



Korean Emission Trading Scheme

Scheme design and the road ahead

Nov. 18th 2013

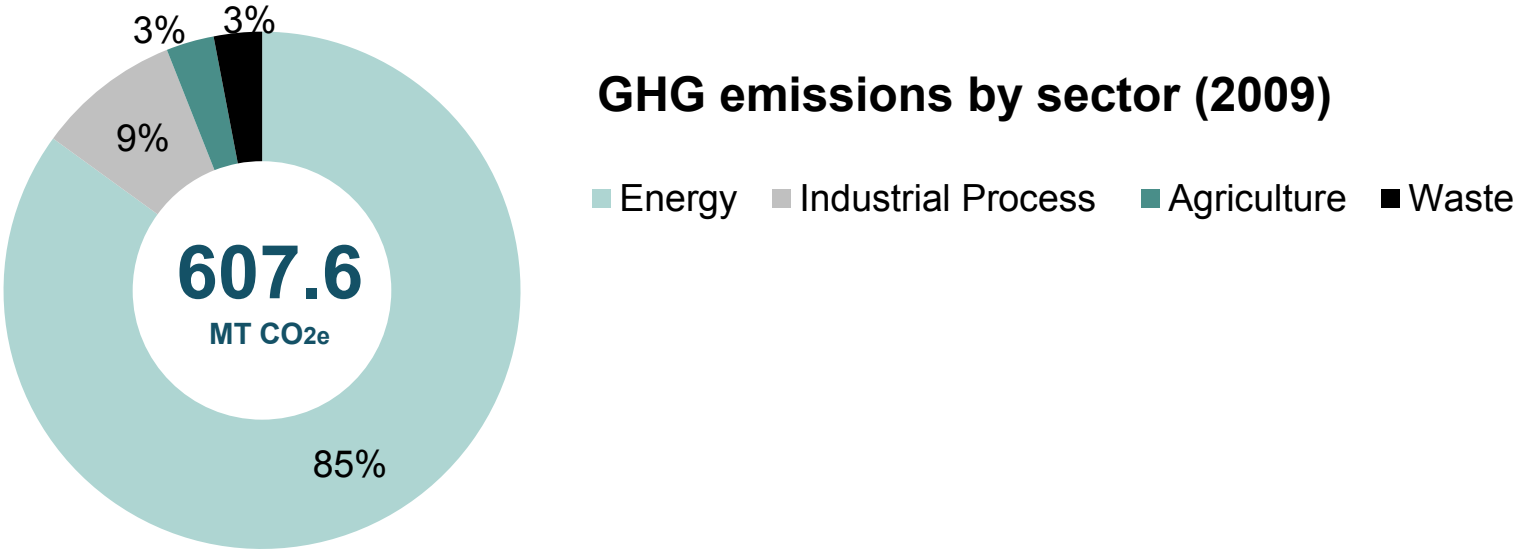
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Korea Environment Corporation

Overview of Korea's GHG emissions

Energy & Industrial Process – keys sectors for GHG emissions

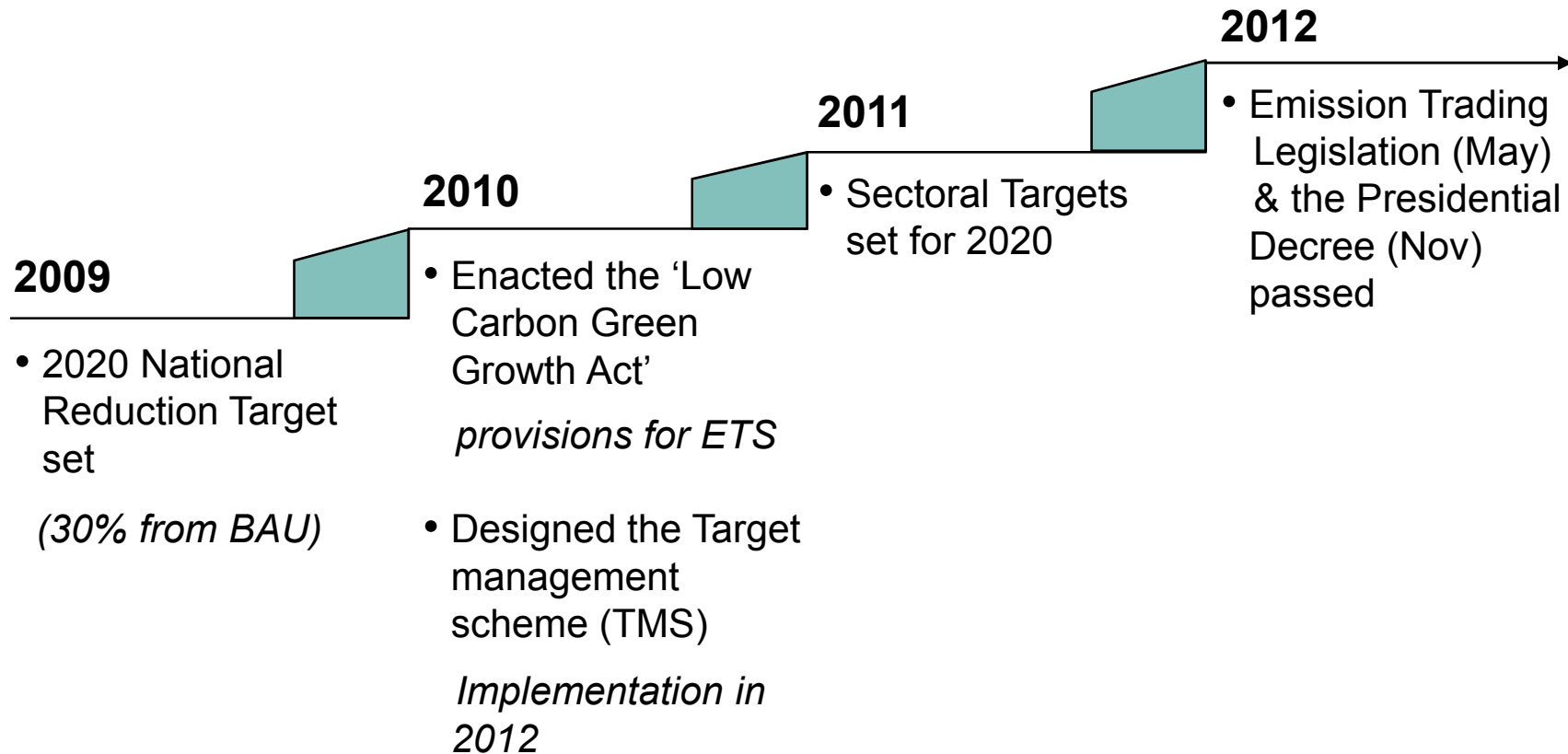


facts on Korea's energy consumption

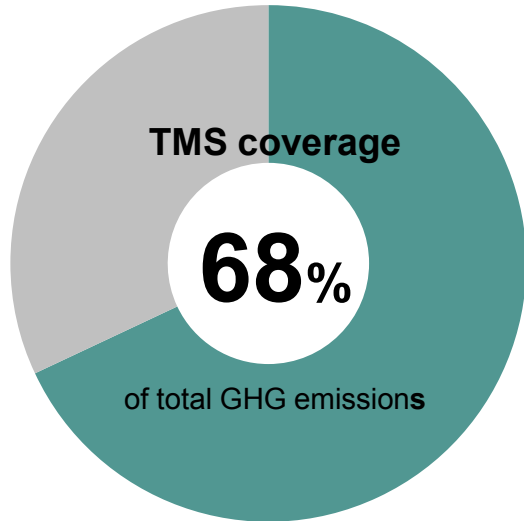
- 97% of energy is imported from abroad
- Energy import account for 29% of Korea's total import volume

Recent landmarks on GHG mitigation

Substantial progress in mitigation policy in the last few years



Target Management Scheme (TMS)

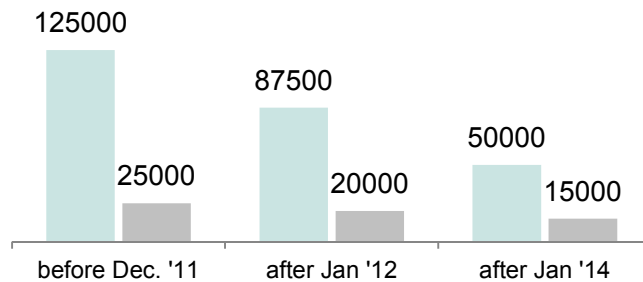


- Launched in 2012
- TMS covers 68% of total GHG emissions
- 490 entities designated at the end of 2011

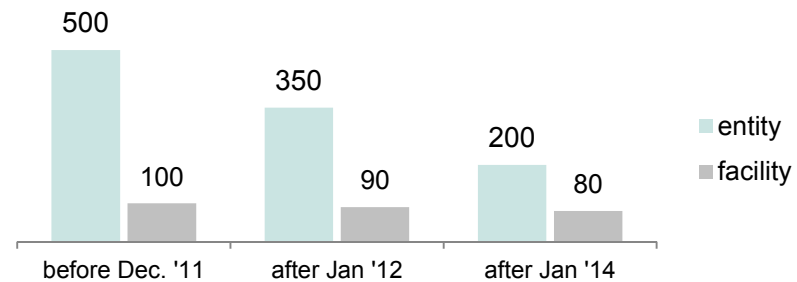
Power/Industry	Buildings	Waste facilities
412	51	27

• Designation criteria

GHG emission criteria (CO₂e T)

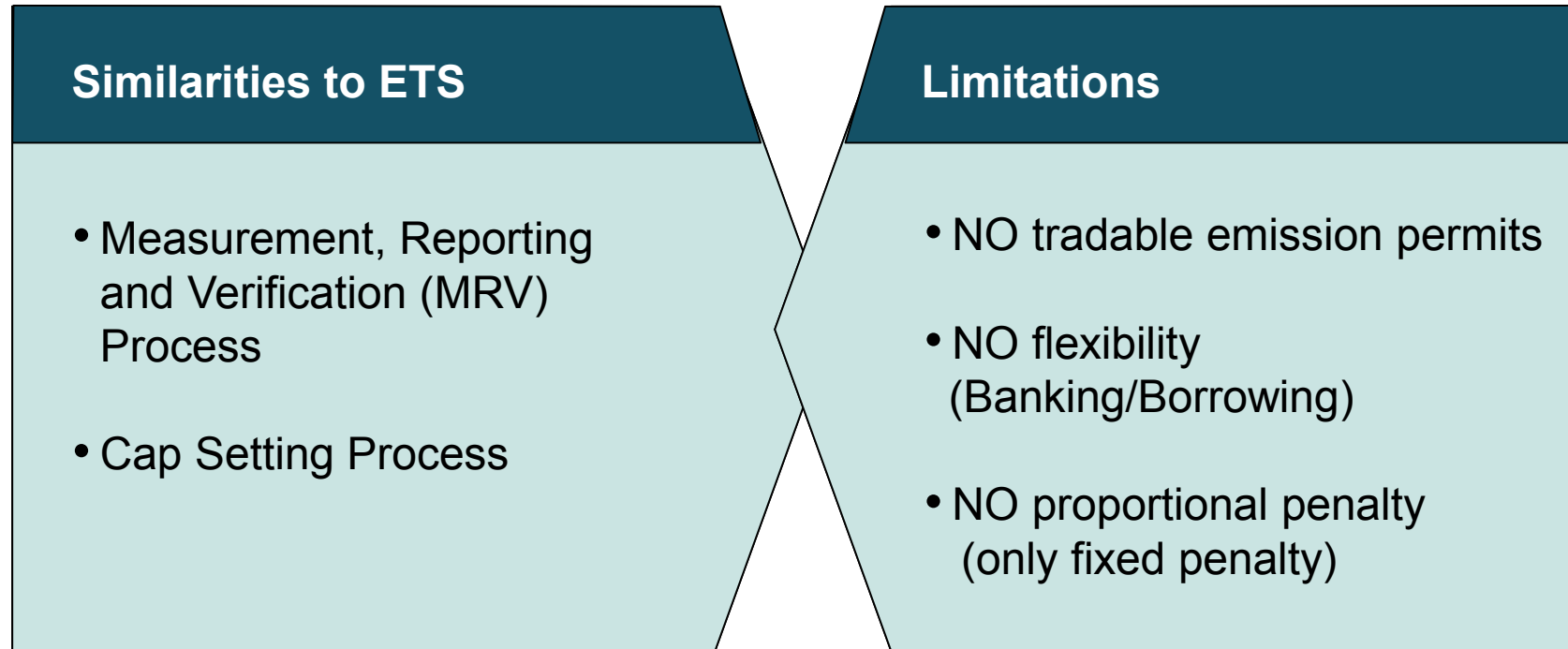


Energy consumption criteria (terajoules)



* Currently 580 entities designated in 2013

Target Management Scheme (TMS)

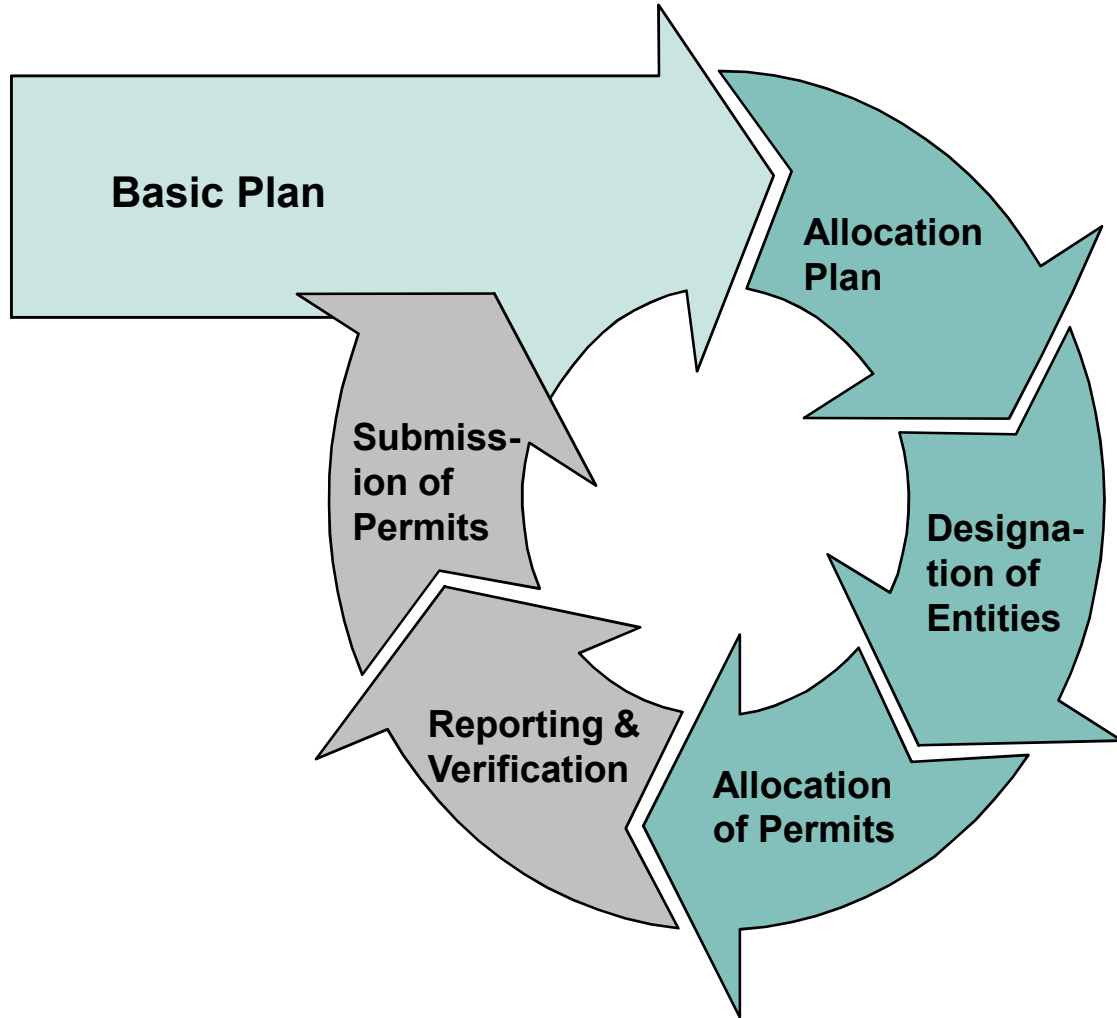


- Led to the legislation of the “**Greenhouse Gas Emission Permit Allocation and Trade Act**” (Bipartisan support in the National Assembly)

ETS (Key processes and legal plans)

Basic Plan
<ul style="list-style-type: none"> • 10 year plan • Every 5 years • Ministry of Strategy and Finance • Policy direction for ETS, BAU forecast, economic impact assessment, etc.

Allocation Plan
<ul style="list-style-type: none"> • Every phase (3~5 yrs) • Ministry of Environment • ETS cap, Cap for each sector, Allocation methodology, • Reviewed by the Allocation Committee

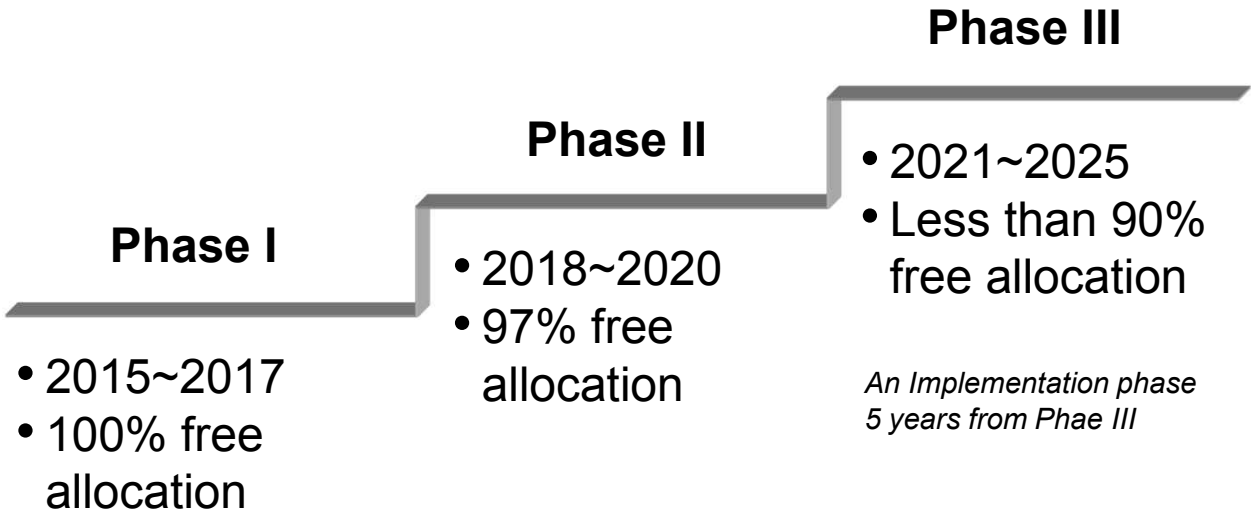


ETS (Scheme design)

Coverage

- Average emission of 3 years* prior to the implementation phase
Entity criteria 125,000t CO_{2e}, Installation criteria 25,000t CO_{2e}
- Voluntary participating entities

Implementation phases & free allocation



100% free allocation for EITE entities

- > 5% of production cost intensity + > 10% of trade-exposed intensity
- > 30% of production cost intensity
- > 30% of trade-exposed intensity

* EITE : Emission-Intensive Trade-Exposed

ETS (Flexibility)

Banking & Borrowing

- Banking allowed to the next implementation year within the same phase or the 1st year of the next phase
- Borrowing allowed from the next implementation year (max of 10% of total necessary permits for submission)

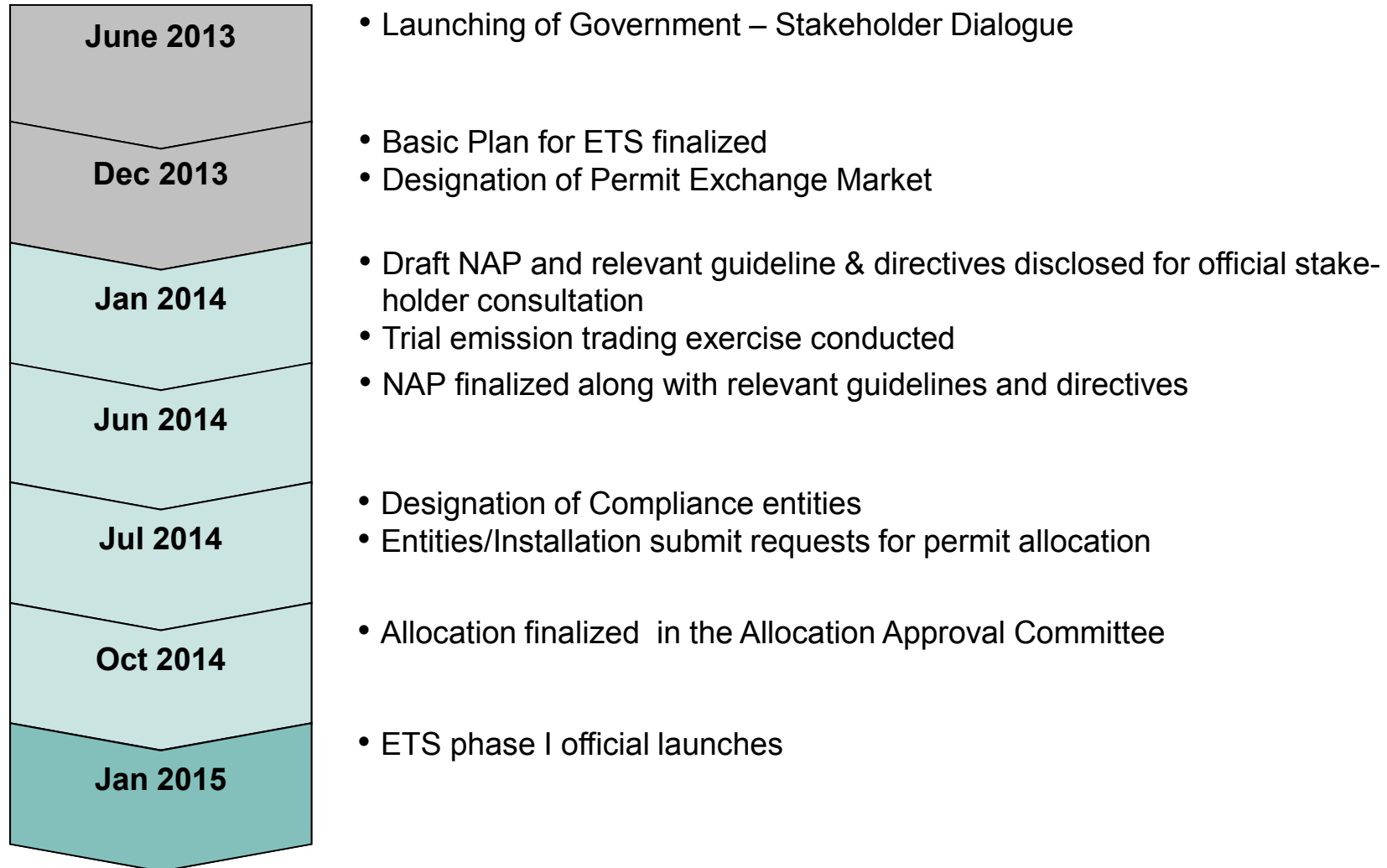
Offsets

- Max of 10% of total necessary permits for submission
- International offsets are allowed starting in Phase III (50% of total offset permits)

Early Action

- Max of 3% of total necessary permits for submission (only for Phase I)

ETS (Timetable for Phase I)



Thank You

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