

Kazakhstan Emissions Trading Scheme (KAZ ETS)

General Information

Summary	<p>Status: ETS in force</p> <p>Jurisdictions: Republic of Kazakhstan</p> <p>Kazakhstan launched an ETS in January 2013. The groundwork for the development of an ETS was laid out in 2011 through amendments and additions to Kazakhstan's environmental legislation. The system was temporarily suspended in 2016. Soft MRV obligations applied during the suspension time. Amendments to the Environmental Code were passed in 2016 to improve the monitoring, reporting and verification (MRV) system, as well as the overall greenhouse gas emissions regulation and KAZ ETS operation. Further amendments to the Environmental Code, which came into force in 2017, lay the groundwork for the introduction of benchmarking as one of the allocation methods. The KAZ ETS restarted operation on 1 January 2018 with new allocation methods and trading procedures for all market participants.</p>												
Overall GHG emissions (excluding LULUCF)	<p>Emissions: 298.06 MtCO₂e (2015)</p> <p>Data submitted to the UNFCCC. Submissions to the UNFCCC must be made in accordance with the reporting requirements adopted under the Convention, such as The UNFCCC Reporting Guidelines on Annex I Inventories (document FCCC/SBSTA/2004/8) for Annex I Parties and Guidelines for the preparation of national communications for non-Annex I Parties (decision 17/CP.8).</p>												
Overall GHG emissions by sector	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO₂e</th> </tr> </thead> <tbody> <tr> <td>Energy (excl. Transport)</td> <td>220.77</td> </tr> <tr> <td>Transport</td> <td>22.29</td> </tr> <tr> <td>Industrial processes</td> <td>19.0</td> </tr> <tr> <td>Agriculture</td> <td>29.89</td> </tr> <tr> <td>Waste</td> <td>6.11</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Energy (excl. Transport)	220.77	Transport	22.29	Industrial processes	19.0	Agriculture	29.89	Waste	6.11
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Overall GHG reduction target	<p>By 2020: 5% reduction from 1990 GHG levels.</p> <p>By 2030: 15% (unconditional)-25% (conditional) reduction from 1990 GHG levels (NDC of Kazakhstan).</p>												
Type of ETS	Mandatory												
Cap and trajectory	<p>Type of Cap: Absolute</p> <p>Phase I (2013): 147 MtCO₂ (plus a reserve of 20.6 MtCO₂). This equals a stabilization of the capped entities' emissions at 2010 levels.</p> <p>Phase II (2014-2015): 2014: 155.4 MtCO₂; 2015: 153.0 MtCO₂. This represents reduction targets of 0% and 1.5% respectively, compared to the average CO₂ emissions of capped entities in 2011-2012.</p>												

	Phase III (2018-2020): 485.9 MtCO ₂ (161.9 MtCO ₂ for each year). The cap is set at a 5% reduction by 2020 from 1990 levels.
Carbon Price	<i>Current Allowance Price (per t/CO₂e):</i> No information available yet.

ETS Size

Emissions covered by the ETS	0.50
GHG covered	CO ₂
Sectors covered and thresholds	Energy sector (including oil and gas), mining, metallurgy and chemical industry, processing (production of building materials: cement, lime, gypsum and brick) (>20,000 tCO ₂ /year). Inclusion thresholds: For Phase I (2013) and Phase II (2014-2015), thresholds were based on 2010 and 2012 emission levels. For Phase III (2018-2020), 2013-2015 emission levels are used.
Number of liable entities	Phase I (2013): 178 companies Phase II (2014-2015): 166 companies Phase III (2018-2020): 129 companies (225 installations) No information available yet.
Point of regulation	Downstream

Phases & Allocation

Compliance period	One year
Trading period	Phase I (Pilot phase): 2013 Phase II: 2014-2015 Phase III: 2018-2020 In 2016 and 2017, the system was temporarily suspended.
Allocation	Phase I (2013): 100% free allocation based on emissions data from 2010. Phase II (2014-2015): Free allocation (0% and 1.5% below 2011/2012 average emissions). Phase III (2018-2020): Free allocation based on grandfathering and benchmarking. A new entrants reserve of 35.27 million allowances over the three-year period was created.

Flexibility

Banking and borrowing	Banking is allowed within one trading period; banking between trading periods is prohibited.
Offsets and credits	Qualitative Limit: The system allows domestic offsets. International credits may be allowed in the future.
Provisions for price management	Current legislation does not contain any carbon price control measures.

Compliance

Monitoring, Reporting, Verification (MRV)	<p>Reporting is required for businesses or financial facilities above the 20,000 tCO₂/year threshold.</p> <p>Aside from CO₂, reporting is also required for CH₄, N₂O and PFCs emissions.</p> <p>Reporting Frequency: Annually, with reporting due on 1 April.</p> <p>Verification: Emission data reports and their underlying data require accredited third-party verification.</p> <p>Other: Installations below the compliance threshold must submit non-verified inventory reports.</p>
Enforcement	<p>In 2013, penalties for non-compliance were waived. The current non-compliance penalty is approximately EUR 30/tCO₂.</p>

Other Information

Institutions involved	<p>Ministry of Energy JSC Zhasyl Damu, a state-owned joint stock Company.</p>
Linkage with other schemes	<p>No information available yet.</p>

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