

# Role Play: Allocation Decisions for an Emissions Trading System

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Taller de Capacitación en Mecanismos de Emisión Transables

27-29 Agosto 2018, Machalí, Rancagua, Chile

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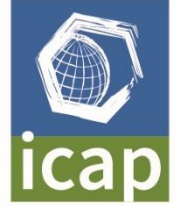
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The logo for icap, featuring a stylized globe icon above the lowercase letters 'icap' in a green box.

# Background

- **Adapted excerpt from role play developed for the German Ministry for the Environment's Capacity Building program**
- **Objective: Familiarize with key design options and typical positions of affected stakeholder groups**

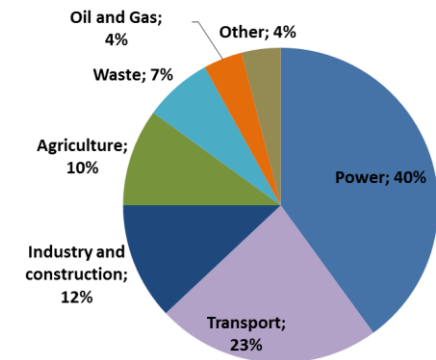
# The Scenario: REPÚBLICA DE CAPLANDIA



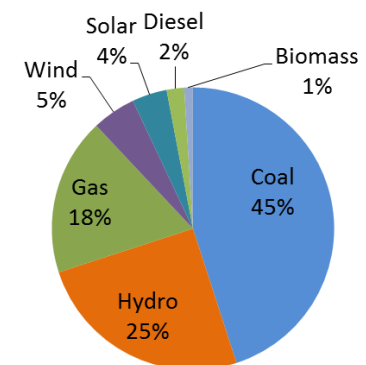
# The Scenario: República de Caplandia

- Emerging, upper-middle income economy
- Emissions reduction target of 35% levels by 2030, compared to 2005 levels
- Until now, dependent on fossil fuels, but exponential growth of renewables.
- Decision taken to implement ETS as key mitigation policy instrument to achieve NDC
- NOW: Reach a final decision on key design elements of the ETS

Sector breakdown (% of GHG emissions)



Energy mix (generation %)



# Stakeholder groups

## Government

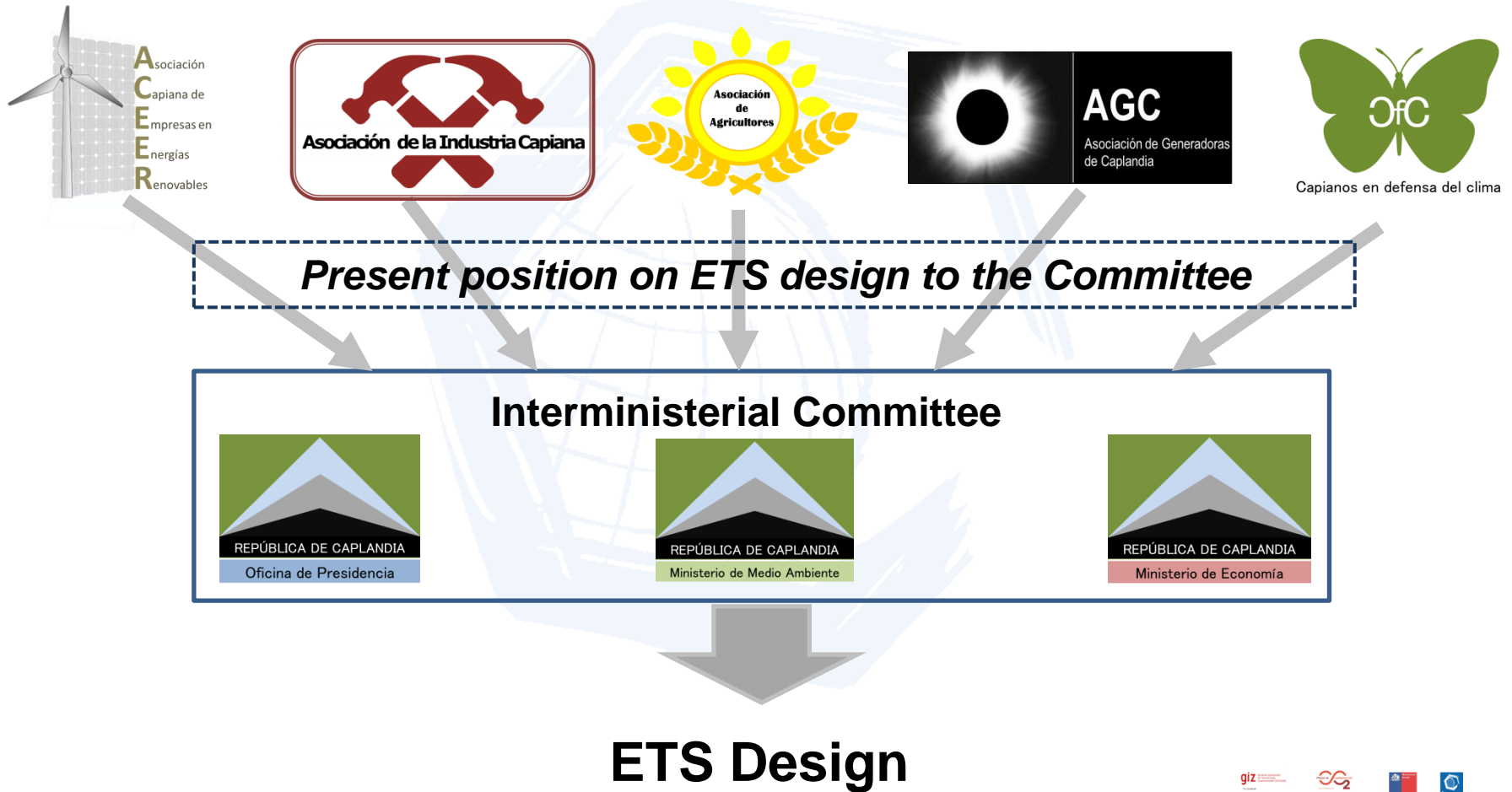


## Interest groups



# Your role

1. Take a role as a representative of a ministry or interest group
2. Design an ETS around key criteria



# Caplandia's ETS

- **Cap:** Absolute
- **Phases:** Two five year phases
- **Intertemporal flexibility:** full banking, very limited borrowing



# Decisions

1. Setting the cap (weak or strong),
2. Decide on scope (narrow or broad),
3. Decide on the method of allocation (Grandfathering, benchmarking, auctioning)
4. Decide on price management (price floors, collars, quantity based mechanisms)
5. Decide on offsets (domestic, international).

**For all decisions, option cards offer possible positions, blank cards are also provided. Please add an explanation.**





# Agenda

- **14.00 - 14.15** **Introduction**
- **14.15 - 14.45** **Preparation of debate: Internal discussion on decisions, forming position**
- **14.45 - 15.30** **Consultation process: Input statements by interest group representatives (max. 5 min each)**
- **15.30 – 16.00** **Lobbying / Coffee break**
- **16.00 – 16.30** **Committee negotiations, followed by presentation of ETS design proposal**
- **16.30 - 17.00** **Debriefing**

# Role play rules

- **Follow the steps of play**
- **Act from within your role**
- **Don't kill your opponent**
- **Respect the instructions of the **moderator****

# Thank you for your attention

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