

B-PMR

Business Partnership for Market Readiness



IETA
INTERNATIONAL EMISSIONS
TRADING ASSOCIATION

IETA's Industry-to-Industry Emissions Trading Missions For the Next Generation of Carbon Markets

On October 24, 2012 in Sydney, Australia, IETA launched the "Business Partnership for Market Readiness" (B-PMR). We aim to enhance the potential for workable international carbon trading models to emerge around the world. IETA will work in concert with the host governments, the World Bank and PMR donor countries on this initiative.

IETA's membership spans the globe – with major energy, industrial, financial and service companies in virtually every PMR partner jurisdiction. IETA is ideally positioned to assist local businesses to operate successfully in these new markets.

B-PMR HIGHLIGHTS

- B-PMR hosts missions in countries that are preparing emissions trading programs
- Work with local companies, governments and partners to build capacity and awareness ahead of compliance
- Share experiences and best practices from existing carbon markets
- Promote common understanding
- Where appropriate, assist in policy development



An **IETA** Initiative

BUILDING BRIDGES TO NEW MARKET OPPORTUNITIES

"IETA's B-PMR aims to bridge the gap between the private sector community and the exciting activities of the World Bank PMR. As these PMR programs take shape, IETA is perfectly positioned to assist in building business readiness for these new markets, which includes sharing best practices from experiences in existing carbon markets, and where appropriate supporting the policy development process. IETA's B-PMR will provide the ideal forum to achieve this."

IETA President and CEO Dirk Forrister

FOR MORE INFORMATION VISIT WWW.IETA.ORG/B-PMR

B-PMR MISSIONS

Building upon previous experience, IETA will conduct a series of Missions in a select group of 5 countries that are preparing emissions trading programs under the PMR. We will prioritize the programs that are most advanced – and those that invite IETA's involvement. The goal of the dialogues will be to raise the level of understanding and awareness of emissions trading by industries in PMR-implementing countries. They will explore how systems operate and address challenges and opportunities industries may face when participating in carbon markets.

TOPICS

- Industry specific participation (power, steel, petrochemical, cement, etc.)
- Impacts of allowance allocations (historic, benchmarks, auctions, hybrids)
- Compliance planning and corporate strategy
- Monitoring, Reporting and Verification
- Financial products and trading
- GHG Accounting and Audits
- Emissions Data and performance
- IT Tools and Infrastructures

IMPACTS

- Better participation and overall performance of the emerging emissions trading programs
- Encourages common approaches in new trading systems, leading to better harmonization in future international policy frameworks
- Improved understanding for IETA Members on the directions PMR countries are taking in market design
- Stronger business-to-business networks in host countries and links to the international carbon market community

WHAT IS THE PMR?

“The Partnership for Market Readiness (PMR) is a grant-based, capacity building trust fund that provides funding and technical assistance for the collective innovation and piloting of market-based instruments for greenhouse gas emissions reduction. The Partnership brings together developed and developing countries, as well as other key experts and stakeholders, in order to provide a platform for technical discussions on market instruments, foster South-South exchange, facilitate collective innovation for pilot efforts and harness financial flows for implementation and scale up.”

[The World Bank](#)

IMPORTANCE OF THE B-PMR

The B-PMR aims to support and share the development of good business practices in the operation and/or design of market-based instruments to reduce emissions of greenhouse gases in new jurisdictions that are developing emissions trading and carbon pricing policies.

The IETA membership includes over 150 leading companies active in carbon markets worldwide, representing the full range of technical capabilities needed to make markets work. The B-PMR will offer experienced IETA professionals to be credible voices of support for market mechanisms in PMR jurisdictions – encouraging local businesses and helping build their capacity to gain value from the market.

At present, many PMR jurisdictions have not begun private sector engagement. This could become a challenge for the political and operational viability of some of these programs – one that the B-PMR can help to address.

Strategically, the B-PMR is important for IETA members as well. It offers the potential to gain better understanding of new carbon markets, to network with new potential business partners and to gauge new trends in market formation. Finally, it could help inform discussions on the “New Market Mechanism” under design in U.N. talks – a topic of critical importance to market participants.

B-PMR STEERING COMMITTEE MEMBERS

The following companies are contributing members to the B-PMR Steering Committee:



SUCCESS IN FIRST MISSION TO GUANGDONG



B-PMR got off to a strong start in 2013 with a week-long mission to the Shenzhen and Guangdong ETS pilots in China. Invited by local government leaders, the B-PMR organized a team of IETA experts from 20 companies to meet with over 100 local businesses and policymakers in southern China. A large part of the dialogues in the Mission focused on how to seize opportunities in the market, whether by using it to make money by reducing emissions more than required – or simply to reduce compliance costs. It also described how companies use the market to raise investment capital or to hedge risks. Finally, we stressed the potential to grow businesses in a carbon market by demonstrating ways that companies have made money by reducing emissions.

The Mission featured a global team of 25 experts from IETA's membership, many of whom were fluent Mandarin speakers, led very well-attended workshops in Shenzhen and Guangzhou with key industry and regulatory stakeholders. These sessions included small roundtable discussions involving key industry sectors covered under the Guangdong ETS – such as cement, steel, power and petrochemicals. They could discuss specific challenges each sector faced – and how these had been handled in other markets.



Participants in the Guangdong B-PMR Mission, February 2013

PREPARING FOR EMISSIONS TRADING IN THE REPUBLIC OF KOREA



On September 10-12, the B-PMR held its second mission, taking place in Seoul, to discuss the national ETS that is due for implementation in January, 2015. The 2010 Framework Act on Low Carbon and Green Growth provides the legal basis for emissions trading, and government ministries are now developing critical regulations to govern MRV, trading rules and other design features.

IETA was assisted by the British Embassy and the Korean Ministry of Environment to hold the mission. It convened over 75 companies across a range of sectors that are facing compliance under the ETS. Many have some experience under the voluntary Target Management Scheme that utilizes some of the key features of trading. These participants were briefed by 19 IETA member companies on the importance of MRV at the installation level; developing risk management and trading strategies; the use of offsets; financial products and trading carbon; and other key issues.

Participants welcomed the opportunity to gain knowledge of best practices for carbon market, learning from policies in place around the world.

PROVIDING BEST PRACTICES TO BUSINESSES AHEAD OF THE SHANGHAI CARBON MARKET LAUNCH



In October 2013, the B-PMR hosted its second mission in China. Shanghai was about to launch its sub-national carbon market, and IETA held a 2-day dialogue to ensure companies understood the business implications. The mission was co-organized with the Shanghai Energy and Environment Exchange, with support from the British Embassy in Beijing and the Shanghai Development and Reform Commission (DRC).

The emissions trading scheme forms part of package of measures to achieve the carbon intensity targets under the national 11th Five Year Plan. Participating companies had the opportunity to learn from European entities that have been involved in the EU ETS. Over 80 different companies that will soon be included in the Shanghai ETS pilot participated in the discussion, and provided insight into their 'market readiness' for emissions trading in China.

2014: THE YEAR AHEAD

In 2014, the B-PMR will build on its success from 2013 with further missions. A third visit to China, examining developments in the Beijing sub-national carbon market, is planned for late February. We will follow this with additional missions throughout the year with a special focus on Latin America. We will also develop innovative forms of maintaining a presence and dialogue with local companies from prior missions to ensure the knowledge sharing experience continues, and companies are 'carbon market ready.'



WHO WE ARE: IETA is the only cross-sector, cross-function business association supporting emissions trading and carbon finance that span the world's carbon markets. Members cover the full spectrum of major energy, manufacturing, commodities, finance, and service companies across the world.

WHERE WE ARE: IETA's headquarters are in Geneva. IETA has offices in Washington, Brussels, Toronto, and representation in San Francisco, Seoul, Tokyo and Melbourne; IETA has close affiliations and networks that follow emissions markets, practices, trading, and finance and climate negotiations all over the world.

WHAT WE ARE: IETA is the voice of business world-wide on carbon pricing, carbon finance and emissions trading, commanding respect gained from over 10 years of leadership in negotiation, commercial and policy forums, starting from the birth of the carbon trading idea. The messages that IETA delivers come from the collective views of the business leaders forming its membership. Members' working groups are organized by geography and by issues - such as offset projects, market oversight, and emerging climate finance models.

