



# MRV for ETS in Ukraine: Building a working system

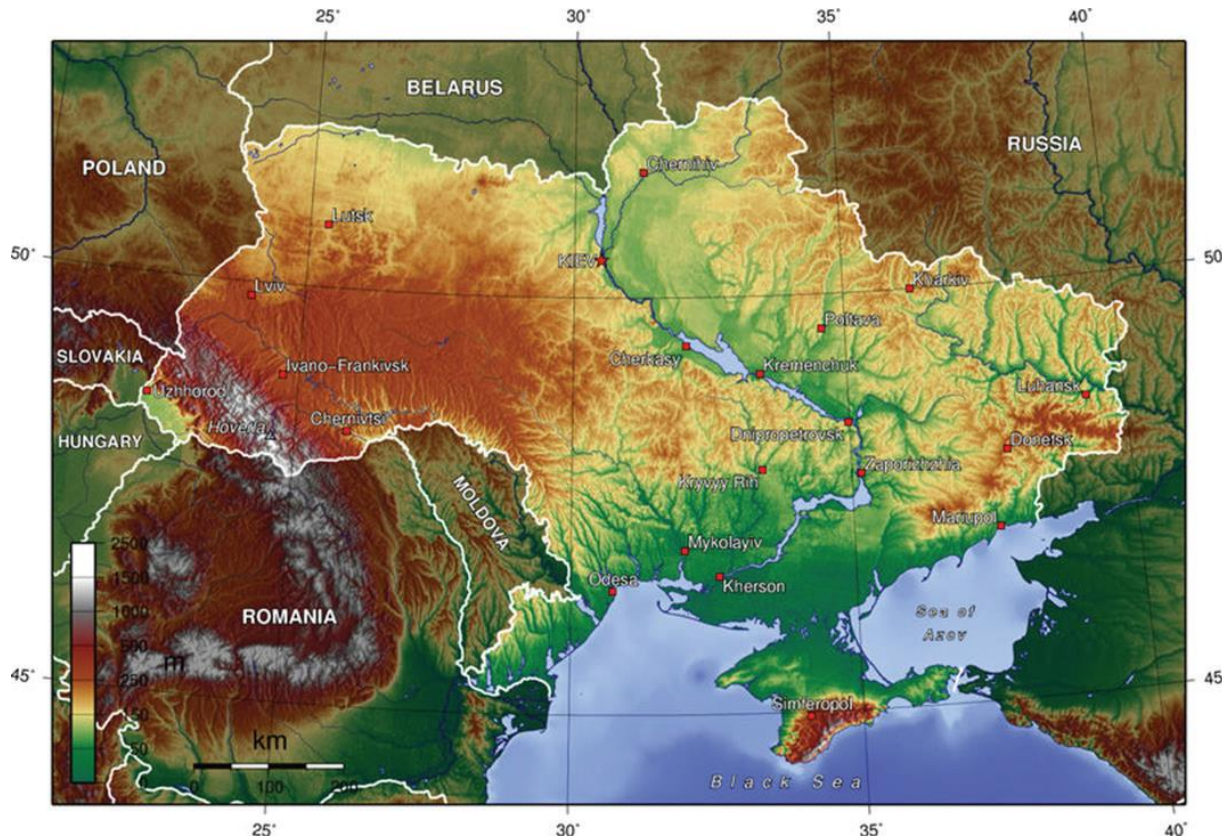
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First summer school  
Implementation and Enhancement of MRV Systems for GHG emissions and ETSs  
September 26-30, 2016  
Izmir, Turkey

# Overview

1. Background information
2. Ukraine and international climate actions
3. Climate change policy in Ukraine
4. National GHG inventory
5. Establishment of MRV/ETS
6. PMR Ukraine project
7. Conclusions

# Area and population



The largest by area  
country in Europe:  
**603.5 thou. km<sup>2</sup>**

Population: **45.2**  
**million (2015)**

## GDP and emissions

- GDP: \$90.6 billion (2015) – 9.9% drop in real terms from the previous year
- GDP per capita: \$2 thousand
- Total emissions: 353 Mt CO<sub>2</sub>-eq. (2014) – 11.7% reduction from 2013
- Emissions per capita: 18.2 tCO<sub>2</sub>-eq. (1990)  
7.8 tCO<sub>2</sub>-eq. (2014)

# Ukraine within climate change actions

- Annex I Party to the UNFCCC since 1997
- Annex B Party (EIT) to the Kyoto Protocol since 2004
- Leading participant of JI (250 projects) and GIS (47 m AAUs) (2008-2012)
- Active UNFCCC COPs participant
- Climate change related commitments under the EU-Ukraine Association Agreement (2014)
- Party to the Paris Agreement (2016)

# Policy objectives and focus

- Preparing for implementation of the **Paris Agreement**
- Enhancing country's **energy security**
- Reducing the Ukrainian economy's carbon and energy intensity through economic incentives to capital investments in **energy-efficient technologies**
- Promoting EU-Ukraine integration goals of the GoU through compliance with the **EU-Ukraine Association Agreement**

# International commitments: milestones

Event/Agreement	Emission reduction target compared to 1990 level
Kyoto Protocol (2004)	100% for 2008-2012
Run-up to Copenhagen (2009)	50% by 2050
Copenhagen Accords (2009)	80% by 2020%
Doha Amendment (2012)	76% for 2013-2020
NDC for the Paris Agreement (2015)	not to exceed 60% in 2030





# Institutional structure for climate policy-making







## Department of Climate Change and Ozone Layer Protection

### Division of Climate Policy and Reporting

- Developing state CC policy for preparation of national strategies and plans on measures to address mitigation and adaptation
- Ensuring Ukraine's participation in UNFCCC negotiation process
- Ensuring Ukraine's reporting under UNFCCC and Kyoto Protocol

### Division of Environmental Investments Coordination

- Implementation of Green Investment Scheme projects under the signed agreements on sale of assignment units (parts) with Japan and Spain

### Division of Environmental Monitoring, Ozone Layer Protection and Technical Regulation

- Development and control over implementation of environmental monitoring, ozone layer protection and technical regulation state policy
- Control over implementation of environmental monitoring, ozone layer protection and technical regulation state policy

### Division of ETS implementation and Registry

- Ensuring coordination and implementation of measures for establishment and functioning of an ETS in Ukraine
- Ensuring operation of a national electronic Ukrainian registry of anthropogenic emissions and removals of GHG

# Major mitigation policies and measures

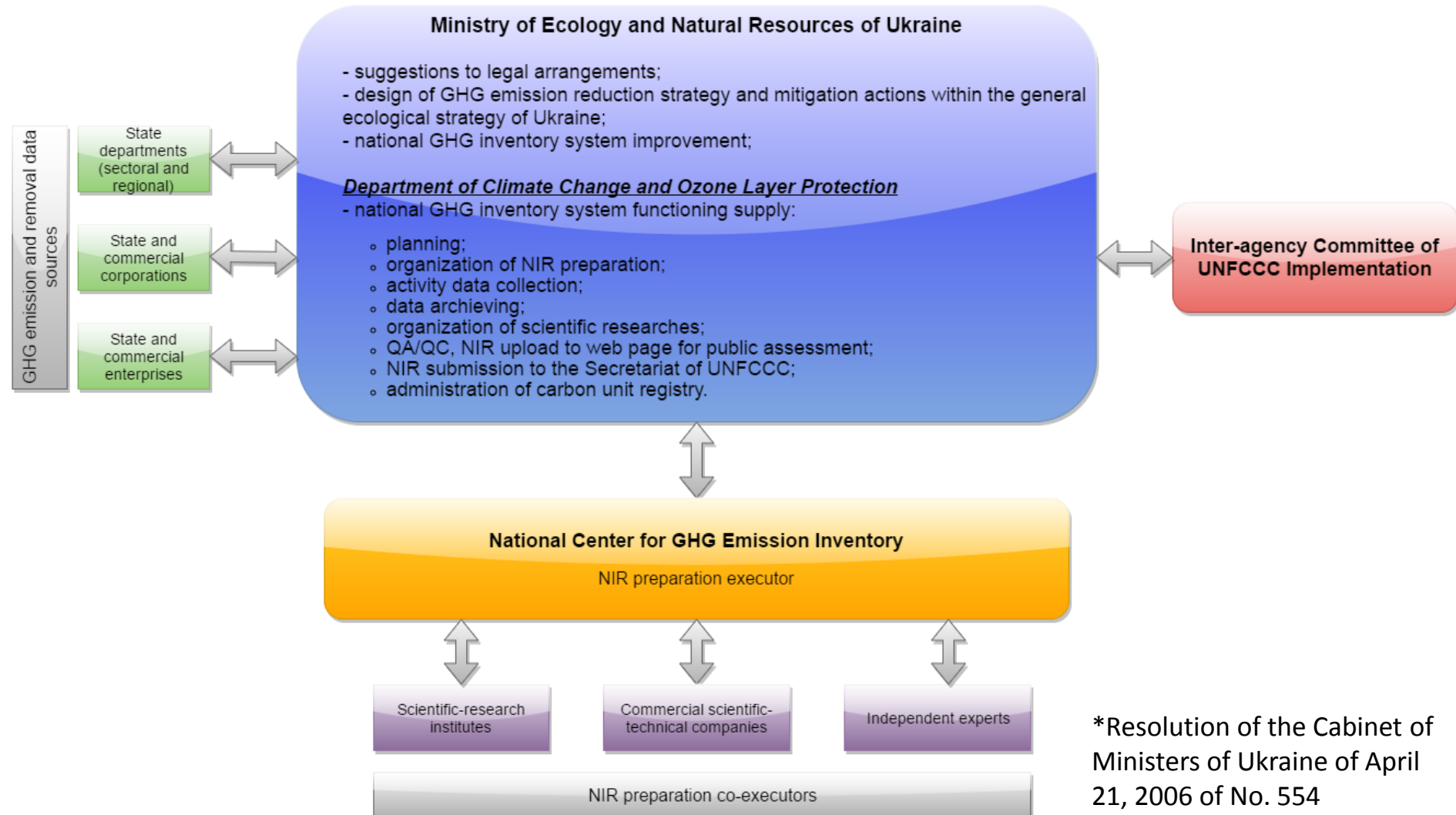
- Energy efficiency
- Renewable and alternative sources
- New technologies, industry modernization
- LULUCF measures to increase GHG removal
- Establishing MRV/ETS system
- Improvement of carbon taxation



# Ukraine in the Kyoto Protocol

<b>Infrastructure established</b>	National GHG inventory system
	National registry
	Institutional and regulatory framework
	Project development/verification capacity
<b>Jl results</b>	250 projects (coalbed methane utilization, biomass, industrial energy efficiency etc.)
	~630 million ERUs issued (72% of world's total)
	Total foreign investment: over €1 billion
<b>Emission trading</b>	47 million of AAUs sold
	Total foreign investment: €470 million
	Project types: buildings thermal efficiency, renewables, transport efficiency, R&D for National GHG Reporting

# Organizational structure of the NIS\*



\*Resolution of the Cabinet of Ministers of Ukraine of April 21, 2006 of No. 554

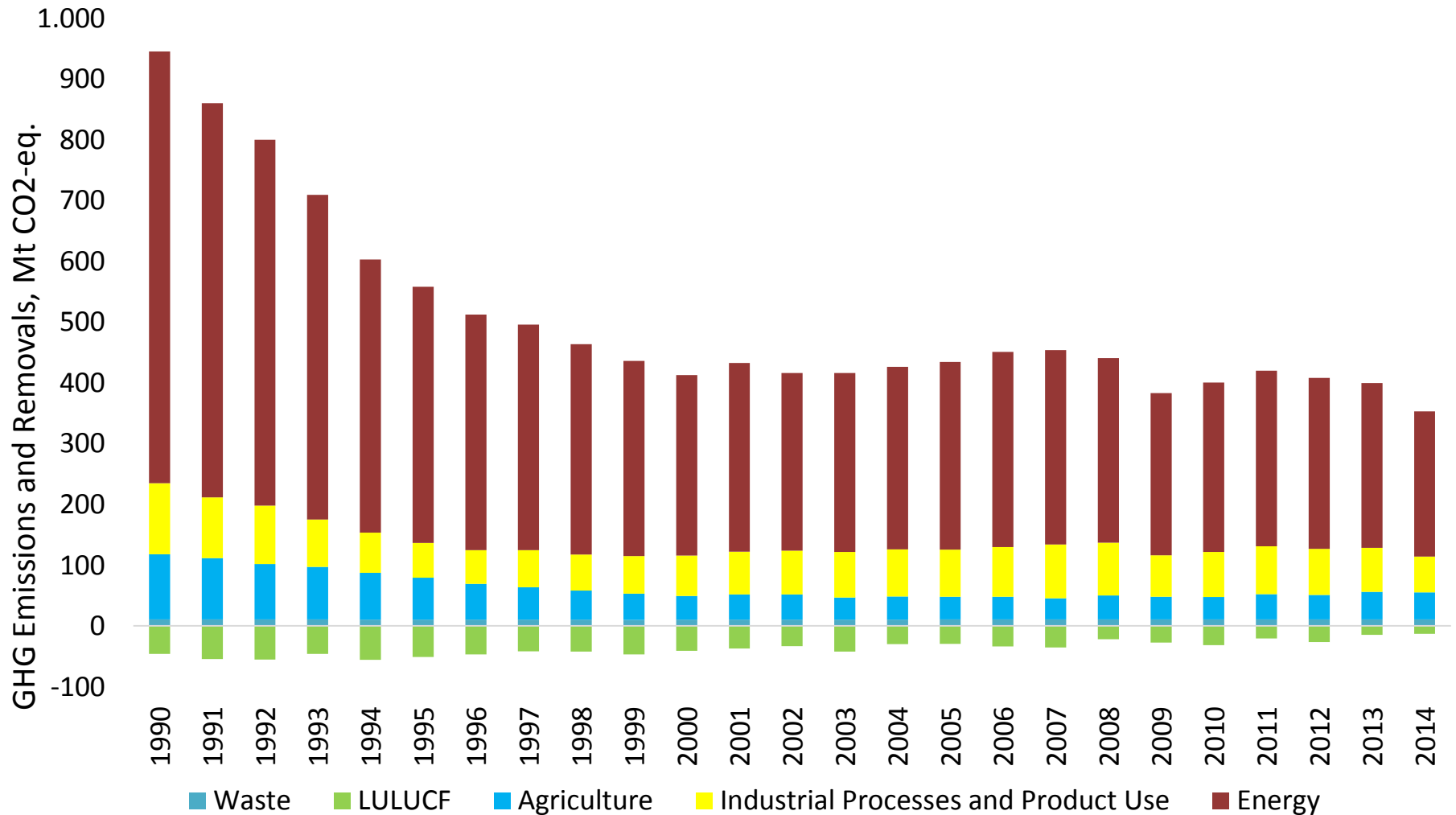


# Current data collection system for estimating GHG emissions

**Three types** of data reporting for estimation of GHG emissions and removals:

- **National-level data:** national GHG Inventory (e.g. statistical reporting);
- **Sector-level data:** mainly for mitigation strategies and measures, partly for national GHG Inventory, (e.g. sector-related information of relevant ministries and agencies);
- **Company-level data:** regular statistical data used for development of statistic reports (two levels - national and regional).

# GHG emissions trends

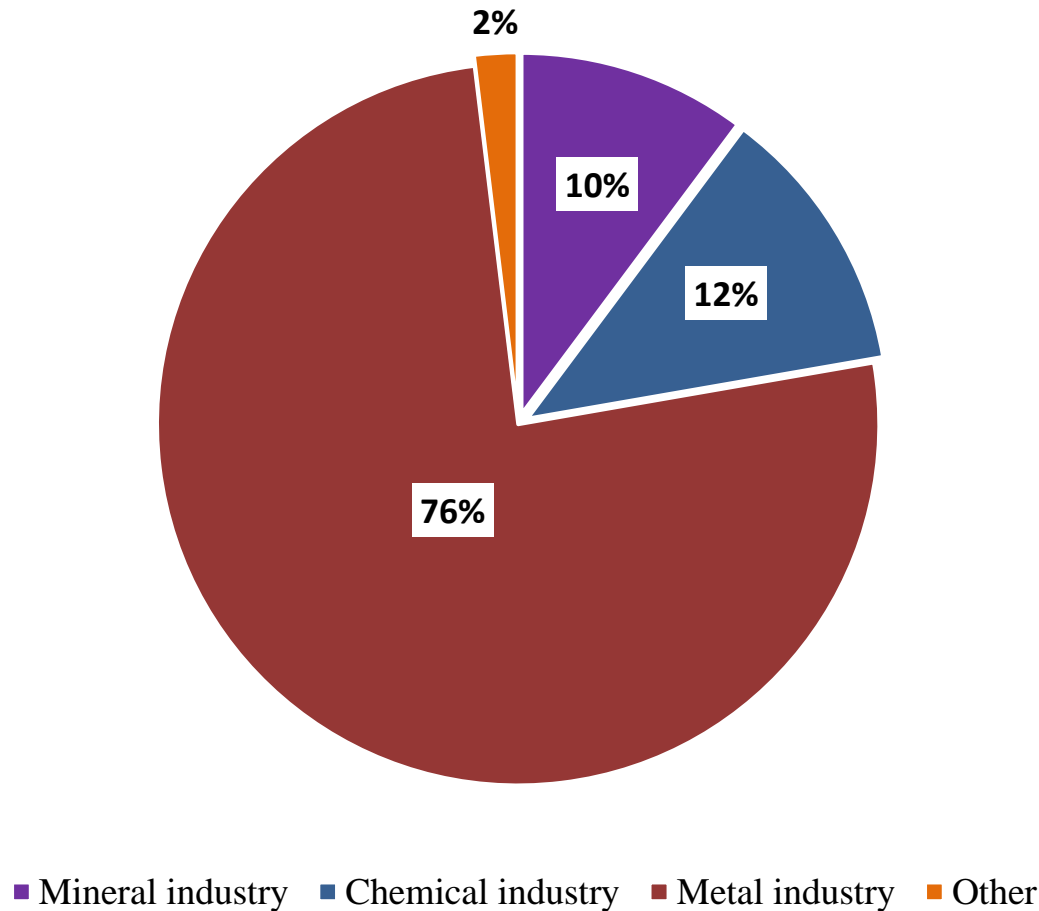




# GHG Emissions Structure, 2014



# Industrial Emissions Structure, 2014





# Rationale for the MRV system in Ukraine

- Commitments under the EU-Ukraine Association Agreement:
  - Adoption of national legislation and designation of a competent authority
  - Establishment of a system for identifying relevant installations and GHGs
  - Development of a national allocation plan to distribute allowances to installations
  - Establishment of a system for issuing GHG emissions permits and issuance of allowances
  - **Establishment of MRV and enforcement systems**, and public consultations procedures



# Rationale for the MRV system in Ukraine (cont'd)

- Pre-requisite for the ETS and basis for other market-based instruments
- Existing carbon tax
- A means of defining low-carbon development strategies under the PA



# Major ETS/MRV components: current status

- Legal:
  - Absence of ETS/MRV legislation
  - MRV law under development
- Institutional:
  - MENR – policy development and coordination
  - Competent Authority is to be determined
  - NAB in place, no explicit MRV-related accreditation powers assigned
  - KP registry and National GHG Inventory Centre operational
- Technical (MRV system)
  - Under development by PMR and other stakeholders
- Policy
  - ETS design options under discussion



# Ongoing TA projects

- WB/PMR
  - MRV implementation
  - ETS benchmarks study
- GIZ
  - National allocation plan, including cap issues
  - Support for CA and NAB
  - Registry and Data management system
- Clima East
  - Initial development of ETS law
  - CA Support
- USAID
  - SEAPs development
  - MRV Trainings



Support to Climate Change Mitigation and Adaptation  
in the Eastern Neighbourhood countries and Russia





# PMR Ukraine

- Main objective: setting up MRV system
- Start – June 2016
- Duration – 3 years
- Available funding – \$3 million
- Procurement underway, first contracts expected in January 2017
- Beneficiary – the Ministry of Ecology and Natural Resources of Ukraine (MENR)

# Legislation development

- Draft law on MRV  
(based on amended Directive 2003/87/EC)
- Cabinet of Ministers' regulations on M&R and A&V  
(based on Regulations No. 600/2012 and No. 601/2012)
- Relevant amendments to current legislation  
(codes, laws, regulations and ordinances)



# MRV capacity building

- Identification of the types of activities for MRV system (fuel combustion, iron&steel, cement, coke, ammonia, lime production etc.)
- Guidelines for activity-specific monitoring methodologies
- Templates and guides for MRV of emissions and for accreditation of verifiers
- Training of installation operators and verifiers
- Pilot projects (~20 installations) on MRV, including preparation of real examples how to fill the templates for each type of activities

# ETS benchmarks development

- Support for **informed decision making process** on the use of benchmarks in ETS-covered sectors
- ETS inclusion criteria and coverage for the types of activities and installations
- Activity/sector-specific product types for benchmarking
- Product benchmarks development

# Conclusions

- Ukraine is in the process of implementing the EU-Ukraine Association Agreement
- MRV for ETS becomes a reality
- Implementation: MRV system, followed by ETS
- Donor support coordination for synergies
- Involvement of all stakeholders



# THANK YOU!

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