

## The EU ETS and Stakeholder Processes

Regional Workshop on Monitoring, Reporting and Verification  
of Greenhouse Gas Emissions

Sharing Practical Experiences from the Americas and the  
EU/Germany

Dr. Christian Pacher

Santiago de Chile, 26<sup>th</sup> August 2019

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# FutureCamp at a glance

Founded 2001 and independent we are serving companies and governments with an interdisciplinary team of 25

## Management & strategic consulting



sustainability & climate strategy  
committee work | innovation processes  
Global Climate Governance  
ISO 9001 quality management systems

## Climate & environment



EU emissions trading | emissions  
reduction projects | CDP | CSR reporting  
carbon footprint | Life Cycle Assessment  
water footprint | emissions compensation  
ISO 14001 environment management systems

## Energy efficiency



ISO 50001 energy management systems  
DIN EN 16247-1 energy audits  
evaluation & monitoring

## CO<sub>2</sub> trading



trading services | marketing of  
certificates | market analysis  
project & offer assessment

## Analysis & knowledge transfer



Workshops, training & seminars  
moderations | capacity building  
research, studies and expertises

## FutureCamp Akademie

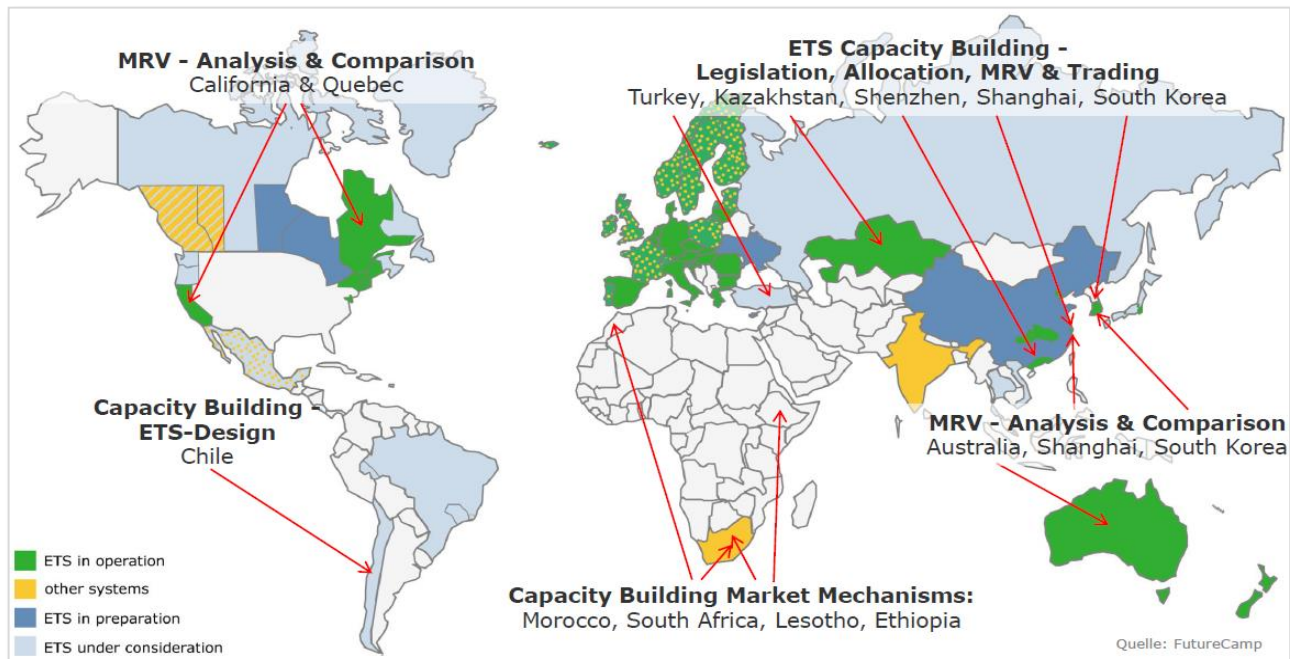


Practice-oriented seminars about  
climate, energy, environment &  
sustainability

# FutureCamp: International ETS capacity building

## Services

- Elaboration of monitoring, reporting and verification systems
- Development and evaluation of allocation regulations
- Conferences, workshops, trainings, visit programs
- Building up know-how for private and public sector representatives



## Selected references

- = Capacity building for the introduction of MRV and ETS in other states on behalf of the German Ministry of the Environment, GIZ and World Bank, e.g. in Chile, China, Kazakhstan, Mexico, South Korea, Thailand, Turkey and the Ukraine
- = Development of benchmarks for the ETS in Shanghai on behalf of the Asian Development Bank
- = Development of a roadmap and a private sector guide for a Turkish Emissions Trading Scheme on behalf of the World Bank
- = Elaboration of basic conditions / criteria required for linking trading systems from an MRV perspective in the form of a Best Practice Guidebook for the German Federal Environment Agency / German Emissions Trading Authority
- = Organisation of the international conference on monitoring, reporting and verification with participants from Australia, China, Kazakhstan, Mexico, South Korea, USA and various other European States on behalf of the Federal Environment Agency

# FutureCamp – activities in and related to the Americas

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- Capacity Building on behalf of BMU and GiZ, e.g.
  - Trainings in Mexico and Chile, public and private sector, related on stakeholder issues as well as on ETS design elements such as allocation and MRV
  - August 2019: Specific training for electricity sector company (Mexico)
  - Study Trips to Germany for Mexican and Chilean Groups, including extensive participation of private sector from Germany
- Specific intensive collaboration meetings on MRVA in Mexico
- As of 2008/9 – Involvement in development of CDM-projects
  - Chile: Biomass-based electricity generation, Project owner: independent power producer with a german utility as shareholder, Involvement in early stage (decision making process)
  - Brazil: Several projects within decision making processes

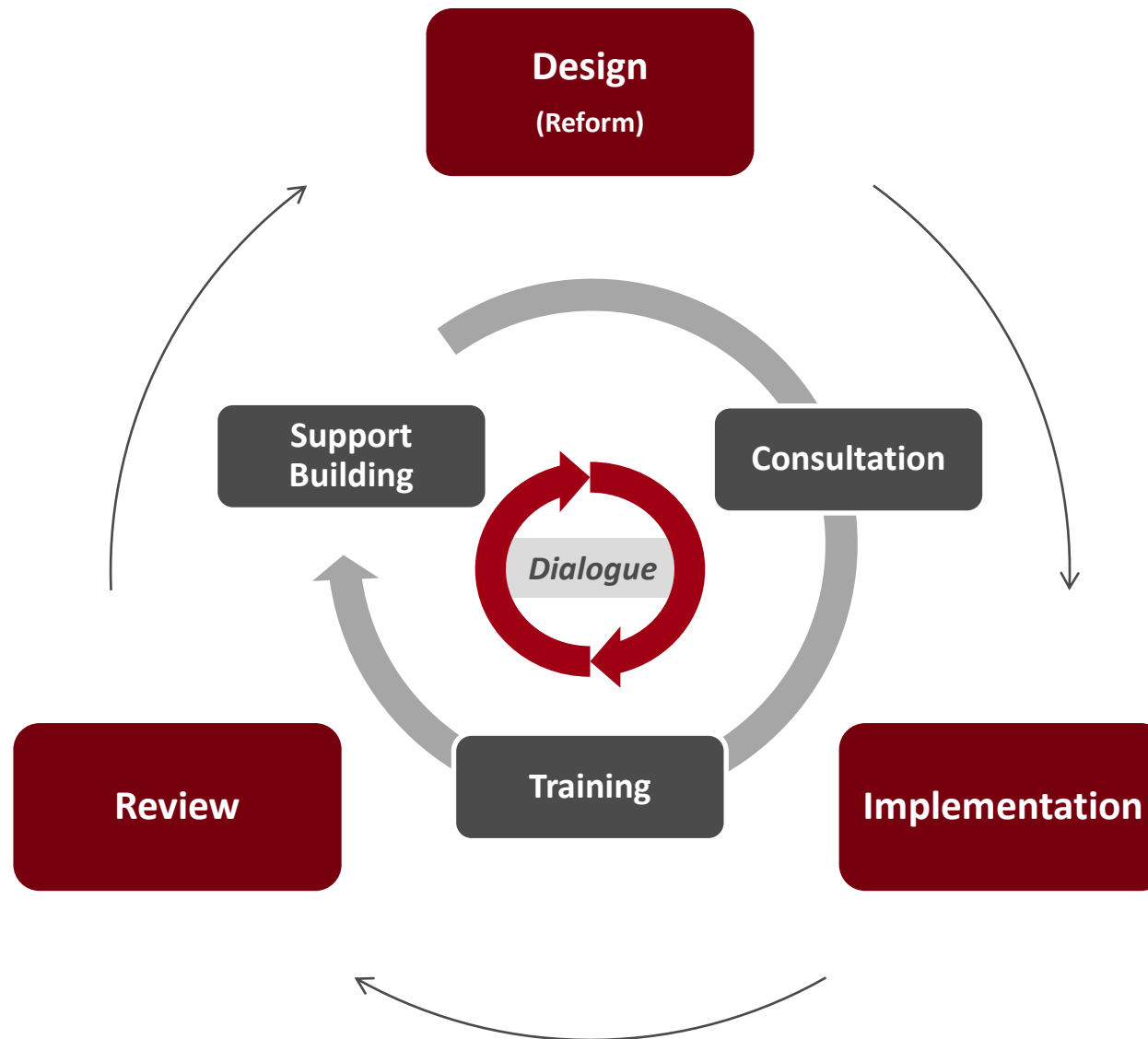
## Background - Rationale for Engagement

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- Foster **acceptance** and develop **credibility** by providing information
- **Correct common misconceptions**, alleviating doubts, address stakeholder **concerns**, and help make informed choices
- Enhance the **quality of future policy decisions**
- Ensure smooth and **efficient functioning** of an emissions trading system/MRV system
- Enhance **legitimacy** by creating a sense of ownership

# Engagement Process Overview

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Source: adelphi

# Instruments for Engagement

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**Before choosing instruments for engagement, issues to be considered:**

## **Stakeholder Identification**

- Who will be most affected by implementation of an ETS/MRV?
- Who else to be engaged (e.g. environmental NGOs, research institutions)?
- Determine degree of likely involvement of general public

## **Stocktaking**

- Determine level of knowledge of key stakeholders & their attitudes on (Emissions) Trading/MRV or other forms of carbon trading (e.g. CDM/JI)
- Determine public knowledge, perception and possible attitude towards ET

## **Introduce the concept of emissions trading to the political debate**

- E.g. by publishing a Green Paper



# Stakeholder Engagement in Germany: Working Group Emissions Trading to Combat the Greenhouse Effect (AGE)

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- Permanent stakeholder consultation concerning questions of emissions trading
  - Established in October 2000 at the initiative of the German Ministry for the Environment
  - Financed by the Ministry for the Environment and companies – larger contribution by companies
  - 4 sub-groups: sub-group 2 focusses on MRV implementation issues and allocation procedures
- Currently ~ 80 members – representatives of companies, trade associations, environmental NGOs, trade unions, parliamentary factions of political parties, federal states and agencies:
    - Companies (more than 25)
    - Trade associations (15)
    - Environmental organizations (3)
    - Trade unions (2)
    - Government agencies / ministries (7)
    - Parliamentary groups (5)
    - Representatives of the federal states (3)

One unit at German Emissions Trading Authority (DEHSt) is dedicated to Communication and Service (**Staff: ~15 people**) with the following tasks:

## I. External Communications

- Customer service (hotline, e-mail, VPS, CRM, mailings)
- Communication (website, publications, reports, fact sheets, FAQs)
- Press relations
- Events (workshops, fairs, conferences, EU-meetings)
- Visitor groups, expert exchange

## II. Internal Communications

- Share-point
- Co-ordination of seminars
- Knowledge transfer

# Stakeholder Engagement in Germany: Communication and Service at the DEHSt (2)

The screenshot shows the DEHSt website homepage. At the top left is the logo for 'Umwelt Bundesamt' and 'DEHSt Deutsche Emissionshandelsstelle'. To the right is a navigation menu with links for 'Help', 'Contact', 'Sitemap', 'Press Office', 'About Us', and 'Deutsch'. Below the logo is a search bar with the text 'search item' and a 'Search' button. A red box highlights the 'Customer Service +49 30 8903 5050' phone number. The main navigation bar includes 'Homepage', 'Participants', 'Climate Projects', 'Emissions Trading', and 'Service'. A large banner below the navigation bar features a blue sky with clouds and text: 'The German Emissions Trading Authority (DEHSt) at Agency is the competent national authority to implement the Kyoto Protocol.' Below the banner are several content blocks: 'News' with a list of articles, 'Participants' with a photo of a worker and a list of roles (Operators, Aviation, Verifiers), 'Climate Projects' with a photo of a worker and a list of project types (Joint Implementation, Clean Development Mechanism, Application, DEHSt's Tasks), and 'Quicklinks' with buttons for 'Union Registry', 'Forms Management System (FMS)', and 'Federal Environment Agency'. A 'Service' block at the bottom right lists 'Mailings', 'Publications', and 'Frequently Asked Questions'. A 'Topics' block at the bottom features a photo of a power plant and text about 'Allocation 2013-2020'. Red lines connect text annotations on the left to specific elements on the website.

[www.DEHSt.de/EN](http://www.DEHSt.de/EN)

Customer hotline

Quicklinks by topics

Quicklinks for different groups of participants

# Key Lessons

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## Stakeholder engagement and public acceptance matters

- **Planning ahead:** Planning of stakeholder communication and participation at the outset (high effort!) will help create ownership and facilitate effective implementation
- **Targeted approach:** Different groups have different interests and concerns, and level of knowledge that must be addressed, e.g. MRV, trading etc.
- **Transparency:** Provide information on how the program works and how it will achieve environmental objectives in order to ensure legitimacy
- **Continuity:** Maintain ongoing information availability and continue consultation process after implementation in order to guarantee the sustainability of the policy and involvement of stakeholders

Thank you very much  
for your attention!

# Backup

Dr. Christian Pacher

Santiago de Chile, 26<sup>th</sup> August 2019

## Principles

- Support (Funding): Financial and human resources come from both German Federal Government and the private sector
- Capacity Building
- Confidentiality / Chatham House Rules: Communication limited to members of the AGE

## Establishment

- Secretariat in Berlin, with staff from industry and research institutes
- Chaired by the Ministry for the Environment, co-chair Ministry of Economics and Technology
- ~ 8 meetings per year, additional meetings by four sub-groups focusing on specific issues (cross-cutting issues, implementation of the EU ETS in Germany, legal issues, JI / CDM / NAMAs). 100th meeting in May 2011.
- Budget: approx. EUR 180 000 annually (industry: >50%)

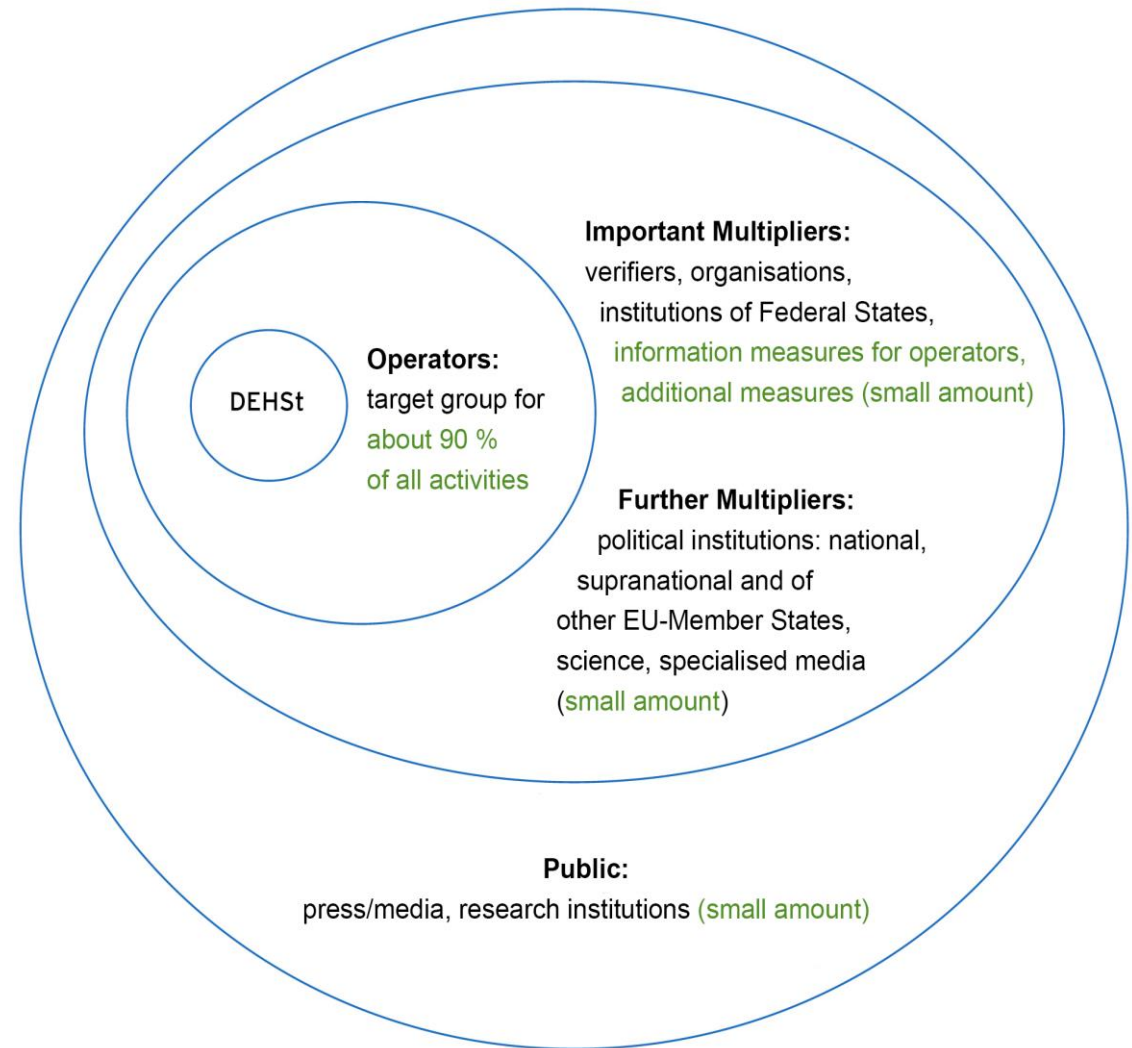
## Role and Achievements

- Most important **national forum** on emissions trading
- Central **platform for implementation** of the EU ETS in Germany
- Steady **evolution of topics**
  - Initially, discussions focused on the design and implementation of the European Climate Change Programme
  - Since implementation of EU Emissions Trading Directive in national law, focus on implementation related issues in Germany
- Further discussion about other areas of the carbon market, e.g. policy interactions or developments of the flexible mechanisms under the UNFCCC



## Target Groups for external communication

- 1. Focus on Operators** (about 90% of activities)
- 2. Other Stakeholders** (Verifiers, Political Institutions in Germany and Europe, Science)
- 3. General Public and Media**

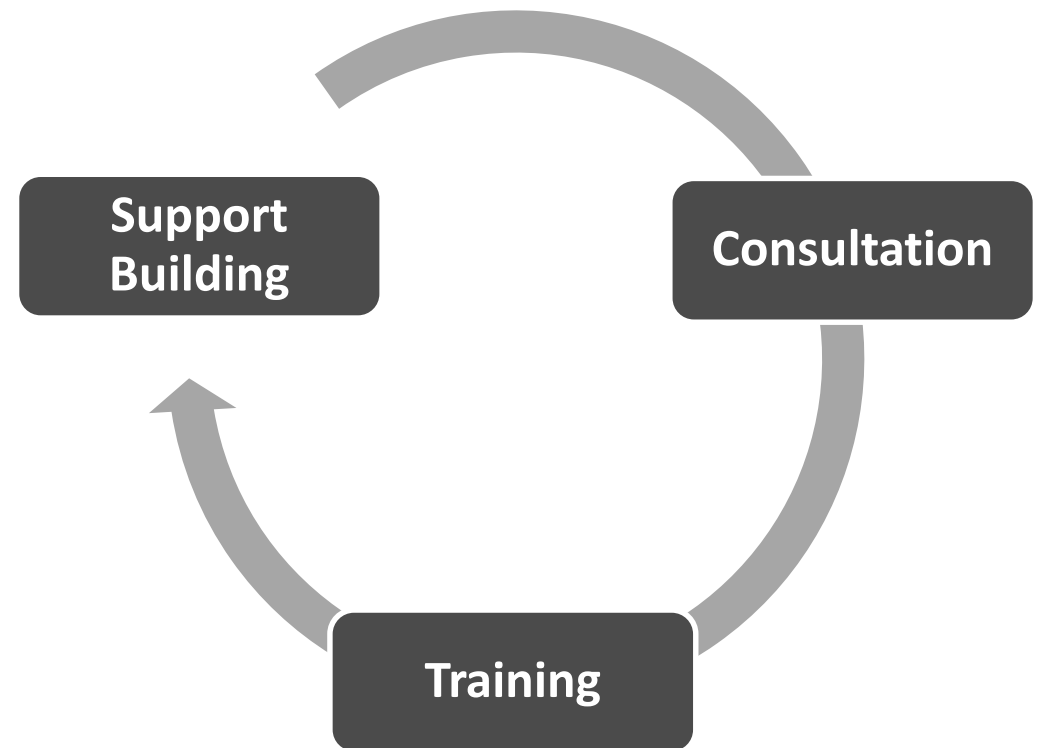


# Engagement Process Overview (ctd.)

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**Goal of stakeholder engagement** may differ by different phases of ETS policy process:

- **Building support:** Convey advantages of emissions trading
- **Consultation:** Improve policy and foster a sense of ownership
- **Training:** Facilitate compliance, maximize benefit of flexibility



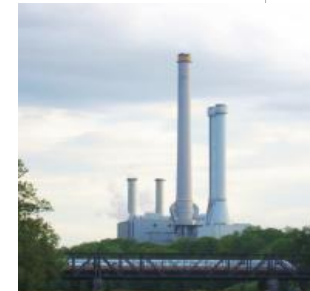
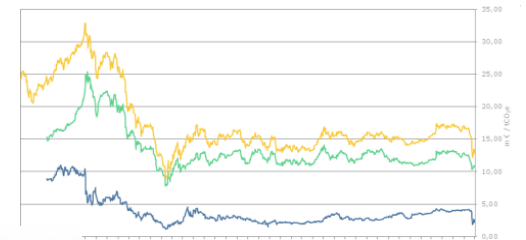
Source: adelphi

# FutureCamp: ETS services for operators in Germany since 2001

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## Strategic and operational support:

- Trainings and company internal “Capacity Building”
- Emissions management / monitoring and reporting:
  - Data collection
  - Development of monitoring plans and emission reports
  - Set-up and process organization, including all relevant corporate divisions
- Analysis of internal abatement measures
- Application for allocation of EU emissions allowances (EUAs)
- Emissions reporting and production notification
- Trading of allowances and credits (EUAs, CERs):
  - market monitoring and implementation support
  - assessment of options for action using markets
- Development of JI- and CDM-projects



# Stakeholder Engagement in Practice (ctd.)

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## **Business associations, operators, service providers**

- Conferences, side events at fairs (e.g. for energy)
- Specific working groups (e.g. brick association on monitoring, steel producer on process emissions)
- Professional information suppliers like trade news services, branch specific news, conference organisers and so on

## **Last, but not least: Internal trainings within operators**

# Consultation Process European Commission

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## Introduction of EU ETS (1998-2003) – From presentation of idea, to stakeholder consultation, to passing of EU ETS Directive

- **Communications** from the European Commission
- **Studies** on behalf of the European Commission
- Publication of a **Green Paper**
- **Open online consultation**, followed by a report
- **Stakeholder hearing** with selected stakeholders
- **Legislative proposal** from the European Commission
- **Parliamentary process** & negotiations (EU Parliament, Council, Commission)
- **Passing of Directive**

→ **Similar process for all revisions and amendments to the EU ETS**

List of current and previous consultations on the EU ETS: [http://ec.europa.eu/clima/consultations/index\\_en.htm](http://ec.europa.eu/clima/consultations/index_en.htm)

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