

## SUMMARY OF WORKSHOP 3E: ENFORCEMENT OF EMISSIONS TRADING PROGRAMS

Facilitators: Neil Davies, Environment Agency (England and Wales)  
Chris Dekkers, Ministry of Housing, Spatial Planning and the Environment (VROM), The Netherlands  
Joe Kruger, Resources for the Future, United States

Rapporteurs: Arthur Roborgh, Ministry of Housing, Spatial Planning and the Environment (VROM), The Netherlands  
Martine Meerburg, Ministry of Housing, Spatial Planning and the Environment (VROM), The Netherlands

### GOALS

To explore the role that INECE can play in developing a consistent world-wide trading scheme of greenhouse gas (GHG) emissions.

### 1 INTRODUCTION

To answer the aforementioned inquiry as to the role of INECE in developing and enforcing a consistent world-wide trading scheme of GHG emissions, the workshop was divided into two parts that discussed the requirements for:

1. Enabling the private sector to comply
2. Enabling the Competent Authority to ensure and enforce compliance.

The aim was to get:

- Three recommendations on part 1 for enabling compliance and three recommendations for enforcing compliance
- Three recommendations on part 2 for enabling compliance and three recommendations for enforcing compliance

Finally, it was decided to try to draw more general recommendations directly related to the main inquiry as raised above. These recommendations were presented by Mr. Joe Kruger as bullet points during the plenary meeting of INECE.

### 2 DISCUSSION SUMMARY

Mr. Neil Davies started by outlining the aim of the workshop: to review the design elements of an emissions trading scheme, including allocations, legislation, institutional arrangements, and regulation to ensure compliance.

Mr. Chris Dekkers then gave an overview of the European Union Emissions Trading Scheme (EU-ETS) Directive on carbon dioxide emissions trading, using a PowerPoint presentation now available on the INECE website ([www.inece.org](http://www.inece.org)). He emphasized that compliance by the private sector depends heavily on proper monitoring (e.g., the European Commission's Monitoring & Reporting Guidelines), proper reporting, and proper verification (e.g., the European Accreditation Cooperation's guidance note and verification protocols). Furthermore, he highlighted that regulations to enforce compliance by the competent authority are aimed at the use of an electronic registry, inspection, enforcement, and sanctions.

Mr. Joe Kruger focused his presentation on compliance and enforcement in the United States concerning SO<sub>2</sub> and NO<sub>x</sub> emissions trading programs and gave a U.S. perspective on key similarities and dif-

ferences with the EU-ETS trading schemes, supported by a PowerPoint presentation. In this presentation, Mr. Kruger outlined the following:

- 1) emissions monitoring, reporting, and verification,
- 2) data systems concerning emissions and allowance registries,
- 3) penalties and enforcement provisions, and
- 4) public access to emissions and allowance data.

Next, there was a short question-and-answer session, after which the group tried to answer the questions outlined above. The first conclusion was that in many countries, there is a sizeable knowledge gap for environmental compliance and enforcement experts on the requirements, conditions, and costs of emissions trading. For this reason it is important to raise awareness and exchange information on the lessons learned from existing schemes.

### 3 RECOMMENDATIONS FOR INECE

There was agreement that INECE could develop introductory materials (e.g., Frequently Asked Questions documents) on compliance and enforcement aspects of emissions trading, and could provide a platform for exchanging information and data between environmental compliance and enforcement experts. Regarding specific activities, INECE could develop an enforcement and compliance manual for emissions trading, with best practices and basic requirements. INECE might also facilitate or sponsor an analysis that compares the practices of 'third party verification' to the traditional role of the regulator in verification. More generally, INECE could play a vital role in future initiatives to set up guidelines for compliance and enforcement of

emissions trading. INECE could also be the forum for creating linkages between environmental compliance and enforcement experts and international organizations like the European Union, international accreditation bodies, the European Union Network for the Implementation and Enforcement of Environmental Law (IMPEL), and the United Nations Framework Convention on Climate Change (UNFCCC).

#### 3.1 General roles for INECE

- Raise awareness, and provide information and clarification
- Serve as a resource on emission trading activities in different countries
- Establish links with other parties involved (accreditation bodies, UNFCCC, IMPEL etc.)
- Aim for a balance on general consistency and flexibility in international trading schemes

#### 3.2 Various products that INECE should develop

1. A simple document on elements of emissions trading schemes, including Frequently Asked Questions
2. Give more information on:
  - a. skills
  - b. training requirements
  - c. data gathering and sharing
  - d. monitoring requirements and standards
  - e. other technical issues
  - f. third party verification and regulatory input
  - g. sanctions
  - h. costs and financial and environmental benefits (compared to tax systems)
3. A workshop in the near future for practitioners