



Technical workshop on environmental integrity and offsets: EU experience

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EU emissions trading system in place since 2005

- Environmental outcome – caps emissions from >10,000 energy-intensive installations across EU and flights within the EU. 31 countries, half of Europe's CO₂ emissions
- 15 years of experience of monitoring, reporting and verification
- ETS linking agreement with Switzerland entered into force in January 2020, linking mandate with Australia agreed, but negotiations stopped when change of government
- Long track record of interaction and exchange with other jurisdictions pursuing carbon pricing



- Considerable experience with allowing companies to use certain international credits (>1500 million JI/ CDM)
- Experience shows clear need for:
 - enforceable quality standards (HFCs, N₂O, post-2012 JI credits from Ukraine and Russia)
 - enforceable limits to the quantitative use of credits, or the price will tend to zero/ the transaction cost of issuing credits (~€0.2)

EU ETS provisions on use of credits/ linking

- Targeted demand through bilateral/plurilateral agreements: concluded with third countries, specifying levels of use (Article 11a(5))
- Anti-“free riding” precautions: only authorising project activities where all project participants have headquarters either in a country that has concluded the relevant international agreement or is in a regional entity which is linked to the EU ETS (Article 11b)



- Union-level projects that reduce emissions: the Commission may adopt measures for issuing allowances or credits in respect of projects administered by Member States that reduce greenhouse gas emissions not covered by the EU ETS, provided that no double-counting (Article 24a).
- Linking possible with mandatory third country systems capping absolute emissions (Article 25(1), (1a) and (1b))

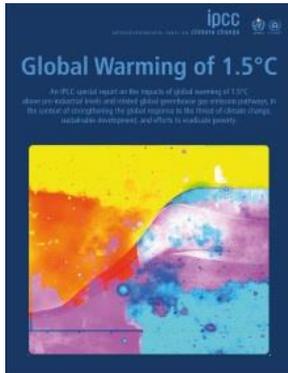


European Commission

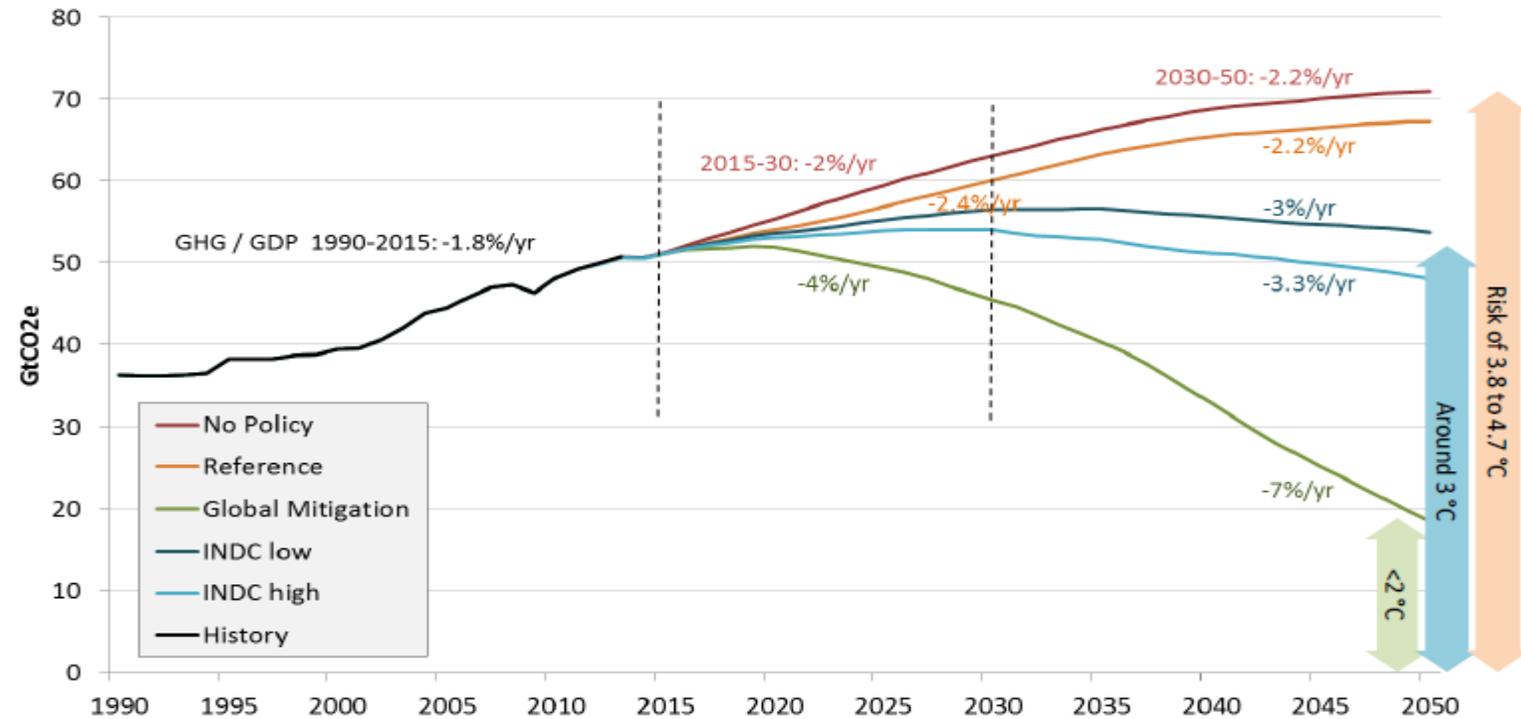
Compatibility with nationally determined commitments under the Paris Agreement



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11



Developed countries should undertake economy-wide commitments, while developing countries should move towards economy-wide commitments over time (Article 4)



Objective: to hold global temperature increase to well below 2°C , and pursue efforts to limit temperature increase to 1.5°C

UN agency ICAO and its 'CORSIAMBM' scheme

- *UN Agency ICAO Assembly Resolution on CORSIA:*
 - Offsetting system based solely on international credits
 - All airlines should be treated equally on the same routes
- *Standard and Recommended Practices (SARPs)*
 - 2021-2026: expressly voluntary participation of states: European States indicated participation, ICAO Secretariat yet to publish the responses submitted by other States
 - From 2027: participation is meant to be universal (unless exempted e.g. small States)
 - Baseline changed in 2020, to remove 2020 from baseline (Coronavirus)
 - ICAO Secretariat yet to publish total emissions reported by commercial airlines from all states
 - Review clause



EU ETS revision: aviation aspects

- Delivered approaching 200 million tonnes reductions/offsets between 2012-19, while maintain level-playing field (all airlines complying, including >100 based outside EU)
- Aviation eligible for support from €12bn ETS Innovation Fund
- Reduced scope, intra-EU, ETS achieving emission reductions that exceed India's total aviation emissions
- Open public consultation already underway, in relation to revising EU ETS in respect of aviation:
 - Transparency
 - Implementation of ICAO's scheme, as appropriate, in respect of EU-based airlines
 - Transition from free allocation to auctioning
- Third countries would need to implement for airlines based in 'their' countries, if there is to be a level playing field on flight routes



Learning from experience and accelerating action

Making a green recovery from coronavirus hugely important
The Paris Agreement is vital, but swift action is needed at all levels, and by all countries:

Clear benefits in EU acting together

“Carbon emissions must have a price. Every person and every sector will have to contribute.”

EU can only succeed in tackling climate change if others follow, cooperation and sharing of experience with China, US and others

Sharing of information is important, individual action matters, adaptation needed alongside reducing emissions

Books on EU's experience available free at <https://ec.europa.eu/clima/publications> (in English, French, Spanish, Chinese and Korean)

