

Kazakhstan Emissions Trading Scheme

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 ETS development was laid out in 2011 through amendments and additions to Kazakhstan's environmental legislation. The system was temporarily suspended in 2016-2017 to tackle operational issues and reform allocation rules. MRV obligations applied during the suspension time. Amendments to the Environmental Code were passed in 2016 to improve the MRV system, as well as the overall GHG emissions regulation and KAZ ETS operation. Amendments to the Environmental Code in 2017 lay the groundwork for the introduction of benchmarking.</p> <p>The National Allocation Plan runs through 2018-2020 with a cap of 485.9 MtCO₂ (162 MtCO₂ on annual average), with 225 participating installations belonging to 129 operators.</p>												
Year in Review	<p>The KAZ ETS restarted operation on 1 January 2018 with new trading procedures and allocation methods. Participants were given a choice between allocation based on historical emissions (chosen by 76 installations) or product-based benchmarks with the possibility of updating when capacity changes (chosen by 149 installations).</p>												
Overall GHG emissions (excluding LULUCF)	<p>Emissions: 337.9 MtCO₂e (2016)</p>												
Overall GHG emissions by sector	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO₂e</th> </tr> </thead> <tbody> <tr> <td>Energy (excluding Transport)</td> <td>251.50</td> </tr> <tr> <td>Transport</td> <td>22.72</td> </tr> <tr> <td>Industrial processes</td> <td>25.10</td> </tr> <tr> <td>Agriculture</td> <td>33.18</td> </tr> <tr> <td>Waste</td> <td>5.46</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Energy (excluding Transport)	251.50	Transport	22.72	Industrial processes	25.10	Agriculture	33.18	Waste	5.46
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Overall GHG reduction target	<p>BY 2020: 5% reduction from 1990 GHG levels</p> <p>BY 2030: 15% (unconditional) to 25% (conditional) reduction from 1990 GHG levels (NDC)</p> <p>BY 2050: 40% CO₂ emission reduction in power sector from 2012 levels (Concept of Transition to Green Economy, 2013)</p>												
Carbon Price	<p><i>Current Allowance Price (per t/CO₂e):</i> No information available yet.</p>												

ETS Size

Emissions covered by the ETS

0.50

GHG covered	CO2
Sectors covered and thresholds	<p>Power sector and centralized heating. Extractive industries and manufacturing: oil and gas mining, metallurgy, chemical and processing industry (production of building materials: cement, lime, gypsum, and brick).</p> <p>INCLUSION THRESHOLDS: Facilities emitting more than 20,000 tCO₂e/year. For Phase 3 (2018-2020), 2013-2015 emission levels are used.</p> <p>For Phase 1 (2013) and Phase 2 (2014-2015), thresholds were based on 2010 and 2012 emission levels.</p>
Point of regulation	Downstream
Number of liable entities	<p>PHASE 3 (2018-2020): 129 companies (225 installations)</p> <p>No information available yet.</p>
Cap	<p>PHASE 1 (2013): 147 MtCO₂. This equals a stabilization of the capped entities' emissions at 2010 levels.</p> <p>PHASE 2 (2014-2015): 2014: 154.9 MtCO₂; 2015: 152.8 MtCO₂. This represents reduction targets of 0% and 1.5% respectively, compared to the average CO₂ emissions of capped entities in 2011-2012.</p> <p>PHASE 3 (2018-2020): 485.9 MtCO₂. The cap is set at a 5% reduction by 2020 from 1990 levels. The cap is allocated for the overall compliance period of 2018-2020; there is no yearly cap.</p>

Phases & Allocation

Trading period	<p>Phase 1 (pilot phase): 2013</p> <p>Phase 2: 2014-2015</p> <p>Phase 3: 2018-2020</p> <p>In 2016 and 2017, the system was temporarily suspended.</p>
Allocation	<p>Free Allocation:</p> <p>Phase 1 (2013): 100% free allocation based on emissions data from 2010, with a reserve of 20.6 MtCO₂.</p> <p>Phase 2 (2014-2015): Free allocation (0% and 1.5% below 2011/2012 average emissions), with a reserve of 18 MtCO₂ in 2014 and 20.5 in 2015.</p> <p>Phase 3 (2018-2020): Free allocation based on grandfathering or product-based benchmarking (by each company's own choice). A reserve contains 35.27 million allowances to accommodate for new entrants, new stationary emission sources, and for changes in capacity in case of the choice of benchmarking.</p>

Flexibility

Banking and borrowing	<p>Banking is allowed within one trading period (i.e., within 2018-2020). Banking between trading periods is not possible.</p>
Offsets and credits	<p>QUALITATIVE LIMIT: The system allows domestic offsets. International credits may be allowed in the future.</p>

Market Stability Provisions	No information available yet.
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Compliance

Compliance Period	One year
Monitoring, Reporting, Verification (MRV)	<p>REPORTING FREQUENCY: Reporting is required annually for businesses or financial facilities above the 20,000 tCO₂/year threshold.</p> <p>Annual reporting is required for operators of installations with emissions between 10,000 tCO₂/year and 20,000 tCO₂/year (so-called “subjects to administration”), even though these operators are not required to participate in the ETS or to verify annual emission reports.</p> <p>Aside from CO₂, reporting is also required for CH₄, N₂O, and PFCs emissions.</p> <p>VERIFICATION: Emissions data reports and their underlying data require accredited third-party verification.</p>
Enforcement	The non-compliance penalty equals five monthly standard units for each tonne (approximately KZT 10,605/tCO ₂ [USD 31/tCO ₂]). In 2013 and in 2014, penalties for non-compliance were waived.

Linking

Links with other Systems	No information available yet.
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Other Information

Institutions involved	Ministry of Energy; JSC Zhasyl Damu, a state-owned joint stock company
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	<p>Environmental Code of the Republic of Kazakhstan</p> <p>National GHG Emission Quota Allocation Plan for 2018-2020</p> <p>Rules for the allocation of quotas for GHG emissions and formation of reserves of the established number and volume of quotas</p> <p>Rules of trading greenhouse gas emission quota and carbon units</p>

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