

Fifth Annual Workshop on Greenhouse Gas Emission Trading:

27th – 28th September 2005

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<http://www.iea.org/textbase/about/map.asp>*

9.15 Roundtable: Summary of recent developments on emission trading

Country representatives are asked to provide a written summary of how GHG emission trading is developing in their country. Delegates are encouraged to provide web-links to latest official information (including NAPs for European Member States). This information will be collated into a single document made available to all participants. Each country will also be invited to speak for **3 minutes**, and to address the following questions. An electronic presentation is not necessary.

- Existence and implementation status of domestic emissions system;

The First NAP (2007) is under development - with the support of the government of Netherlands. List of installation identified, draft methodology for allocation developed, will be presented to industry on 12 of September. It will be submitted to the EC in April 2006. The Second NAP 2008-2012 will be develop simultaneously and submitted to the EC in June 2006

- Coverage and projected reductions in emissions from base year;

Bulgaria is far below the Kyoto target (56% in 2003) and it is expected that during the first commitment period will not reach the target.

- Allocation mode (including choice of base year, if grandfathering was chosen), treatment of new entrants, and plant closures;

The BG NAP is under development and the methodology is still a draft. As base year for Bulgaria is proposed the average arithmetic value of the emissions of the installation for the two years with largest emissions from the years 2002, 2003 and 2004. Grandfathering is proposed as a method for allocation.

The EC guidelines are followed in formation of a reserve for new entrants. This reserve is formed within the projected amount of allowances for the relevant group or sector of industrial installations.

For the purpose of the analysis of the participants' emissions in scheme for the period of 2002 – 2004 for each group of installations is identified an installation with the lowest emission

factor. If this factor is higher than the projected emission factor of the installation then the project emission factor of the new installation is used for allocation of the allowances.

Reserve and allocated units for new cogeneration

Three reserves for cogeneration are formed for each year of the period.

First reserve of emission allowances from electricity production of new cogeneration sources of natural gas. It is determined on the basis of the expected electricity production from a new cogeneration with emission factor, for example 0,33 tCO₂/MWh. This factor must be determined provided that the conditions (fuel consumption) are kept for the heat production before and after the introduction of cogeneration

Second reserve for covering the emissions reduction units (ERU) in JI projects. The average emission factor that is used for the emission reduction from these projects must be estimated. It can be for example 0,8 tCO₂/MWh. The overall volume of this reserve is determined from the expected electricity production in new cogeneration power plants, which are built as JI projects. The rest emissions from this reserve are not allocated between the participants in the scheme and they are used for accomplishing the commitments of the JI project at the cogeneration.

Third reserve of emission allowances from heat production from new participants in the scheme with cogeneration. They convert a heat power plant with capacity under 20 MW into cogeneration with capacity over 20 MW, and thus it is included in the trading scheme.

The first and second reserves are formed on the account of electricity sector as the volume of allowances determined on macroeconomic level is reduced along with the volume of the reserves.

The third reserve is formed from the emissions of installations, which do not take part in the scheme. Practically, this reserve increases the volume of emission allowances in the reserve for new participants.

Closure procedures not defined yet.

- Access of entities to the international market, including project-based mechanisms;

There is no limitation envisaged for the companies to participate in the project-based mechanisms. As Bulgaria is below the Kyoto target, we do not expect that the companies will need to use ERUs and CERs to fulfil their obligations.

- Prospects of linking with other systems and potential issues arising from linking;

Not envisaged.

- Government's intentions to participate in the emissions trading market (including via Green Investment Schemes) and plans to purchase CDM/JI Credits.

Bulgaria envisages to establish a GIS in the beginning of 2006 with the support of the World Bank.