

# **Japan's Voluntary Emission Trading Scheme (JVETS)**

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# Outline of JVETS (1)

- Schedule for 1<sup>st</sup> round participants (32)

Setting-up period	Commitment period	Adjustment period
FY2005	FY2006	FY2007

- Application for subsidy/Screening (April/05)
- Subsidies for new facilities to reduce GHG emissions
- Calculation of base year GHG emissions for FY2002-2004 and verification

- Emissions allowances (JPAs) were initially allocated to 32 participants
- Allowances can be transferred freely between Participants during FY2006

- Calculation of GHG emissions for FY2006 and verification
- Final trading period: Allowances can be transferred as necessary
- Participants surrender a number of allowances equal to the verified annual emissions for FY2006

**Second round with 59 participants has started one year behind the 1<sup>st</sup> round. Both of the rounds are running concurrently.**

# Outline of JVETS (2)

- **CO2 only** (incl. non-energy related CO2)
- **Base year emissions: an average of the actual emissions over the past three years** (as verified in accordance with the rule of JVETS) e.g. 2.5 million t-CO2 p.a.
- **Emissions reduction commitment:** voluntarily pledged by the participants e.g. 0.5 million t-CO2 p.a.
- **Subsidies paid / Total emissions reductions** = around **US\$10/ t-CO2**.
- **Actual emissions** during the commitment period will also be verified.

# Outline of JVETS (3)

- **Boundary: Factory/building basis**
  - Not installation basis
- **Criteria for boundary setting**
  1. Geographical and organisational boundary
  2. Controllable boundary for the use of energy
- **Boundary setting:** Boundary is determined based on the condition at April 2005 (for 1<sup>st</sup> round), April 2006 (for 2<sup>nd</sup> round)
- **Registry:** Own registry system has been developed (similar to Japanese National Registry under KP)
- **Web-based trading service** (GHG-TRADE.com) is available for the participants
- **Link with KP:** CERs can be used, as well as JPAs

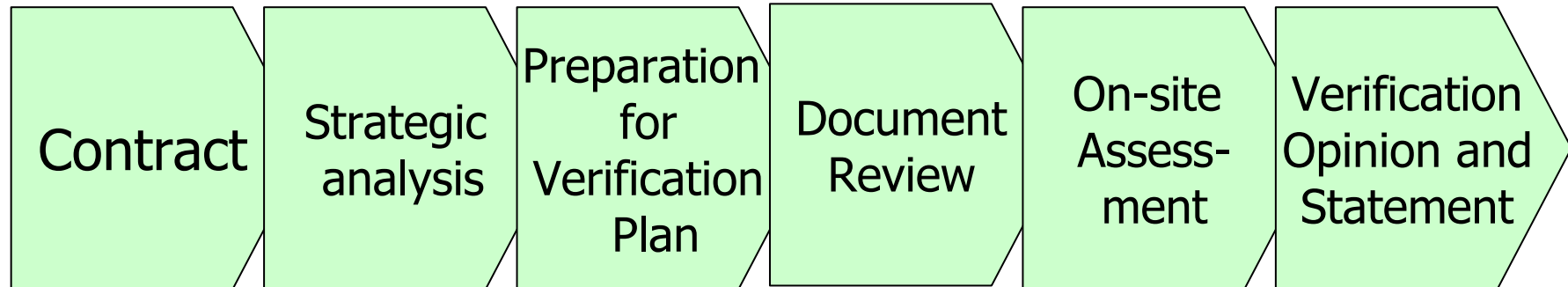
# Outline of JVETS (4)

- **Emission sources monitored & reported under JVETS**
  1. Direct emissions (e.g. combustion of fuels )
  2. Indirect emissions (e.g. use of grid-electricity)
  3. Direct emissions from combustion of waste materials
  4. Direct emissions from manufacture or processing of chemicals and materials

1)Cement production 2) Lime production 3) Use of Lime & Dolomite 4) Use of ammonium etc.

# Outline of JVETS (5)

- **Verification process under JVETS**



- 1. Conformity with verification rules**

- Evaluate conformity with rules provided for the scheme

- 2. Adequacy with 5 Principles**

- Relevance, Completeness, Consistency, Transparency, and Accuracy

- 3. Setting criteria for being not materially misstated**

- Aggregate uncertainties of the metering devices, omissions or errors in the total emissions figure are less than 5%

# List of verifiers for JVETS

(Qualified members of Operational Entity  
Association of Japan)

- AZSA Sustainability
- SGS Japan
- Chuo-Aoyama Sustainability Certification Organization
- Tohmatsu Evaluation & Certification Organization
- JACO CDM
- JQA
- JMA
- JCI
- Shin Nihon Environmental Management and QRI
- DNV
- TUV Rheinland Japan
- TUV Sud Japan
- Nippon Kaiji Kentei QA
- JIC QA
- BSI Japan
- BV
- LRQA
- Perry Johnson Registrars CDM
- Nippon Smart Energy

**Total 19 Organisations**

# Meanings of JVETS

- JVETS is the first experiment of “real” emissions trading for Japan
- Good opportunity to learn actual practice managing emissions trading
  - Monitoring and reporting of emissions
  - Verification of emissions
  - Accounting
  - Registry system