

## Japan - Saitama Target Setting Emissions Trading System

### General Information

Summary	<p><b>Status:</b> ETS in force</p> <p><b>Jurisdictions:</b> Saitama</p> <p>Saitama's ETS was established in April 2011 as part of the Saitama Prefecture Global Warming Strategy Promotion Ordinance. Under the ETS, large buildings and factories in Saitama are required to reduce emissions by 15% or 13% in its second compliance period (FY2015-2019). Saitama's ETS is linked to Tokyo's program</p>										
Year in Review	In FY2016, the Saitama ETS achieved a 28% reduction in emissions below base-year emissions.										
Overall GHG emissions (excluding LULUCF)	<p><b>Emissions:</b> 36.6 MtCO<sub>2</sub>e (2016)</p> <p>*The overall emissions figure for Saitama is higher than the total of the emissions by sector because the former includes all GHGs in Saitama, whereas the emissions by sector only measures CO<sub>2</sub> emissions.</p>										
Overall GHG emissions by sector	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO<sub>2</sub>e</th> </tr> </thead> <tbody> <tr> <td>Industry</td> <td>11.2</td> </tr> <tr> <td>Residential</td> <td>8.8</td> </tr> <tr> <td>Transport</td> <td>9.4</td> </tr> <tr> <td>Commercial</td> <td>4.8</td> </tr> </tbody> </table>	Sector Name	MtCO <sub>2</sub> e	Industry	11.2	Residential	8.8	Transport	9.4	Commercial	4.8
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Overall GHG reduction target	<b>BY 2020:</b> 21% reduction from 2005 GHG levels (demand side)										
Carbon Price	<i>Current Allowance Price (per t/CO<sub>2</sub>e):</i> No information available yet.										

### ETS Size

Emissions covered by the ETS	0.18
GHG covered	CO <sub>2</sub>
Sectors covered and thresholds	<p>Consumption of fuels, heat, and electricity in commercial and industrial buildings</p> <p><b>INCLUSION THRESHOLDS:</b> Facilities that consume energy more than 1,500kL of crude oil equivalent or more per year.</p>
Point of regulation	Downstream
Number of liable entities	~574 facilities (2016): office/commercial buildings: 166; factories: 408

	No information available yet.
Cap	<p>The Saitama-wide cap is aggregated based on emissions baselines set at the facility level. Baselines for the regulated facilities are calculated according to the following formula: Sum of base-year emissions of covered facilities x compliance factor x number of years of a compliance period (five years).</p> <p><b>Compliance factor:</b> <b>FIRST PERIOD (FY2010-FY2014):</b> 8% or 6% reduction below base-year emissions <b>SECOND PERIOD (FY2015-FY2019):</b> 15% or 13% reduction below base-year emissions</p> <p>The higher compliance factor applies to commercial buildings, as well as to district heating and cooling (DHC) plant-facilities (excluding facilities that use a large amount of DHC). The lower compliance factor applies, among others, to commercial buildings, facilities which are heavy users of DHC plants, and factories.</p> <p>Facilities demonstrating outstanding performance in emissions reduction, as well as in the introduction, use, and management of energy equipment, are certified as top-level facilities that receive lower compliance factors according to their rate of progress. The certification standards represent the highest-level energy-efficiency measures currently feasible, stipulating more than 200 different energy-saving measures.</p>

## Phases & Allocation

Trading period	<p><b>FIRST PERIOD:</b> 1 April 2012 to 30 September 2016 <b>SECOND PERIOD:</b> 1 April 2015 to 30 September 2021</p> <p>Each of the above trading periods includes an 18-month adjustment period.</p>
Allocation	<p>The baselines for facilities are based on historical emissions, calculated according to the following formula: Base-year emissions x (1 - compliance factor) x compliance period (5 years).</p> <p>Base-year emissions for the first compliance period are based on the average emissions of three consecutive years between FY 2002-2007, as chosen by each entity. Credits are issued to facilities whose emissions fall below the baseline.</p> <p>Baselines for new entrants are based on past emissions or on emissions intensity standards.</p>

## Flexibility

Banking and borrowing	<p>Banking is only allowed between two consecutive compliance periods. Borrowing is not allowed.</p>
Offsets and credits	<p>Credits from five offset types are allowed in the Saitama ETS.</p> <p><b>SMALL AND MID-SIZE FACILITY CREDITS:</b> Emissions reductions from non-covered small- and medium-sized facilities in Saitama. <b>Quantitative Limits:</b> None.</p> <p><b>OUTSIDE SAITAMA CREDITS:</b> Emission reductions achieved from large facilities outside of the Saitama prefecture. Large facilities are those with an energy consumption of 1,500kL of crude oil equivalent or more in a base-year, and with base-year emissions of 150,000t or less. <b>Quantitative Limits:</b> Credits are only issued for the reduction amount that exceeds the compliance factor. These credits can be used for compliance for up to one-third of offices' reduction obligations. Factories can use up to 50%.</p> <p><b>RENEWABLE ENERGY CREDITS:</b> Credits from solar (heat, electricity), wind, geothermal, or hydro (under 1,000kW) electricity production are counted at 1.5 times the value of regular</p>

credits. Credits from biomass (biomass rate of 95% or more, black liquor is excluded) are converted with the factor 1. These credits encompass the following types: Environmental Value Equivalent, Renewable Energy Certificates, and New Energy Electricity, generated under the Renewable Portfolio Standard Law.

**Quantitative Limits:** None.

**TOKYO CREDITS (VIA LINKING):**

(1) Excess Credits: Emissions reductions from facilities with base-year emissions of 150,000 tonnes or less. Issuance of credits from FY2015.

(2) Small- and mid-size Facility Credits: Issued by Saitama Prefecture. Issuance of credits from FY2012.

**Quantitative Limits:** None.

**FOREST ABSORPTION CREDITS:** Credits from forests inside the Saitama Prefecture are counted at 1.5 times the value of regular credits. Others are converted with the factor 1.

**Quantitative Limits:** None.

**EMISSIONS REDUCTION METHODS:**

Renewable Energy: When covered facilities generate electricity from renewable sources for their own use, they can deduct this amount of electricity from the total energy usage of the facility.

Market Stability Provisions	In general, Saitama does not control carbon prices.
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## Compliance

Compliance Period	<b>FIRST PERIOD:</b> FY2011-2014 <b>SECOND PERIOD:</b> FY2015-2019
Monitoring, Reporting, Verification (MRV)	<b>REPORTING FREQUENCY:</b> Annual emissions reporting, including emission reduction plans. All seven GHGs must be monitored and reported: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, PFCs, HFCs, SF <sub>6</sub> , and NF <sub>3</sub> .  <b>VERIFICATION:</b> These reports require third-party verification by the end of adjustment period.  <b>FRAMEWORK:</b> These are based on 'Saitama Monitoring/Reporting Guidelines' and 'Saitama Verification Guidelines.'
Enforcement	None

## Linking

Links with other Systems	Linking with Tokyo started in April 2011. Tokyo and Saitama credits are officially eligible for trade between the two jurisdictions. During the first compliance period, 15 credit transfers took place between the Saitama Prefecture and Tokyo (nine cases from Tokyo to Saitama, six cases from Saitama to Tokyo).
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## Other Information

Institutions involved	Saitama Prefectural Government
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	<a href="#">Saitama Prefecture Global Warming Strategy Promotion Ordinance</a>

| Regulation on Saitama Prefecture Global Warming Strategy Promotion Ordinance

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