log



- National Registries and CDM Registry linked via the International Transaction Log

- EU National Registries and EU ETS Registries combined
- EU and UN Checks on EUAs

Contacts



- Further Information/Contacts
 - UNFCCC <http://unfccc.int>
 - UK Global Carbon Market Webpage
 - <http://www.defra.gov.uk/environment/climatechange/internat/kyotomech/index.htm>
 - Risoe Project Pipeline Information
 - <http://uneprisoe.org/>