



Taiwan is in the Trend of International carbon Market : A review on Taiwan's International offset plan

IETA COP17/CMP7 Side Event

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Taiwan's Voluntary Reduction Target

■ Consensus on a Low Carbon Society

- To achieve at least 30% reduction CO₂ emission from BAU by 2020

■ Promotion of low carbon policy measures

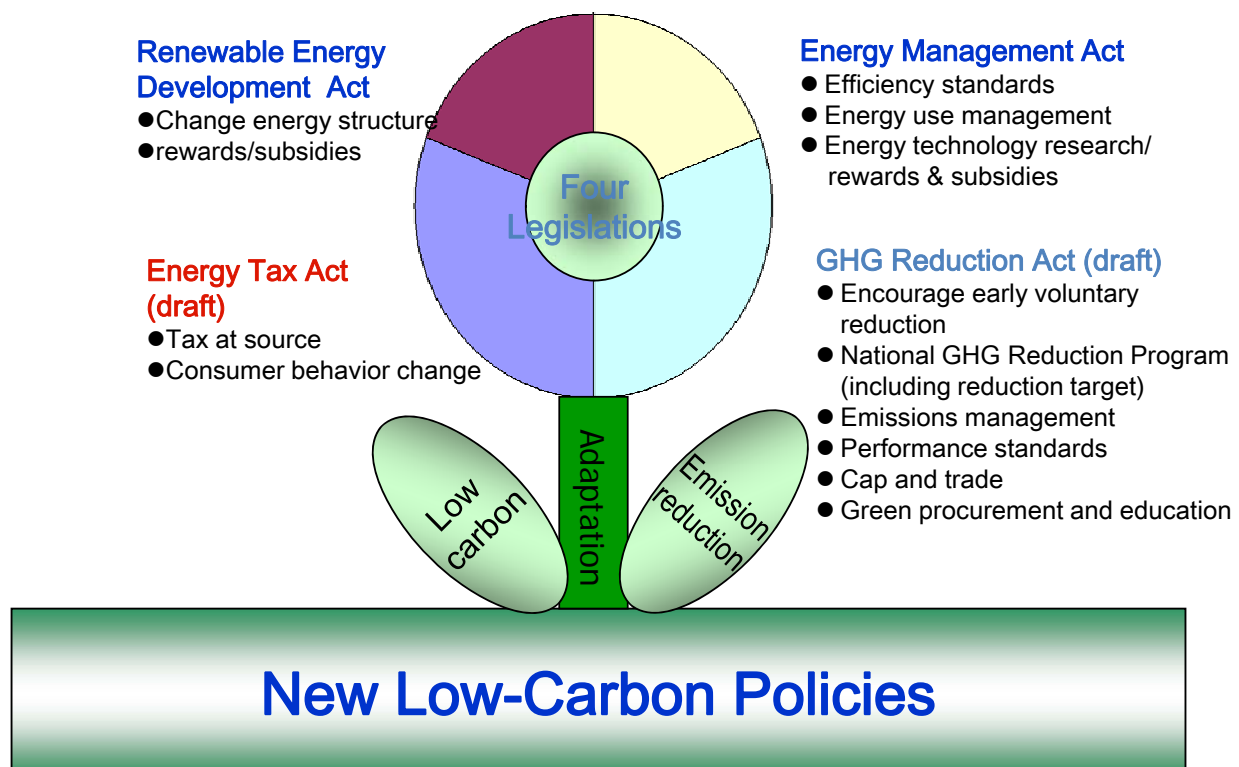
- To enhance reduction measures (e.g. energy efficiency and saving increase) in industrial, residential & commercial and transportation sectors
- To initiate the "National Energy R&D Program" for exploring innovations for energy demands & supplies
- To launch "Green Energy Industry Program" for achieving technology development & diffusion

1. Energy efficiency,
2. Green energy industry and technology policy
3. Energy price adjustment
4. International offsets

The reasons for Taiwan to acquire CERs

- As a non-Party to the Kyoto Protocol, our access to the international carbon market is very limited.
- Missed opportunities for overseas private investments that have the potential to generate reduction credits.
- In order to meet our voluntary reduction target , we would need international offsets and thus can become involved in the primary CERs market in the future.

Four Carbon Reduction Legislations



GHG Reduction Bill

Early Credits, EIA offsets

1. Mandatory inventory reporting
2. Emissions reduction projects
3. Mandatory EIA offsets

Project-based

- Third-party verification
- Domestic certification
- National Registry

Benchmark, Offsets

Offset scheme and trading

Benchmark

- Emission intensity

Cap-and-Trade Scheme

1. Targets for industry authorities
2. Allocation to designated sources
3. Auction/management fund

CAP

- Permit
- Allocation
- Auction

Source: Taiwan EPA ⁵

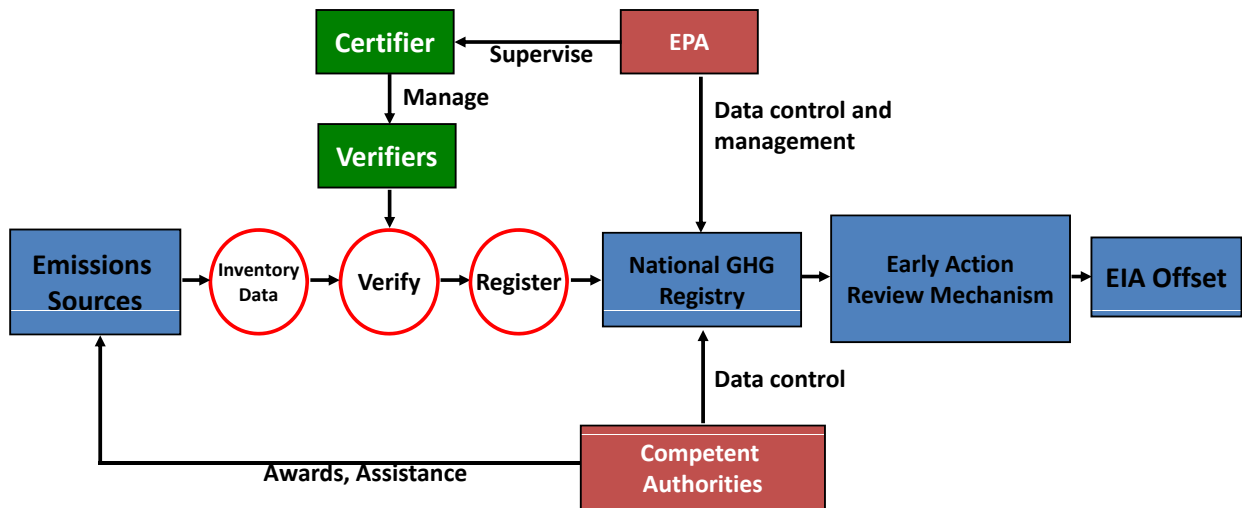
Current Participants of the Taiwan ETS

- Under the Environmental Impact Assessment (EIA) Act, facilities that are required to offset their emissions will be the potential participants of the Taiwan ETS. Other facilities are not included in the scheme, but voluntary buyers are welcomed.
 - **EIA commitment:** Companies have committed to offset the increased emissions by purchasing carbon credits.
 - **Voluntary buyers** (e.g., Carbon Disclosure and Carbon Neutral): In order to strengthen international competitiveness, companies in Taiwan are participating the Carbon Disclosure Project and considering making their company carbon neutral to promote green business image.

Stage I: Early Reduction and EIA Offsets

□ Emissions Inventory and Reporting

- Enterprises conduct GHG inventory of the emission sources
- Report inventory data to National GHG Registry
- Verification by third-party to complete registration



Early Action Crediting Program

Early Action

Designated Sources
Emissions Intensity
ISO14064-1



Organization-based reduction credits

- EIA Offsets
- Benchmarks
- Cap and Trade



Offsets

Offset Projects

Reduction Project
Methodology
ISO14064-2

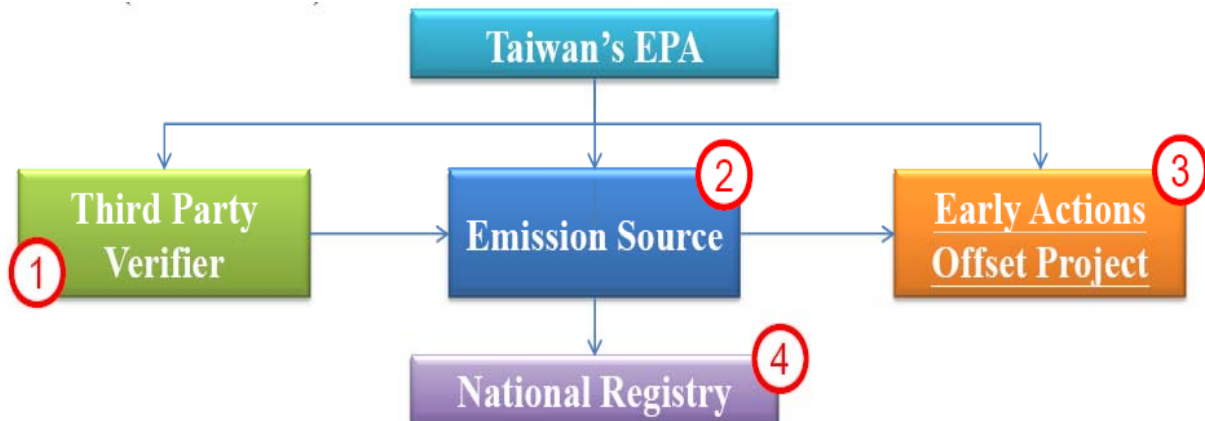


Project-based reduction credits

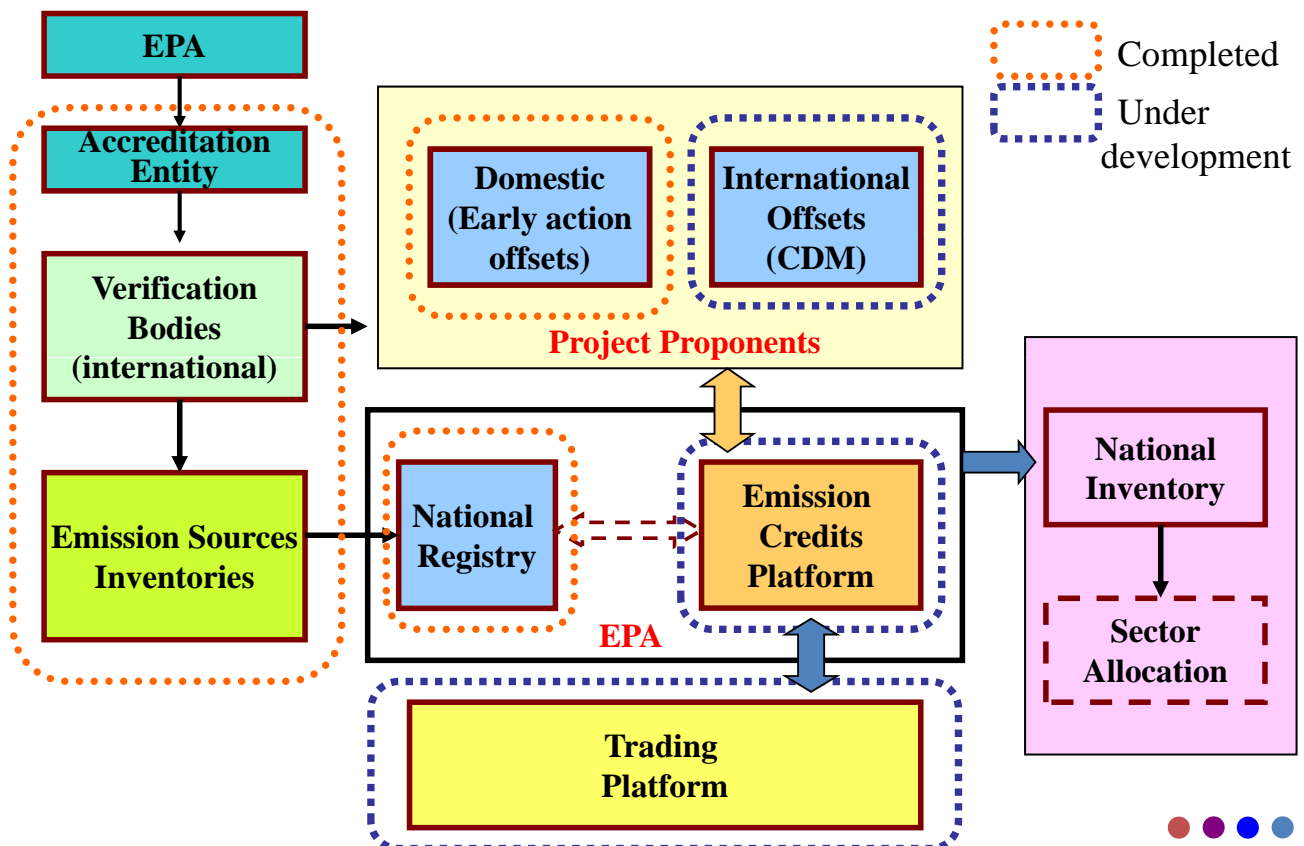
EIA offset: Taiwan's Carbon Management Scheme

Management Rules

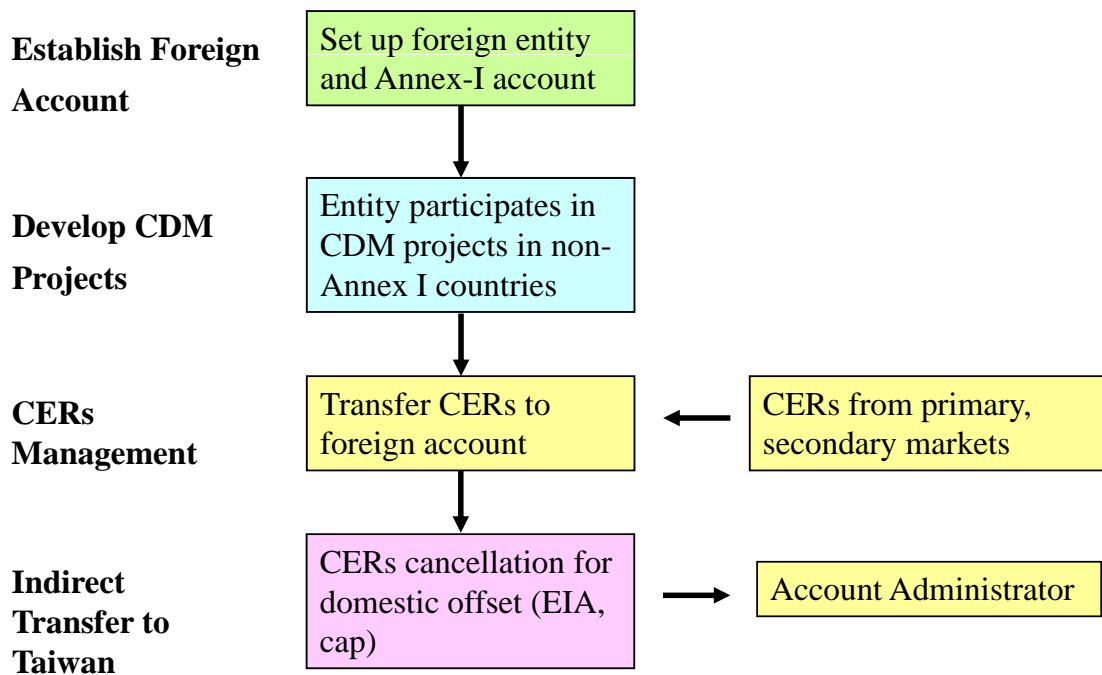
- 6 November 2009: "EPA Operational Principles for GHG Verification Bodies"
- 10 September 2010: "EPA Management Principles for GHG Emissions Inventory and Registration"
- 10 September 2010: "EPA Promotion Principles for Early Action and Offset Projects"
- 14 April 2011: "EPA Management Rules of GHG Reduction Credits and Accounts"



Emission Credits Management System

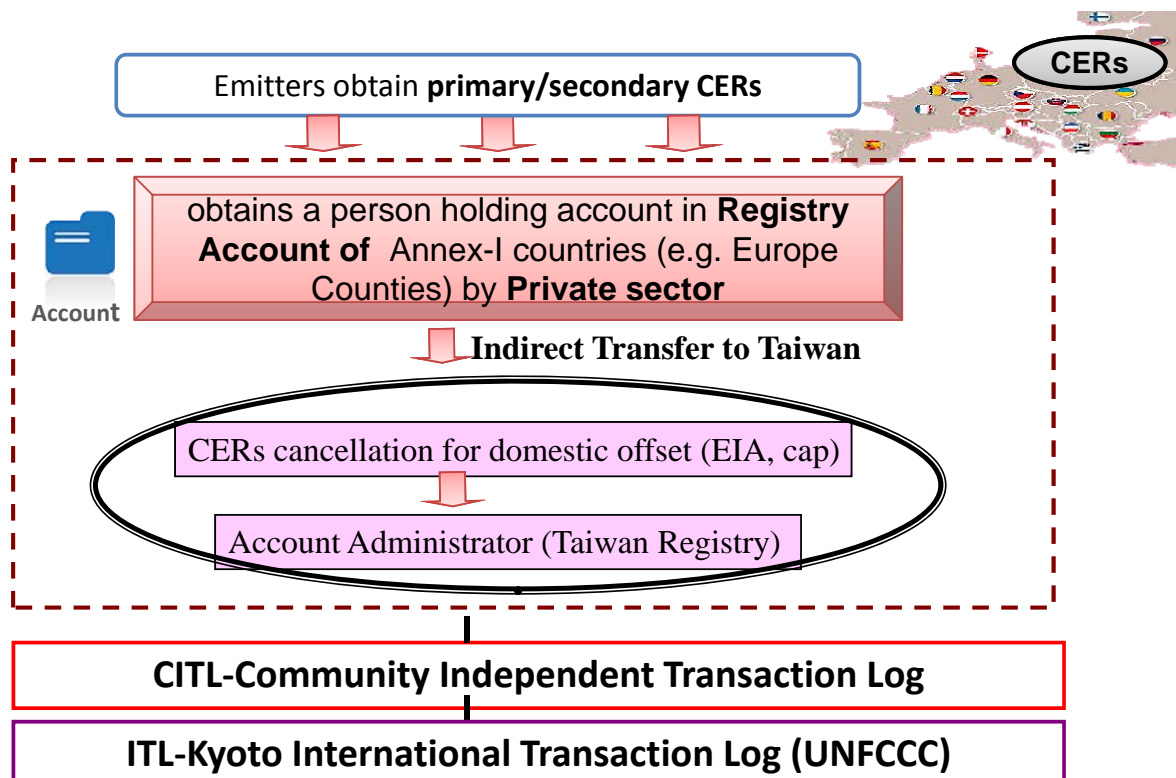


International Offset Credits Acquisition



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Linkage with International Carbon Market



Stage II: Permits, Offsets

•GHG emission standards

- Designated emission sources to comply with GHG emission standards (**Benchmark, e.g. GHG emission per ton of steel production**) based on established emission intensity for new/existing emission sources, installation under various sectors, products, etc.
- **These emission standards would be required to obtain adequate credit through offsetting .**
- The standards would be set by the EPA in consultation with the central industry competent authorities, such as the Bureau of Energy, and the Industrial Development Bureau among others.

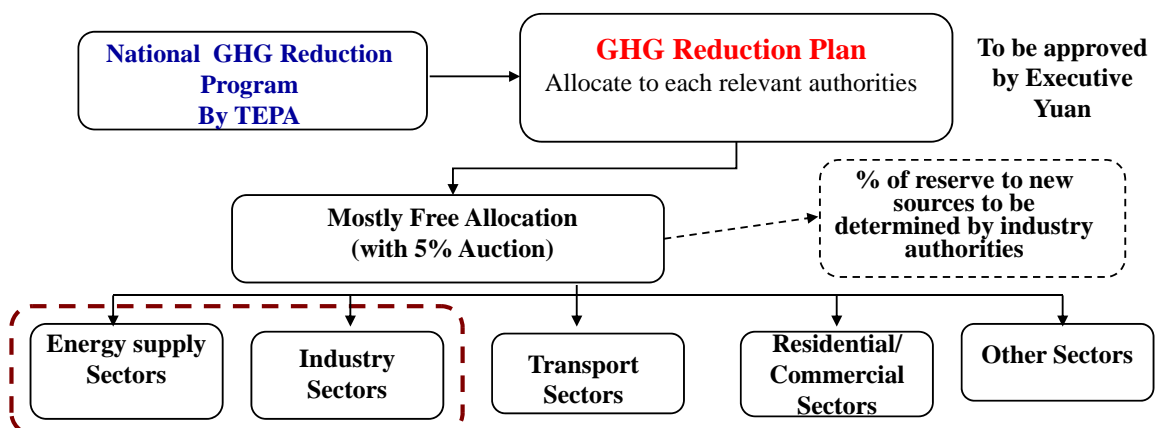
•GHG emission Permit

- Designated emission source is obligated to obtain a permit

Stage III : Cap-and-Trade

Energy Supply Sector and Industrial Sectors likely to be first

- About 80% emissions of two sectors (energy supply, industry) will be covered first in ETS
- Remaining sectors could generate Reduction Credits (domestic offset)
- International offsets will be considered



Concluding Remarks

- Market mechanisms such as emission trading would allow us to join the global effort to reduce emissions in a cost-effective manner, through linkage with other offset and trading schemes.
- At a time of increasing uncertainty in the CERs market, more options should be open to private sector involvement, including those from non-Kyoto areas developing domestic trading schemes.
- Taiwan can be a part of international effort to increase CERs stream in the international effort to mitigate climate change



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**Thanks for your
attention,
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