

Role of MRV in Effective Emissions Trading Programs

Janet Peace

US-China Workshop: Domestic MRV of Climate Efforts

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- **Established in 1998 as an independent, non-partisan climate organization**
- **Three-fold structure:**
 - Research – 100+ reports over 14 years
 - Actively advise on policy – state, federal, international
 - Business Environmental Leadership Council (BELC)
 - 36 companies
 - approximately \$2 trillion in revenues
 - Nearly 4 million employees

BUSINESS ENVIRONMENTAL LEADERSHIP COUNCIL



- **Context**
 - Why MRV is important
- **Criteria**
- **Elements**
 - Measurement
 - Reporting
 - Verification

Context – importance of MRV



- MRV is important to ensure environmental and program integrity
- Emissions trading needs complete and accurate emissions data for each entity covered by the program
 - » Ensures accuracy in goal setting and compliance monitoring
- Equity – all sources must follow the same rules and procedure and all must meet program comprehensive program requirements
- Market transparency
 - » Emissions data and market information important to ensure well functioning market: confidence, market stability, and predictability
- Good data also allows the program authority to monitor and adjust if necessary



- Simple, consistent, and transparent rules
- Accurate emission measurement, monitoring, and reporting (preferably done electronically and including public access to emissions data)
- Sound auditing practices to ensure that emissions are being accurately reported
- Minimized transaction costs for covered entities and for program authority
- Consistent enforcement with real penalties for non-compliance and inaccurate reporting

Measurement

- Variety of measurement techniques: upstream vs. downstream, material balance or emissions monitoring approaches; all feasible & used

Typically:

- Program authority specifies the measurement methodologies/requirements
- Covered entities create and submit a plan for monitoring their emissions using the required methodology
 - » May require that entities install, certify, & maintain measurement equipment
 - » May require data quality assurance and measurement testing

- Program authority provides or authorizes third party operation of an emissions reporting and compliance tracking system
- Sources report emission and activity data to tracking system\
- Generally standardized reporting requirements for all covered entities (ensures comparability)
- Report GHG emissions annually
- Obtain compliance instruments (allowances and offsets) equal to emissions
- Turn in allowances and offsets to match emissions at the end of each compliance period

Verification - Analysis and review of reported data

- Third party or program authority generally verifies emissions data
- Offset program verification of project emission reductions
- Onsite inspections
- Record keeping requirements
- Program authority audits data
- Program authority may want to have “market monitor” to ensure market manipulation not occurring



- **Auctions?**
- **Market Monitor?**
- **Offset Program?**
 - Validation of offset project types
 - Verification of GHG reductions
 - Certification of Verifiers
 - Offset registry
- **Trading platform?**
- **Market Exchange?**
- **Price discovery?**



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