



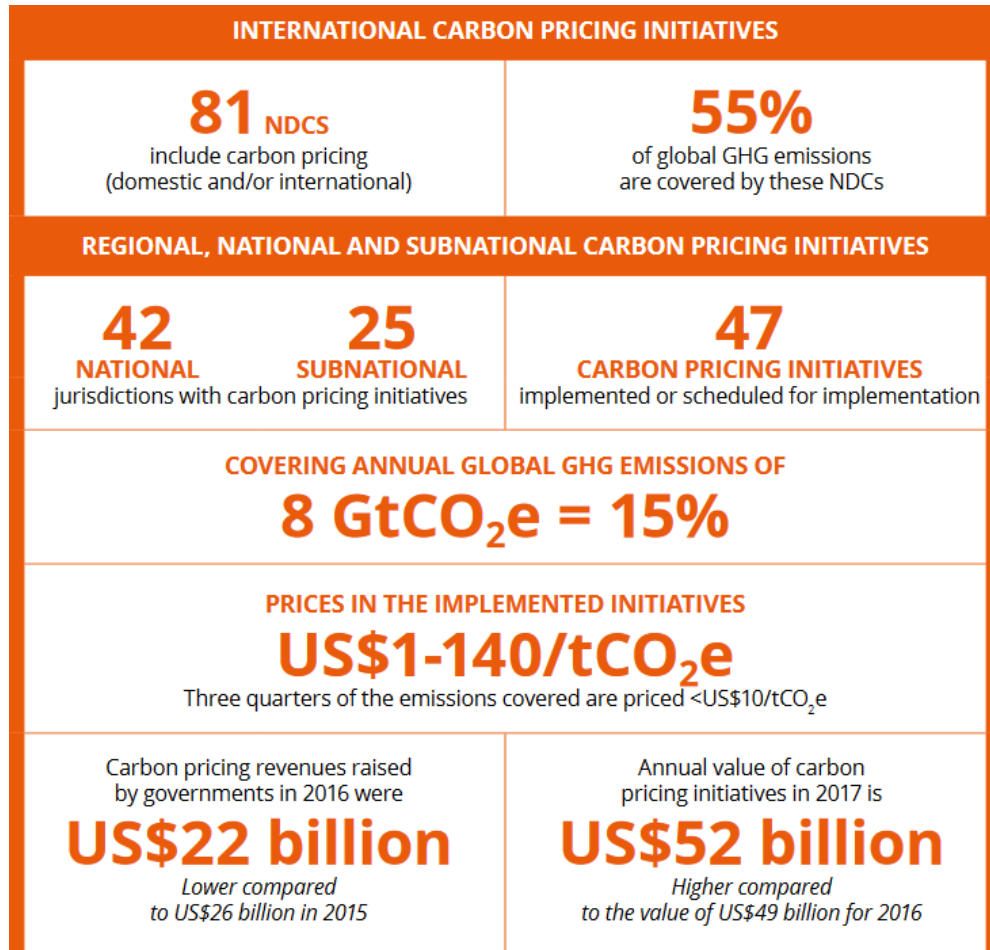
International Carbon  
Action Partnership

# SNEAK PREVIEW! ICAP Guide to Linking

Bonn, Germany  
15 November 2017

Constanze Haug, ICAP Secretariat

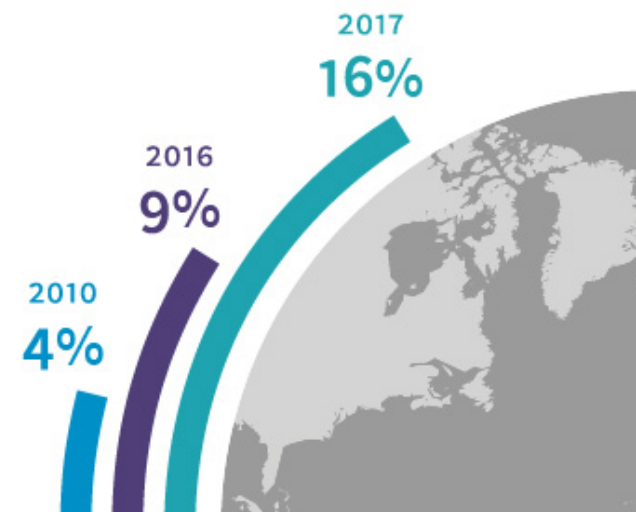
# Proliferation of carbon pricing and international context



Source: World Bank, 2017

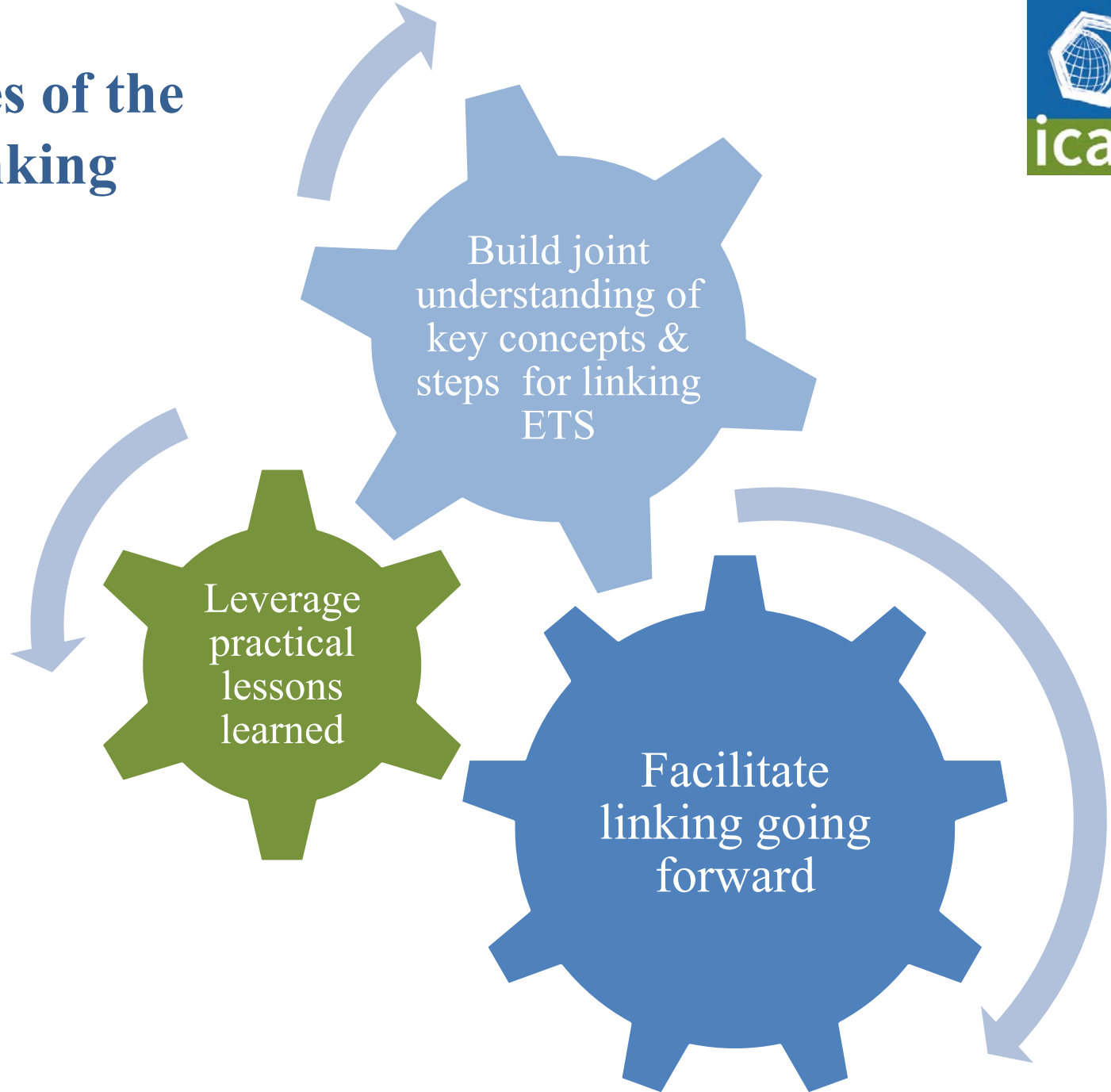


Art. 6.2 ITMOs, incl. linking ETS



Source: ICAP, 2017

# Objectives of the ICAP Linking Guide

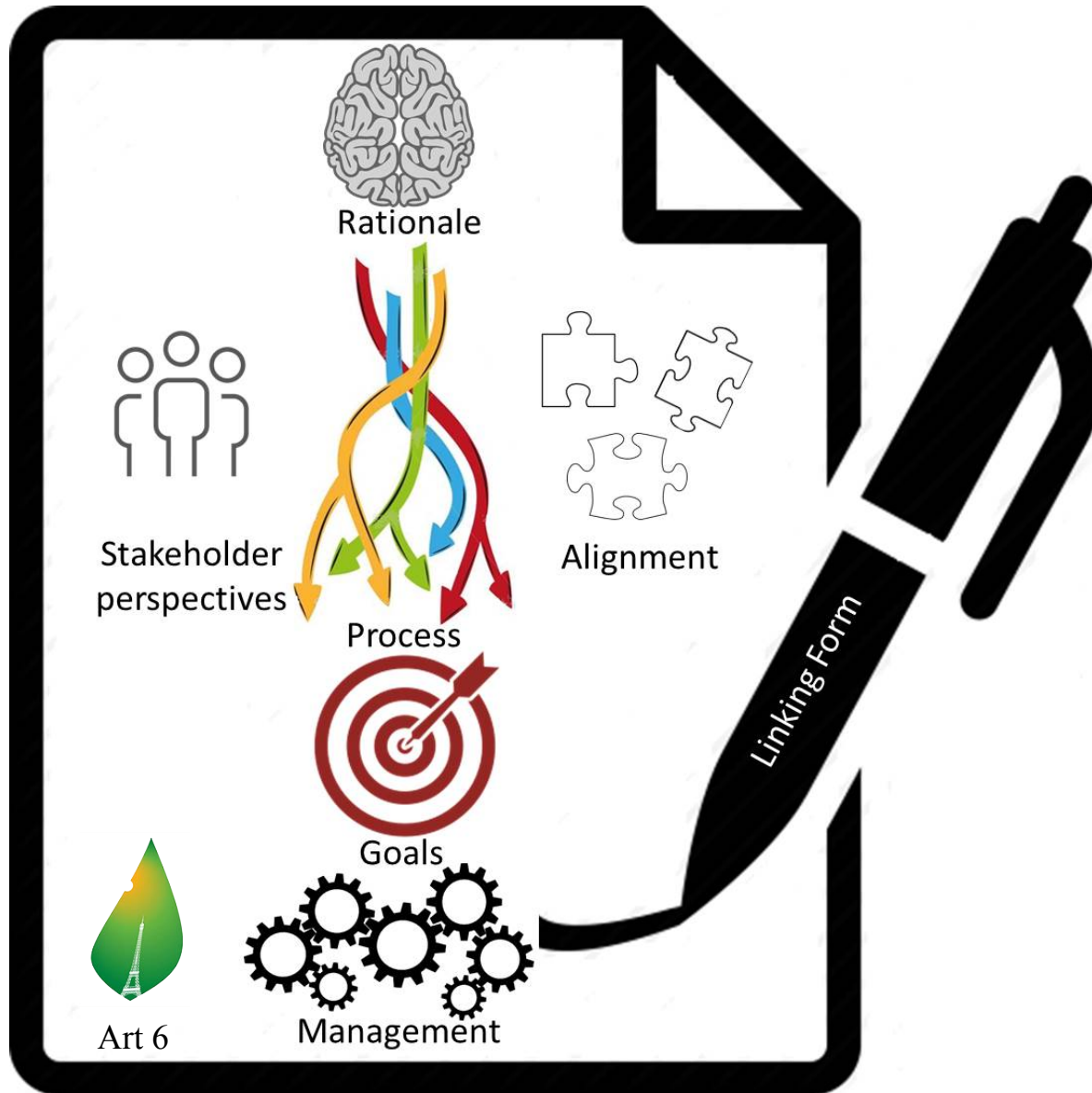


Build joint  
understanding of  
key concepts &  
steps for linking  
ETS

Leverage  
practical  
lessons  
learned

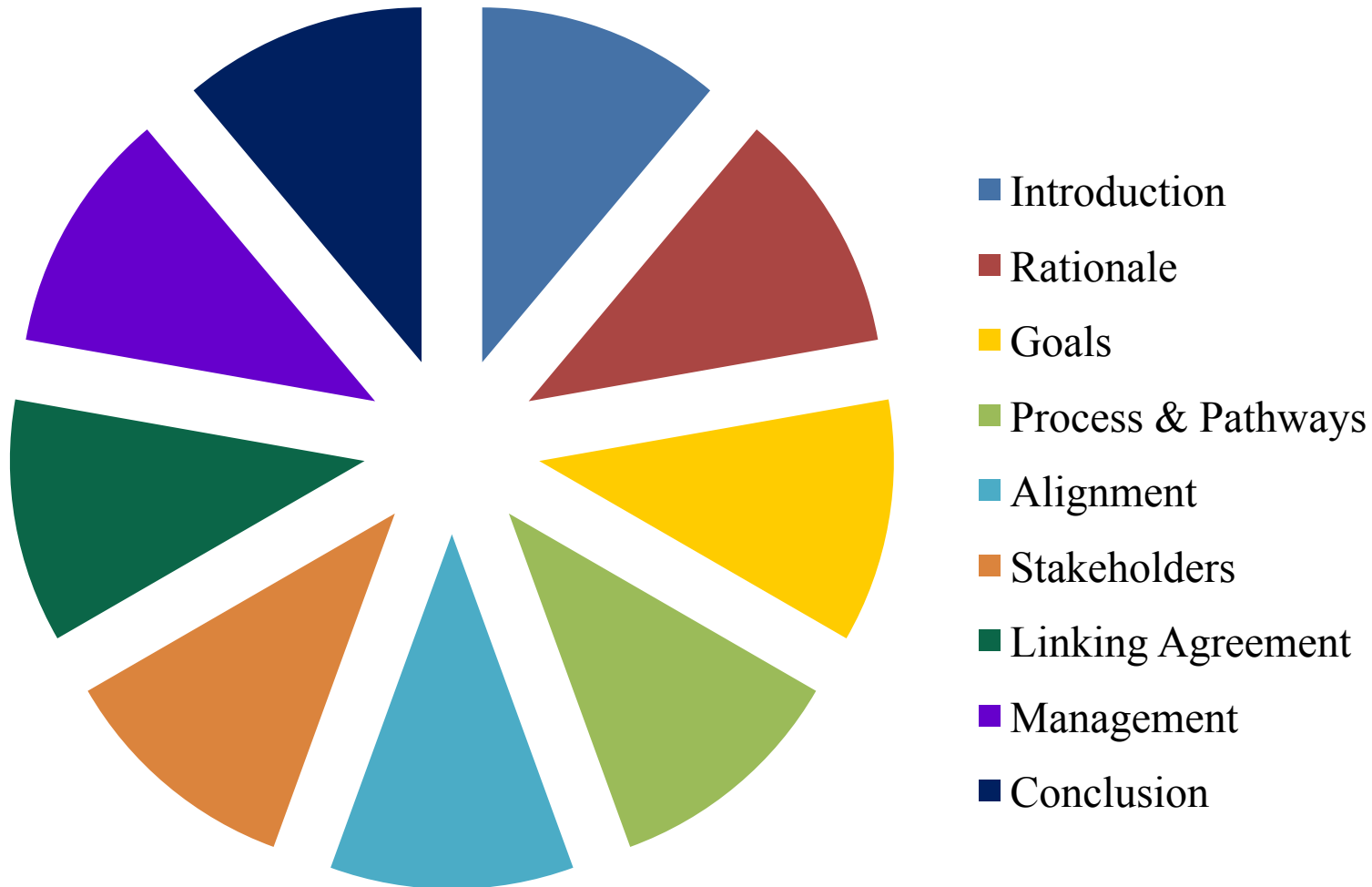
Facilitate  
linking going  
forward

# Content of the linking guide



- Guide covering the whole life cycle of linking ETS
- Focus on (bilateral) ETS linking but mindful of diversity of approaches in post-Paris era

# Outline



# Design alignment: ‚minimalist‘ approach



## System integrity

Is a ton of emissions the same across the jurisdictions?

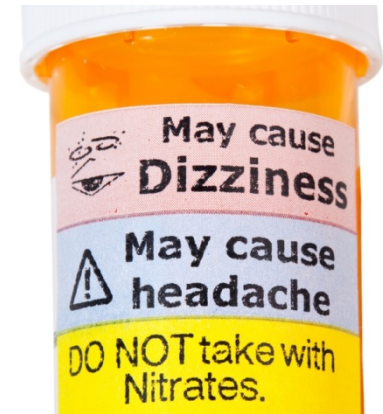
Understand and agree upon what is being measured and how in the linked systems



## Environmental ambition

Will the partner’s ETS drive an adequate level of mitigation?

Consider: strength of carbon signal, additionality, timeliness and permanence



## Possible side effects

**Adverse:** competitiveness or fairness concerns?

**Beneficial:** take advantage of partner’s design or increased stringency

## Process and timeline

- Primary document **analysis** + review of linking literature
- **Interviews with linking practitioners** from Australia, California, EU, Massachusetts, New York, Ontario, Québec, Switzerland, Tokyo
- Now in the **drafting and editing phase**, with senior editors **Michael Mehling + Dallas Burtraw**
- **PUBLICATION & LAUNCH: Q1 2018**



**Thank you very much!**

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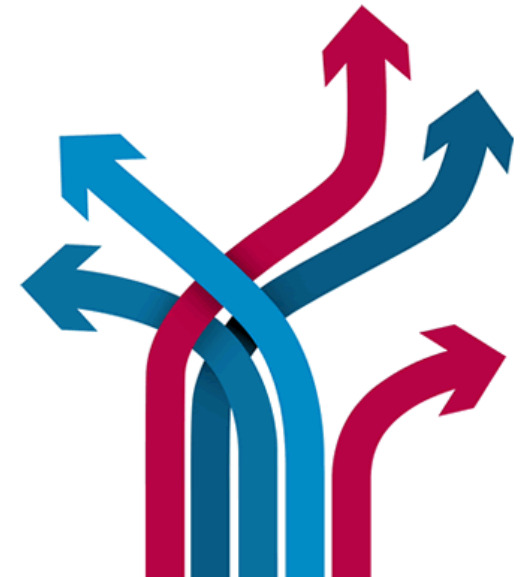
## Linking Agreement: Typical content

- ✓ Mutual recognition of allowances (incl. from third parties and offsets)
- ✓ Alignment of ETS legislation
- ✓ Information sharing and coordination (incl. confidentiality)
- ✓ Effective and consistent enforcement of the ETS
- ✓ Joint institutions and procedures
- ✓ Accounting of allowances
- ✓ Dispute resolution and change management (incl delinking)

# Process & Pathways: Required time & resources

## 4 factors to consider

1. Design alignment: How similar are the systems?
2. Nature of link: What kind of link? Blueprint for further links?
3. Relationship with linking partner:
  - What is the relationship like e.g. existing cooperation?
  - Broader politics: e.g. new government, bilateral political crisis?
4. Jurisdiction's regulatory process(es)



# Process & Pathways: Negotiation Phase (RGGI Action Plan)



## **Phase I: Learning Phase**

Sharing experiences, expert briefings, identifying legal mechanisms for action



## **Phase II: Development Phase**

Data gathering and technical analysis, develop model rule, stakeholder process, registry development, cost-benefit analysis, website



## **Phase III: Development Next Phase**

Offset requirements, program expansion