



KOREA's INDC and IMM

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Introduction Ministry of Environment

The Ministry of Environment is the competent ministry in charge of environmental conservation and is responsible for formulating comprehensive environmental all policies.



The Climate and Air Quality Policy Office

In charge of formulating air quality conservation policies, managing air pollutant-emitting establishments, vehicle pollution prevention, clean fuels, and climate change measures

Introduction of Korea Environment Corporation

KECO aims to contribute to eco-friendly development of Korea through the effective operation of greenhouse gas reduction programs to prevent environmental pollution, improve the environment, facilitate resource recycling and respond to climate change(Law No. 11446, the KECO Act)



Dept. of Emission Trading Scheme Management

- Prepare and support policy and details for implementation of ETS starting from 2015
- Operate integrated pilot project of ETS (Operate evaluation of validity)

1. Background



1-1. Background at a glance

For National Emissions Reduction Target

- Established **the Target of 30% reduction against 2020 BAU** and announced commitment to the international community(Nov, 2009)
- Established the rationale for the introduction of ETS in Article 46 of “Framework Act on Low Carbon Green Growth”(2010)
- Developed national reduction targets by sector/industry for 2020(2011)
- Implemented Target Management Scheme(TMS) for GHGs and Energy(2011)
- Enacted “Act on Allocation and Trading of Greenhouse Gas Emissions Allowances”(May 2015) and its Enforcement Ordinance(May & Nov, 2012)
- Developed a roadmap to achieve the national GHG emissions reduction target(Jan, 2014)
 - Suggested structured reduction policy and means by sector for meeting the reduction target
 - Proposed the operation of K-ETS as a key strategy for meeting the reduction target
- Submitted the INDC(June, 2015)

2. Korea-ETS



2-1. What is ETS?

Concept

- **Allowances are allocated** to target companies that are allowed to **emit greenhouse gases** within the given cap while trading the saved or the excess **with other companies**
- Companies choose either **direct reduction** or **allowances purchased from the market** depending on abatement costs



2-2. Objective of ETS

Achieve GHG reduction cost-effectively through market mechanism

Companies incurring much reduction costs are able to achieve cost reduction under the ETS rather than direct regulatory measures(Target Management Scheme)

Encourage companies to develop technologies

- Facility investment, Technological development and other investment are promoted to achieve the GHG reduction target in an efficient manner
- In the mid to long term, a virtuous cycle of the environment and economy is pursued after being converted from the energy-intensive and carbon-dependent economic structure

Take part in the global climate change negotiation

It would be possible to take proactive part in a variety of global negotiations where the climate change could be raised as an issue

2-3. Governance around Competent Authorities

Direction ➤ **Design based on the Korean economy while reflecting overseas cases such as EU**

Emissions Allowance Allocation Committee was established under the Ministry of Strategy and Finance (led by Minister of Strategy and Finance) to deliberate and coordinate key policies related to Emissions Trading Scheme, Such as national allocation plan and market stability reserve among others(Article 6 of the relevant Act)

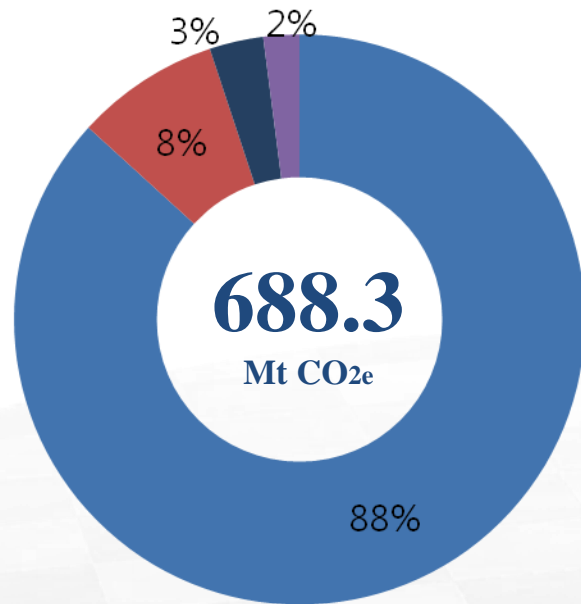
Competent Authorities: Ministry of Environment (Article 6 of the enforcement ordinance)

Ministry of Environment designated as the single competent authorities to ensure objectivity and reliability of the scheme while making administrative improvements

Key responsibilities : allocation planning, designation and announcement of covered entities, determination of allowances, management of allowance register, allowance certification, imposition of negligence and fact-finding research

2-4. Korea's GHG Emissions

Major Industrial Emitter: Energy and Industry



GHG Emissions by Industry (2012)

■ Energy ■ Industry ■ Farming/Fishing ■ Waste

Domestic Energy Consumption

- Energy consumption ranked the 10th in the world
- 97% of energy imported from overseas
- Energy accounting for 29% of the total import

2-5. Main Contents of the ETS



Covered Entity and Allocation

Coverage

- **3-year average emissions before implementation**
 - 125,000t CO₂e for entity, and 25,000t CO₂e for installation
 - entity/installation that submitted TMS report for more than a year or was verified
- **Entity/installation with voluntary participation among TMS covered entities**

Phase and Free allocation



Industry with 100% Free allocation

- **Production costs of more than 5% & trade intensity of more than 10%**
- **Product costs of more than 30%**
- **Trade intensity of more than 30%**

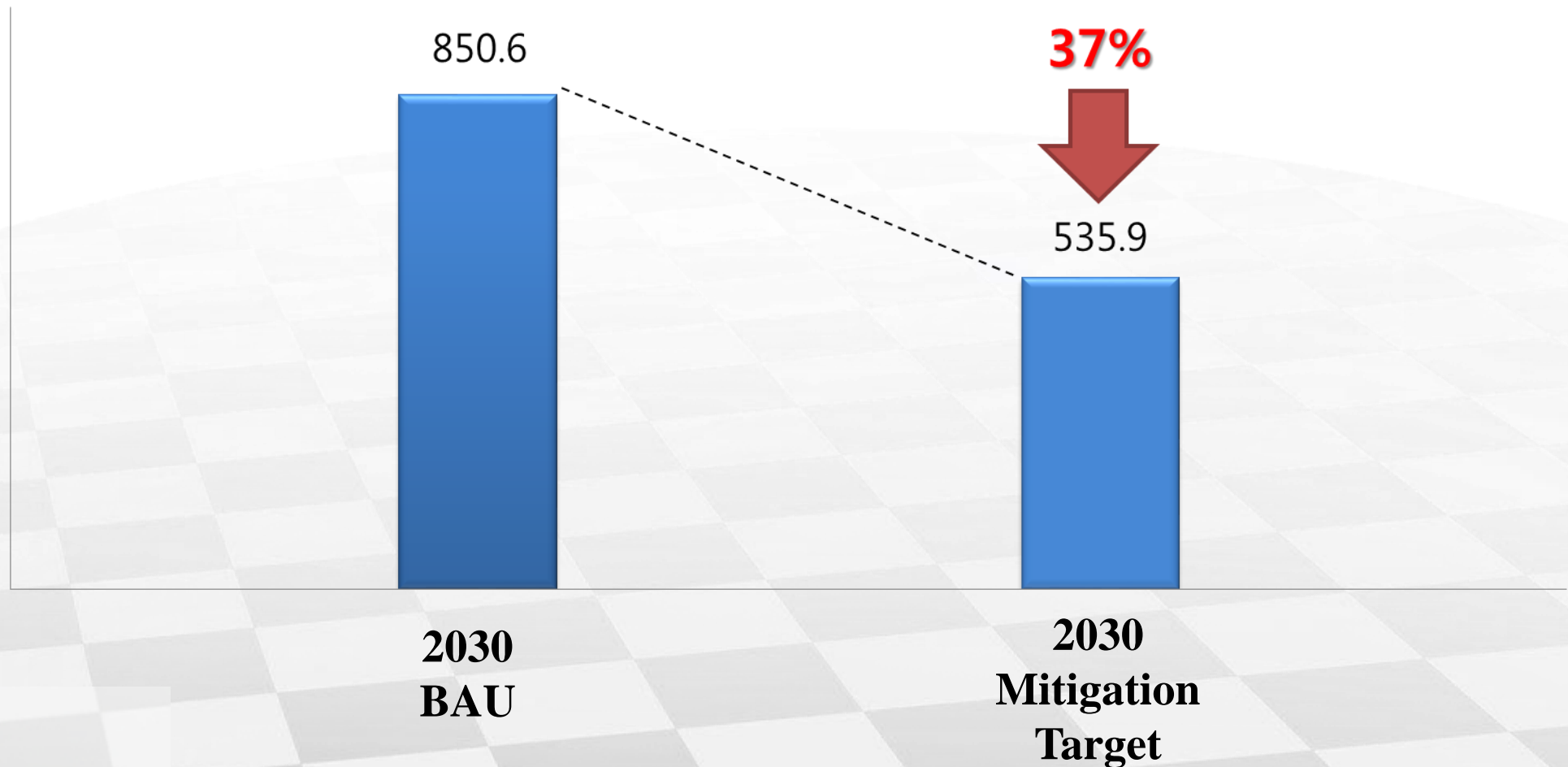
3. Korea's INDC and IMM



3-1. Korea's 2030 Mitigation Target

Emission reduction by **37%** from the BAU level by 2030

unit: Mt CO₂e



3-2. Korea's INDC Overview



Coverage

Economy - Wide

Sector

Energy, Industrial processes and product use, agriculture and waste (A decision on whether to include land use, land-use change and forestry (LULUCF) will be made at a later stage)

Gases

Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF₆)

Metric

Global Warming Potential (GWP) values from the IPCC Second Assessment Report (1995) used to calculate CO₂ equivalents

Land Sector

In assessment of mitigation performance, a decision will be made at a later Stage on whether to include greenhouse gas emissions and sinks of the land Sector as well as the method for doing so

IMM

Korea will partly use carbon credits from international market mechanisms to achieve its 2030 mitigation target, in accordance with relevant rules and standards



3-3. International Market Mechanism

CDM

- Progressing CDM and Securing a small quantity of CERs

NAMA

A type of JCM

- Bilateral Offset Credit Mechanism

REDD+

**Sectoral Crediting Mechanism,
Sectoral Trading Mechanism
And so on**

Implementation Overseas Mitigation Project with Flexibility under the Paris Agreement

3-4. Consideration

Key Focuses

- ◎ Double Counting
- ◎ Credit Distribution

- Securing Reliable Credits

Expectative Point

- ◎ Vitalization of IMM Information Sharing Platform
- ◎ Type of Project, Cost, Mitigation Technology
- ◎ Progress Project under the COP result

- Sharing Information

Thank you



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