International Carbon Action Partnership
ETS Detailed Information

Japan - Saitama Target Setting Emissions Trading System

General Information

Summary	**Status:** ETS in force **Jurisdictions:** Saitama Saitama's ETS was established in April 2011 as part of the Saitama Prefecture Global Warming Strategy Promotion Ordinance. Saitama's ETS is bilaterally linked to that of Tokyo. In FY2014, the Saitama ETS had achieved a 24% reduction below base-year emissions.
Overall GHG emissions (excluding LULUCF)	**Emissions:** 38.5 $MtC0_2e$ (FY2014 (demand side)) *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 CO2 emissions.
Overall GHG emissions by sector	Sector Name: MtCO2e Industry: 10.6 Residential: 7.7 Transport: 9.7 Commercial: 4.8
Overall GHG reduction target	**By 2020:** 21% reduction from 2005 GHG levels (demand side).
Type of ETS	mandatory
Cap and trajectory	**Type of Cap:** Absolute An absolute cap is set at the facility level, which aggregates to a Saitama-wide cap. This is calculated according to the following formula: Sum of base year emissions of covered facilities x compliance factor (8%/6%) x number of years of a compliance period. (First Period: four years, Second Period: five years). **Compliance factor:** First Period (FY2011-FY2014): 8% or 6% reduction below base-year emissions. Second Period (FY2015-FY2019): 15% or 13% reduction below base-year emissions.
Carbon Price	*Current Allowance Price (per t/CO2e):* No information available yet.

ETS Size

Emissions covered by the ETS	0.18

GHG covered	CO2
Sectors covered and thresholds	Commercial and industrial sectors. **Inclusion Threshold:** Facilities that consume energy more than 1,500kL of crude oil equivalent or more per year.
Number of liable entities	568 facilities (as of 31 March 2015) No information available yet.
Point of regulation	Downstream

Phases & Allocation

Compliance period	Four or Five years. **First Period:** FY2011-FY2014 **Second Period:** FY2015-FY2019 The fiscal year runs from 1 April to 31 March.
Trading period	**First Period:** 1 April 2012 to 30 September 2016 (compliance period and adjustment year). **Second Period:** 1 April 2015 - 30 September 2021 (compliance period and adjustment year).
Allocation	Grandfathering based on historical emissions is calculated according to the following formula: Base year emissions x (1-compliance factor) x compliance period. Base year emissions for the first compliance period are based on the average emissions of three consecutive fiscal years between 2002 and 2007. Allocation to new entrants is based on past emissions or on emissions intensity standards: Emissions activity (floor area) x emission intensity standard.

Flexibility

Banking and borrowing	Banking is allowed between two consecutive compliance periods (e.g. banking from first to second compliance period is allowed. Banking from first to third is not). Borrowing is not allowed.
Offsets and credits	Currently credits from five offset types are allowed in the Saitama scheme. **Small and Mid-size Facility Credits:** Total amount of emission reductions achieved by implementing emission reduction measures from non-covered small and medium sized facilities in Saitama since FY2011. Issuance of credits from FY2012. Small and Mid-size Facility Credits can be used for compliance without limit. **Outside Saitama Credits:** Emission reductions achieved from large facilities outside the Saitama Prefecture. Large facilities: energy consumption of 1,500kL of crude oil equivalent or more in a base-year, and with base-year emissions of 150,000 tonnes or less. Credits only issued for the reduction amount that exceeds the compliance factor of 8%. Issuance of credits from FY2015. Outside Saitama Credits can be used for compliance for up to one-third, in the case of offices, or to half, in the case of factories, for the facilities' reduction targets. **Renewable Energy Credits:** Credits from solar (heat, electricity), wind, geothermal, or hydro (under 1,000kW) electricity production are counted at 1.5 times the value of regular

	credits. Credits from biomass (biomass rate of 95% or more, black liquor is excluded) and hydro power (1,000kW to 10,000kW) are converted with the factor 1. Types of Credits: Environmental Value Equivalent, Renewable Energy Certificates, New Energy Electricity generated under the Renewable Portfolio Standard Law. Renewable Energy Credits can be used for compliance without limit. **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. Forest absorption Credits can be used for compliance without limit. **Tokyo Credits (via linking), two types:** 1) Excess Credits from TMG ETS: Emission reductions from facilities with base-year emissions of 150,000t or less. Issuance of credits from FY2015. 2) Small and mid-size Facility Credits issued by TMG ETS: Issuance of credits from FY2012. Tokyo Credits can be used for compliance without a limit. All offsets have to be verified by verification agencies.
Provisions for price management	In general, the Saitama Prefectural Government does not control carbon prices. However, the supply of credits available for trading may be increased in case of excessive price evolution.

Compliance

Monitoring, Reporting, Verification (MRV)	**Reporting Frequency:** Annual reporting. All seven GHGs have to be monitored and reported: CO2 (non-energy related), CH4, N2O, PFCs, HFCs, SF6 and NF3. **Verification:** Verification is required only when it is used for compliance. **Framework:** Participants are required to report their verified emissions based on the Saitama Prefectural Government Monitoring/Reporting Guidelines and the Saitama Prefectural Government Verification Guidelines. **Other:** Verified reduction amounts can be used for compliance, but cannot be traded with other facilities except for energy-related CO2.
Enforcement	None

Other Information

Institutions involved	Saitama Prefectural Government
Linkage with other schemes	Linking with Tokyo started in April 2011. Credits from excess emission reductions and Small- and Mid-size Facility Credits (offsets) are officially eligible for trade between the two jurisdictions. During the first compliance period, 14 credit transfers took place between the Saitama Prefecture and Tokyo (8 cases from Tokyo to Saitama, 6 cases from Saitama to Tokyo).

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