

The background of the slide is a dark blue globe with glowing blue energy lines and arcs connecting various points across the continents, symbolizing a global energy network.

Energy Community Technical Working Group meeting on carbon pricing

4 April 2023, Vienna

Overview of current national plans linked to carbon pricing policies and instruments - updated gap analysis

Peter Pozsgai, Governance Expert,
Energy Community Secretariat

Current legal acts and plans related to carbon pricing

	Primary legislation
AL	No provisions on carbon pricing in the existing Law on Climate Change (2020) → provisions on GHG permit and planned amendment
BiH	Concept paper for framework energy and climate law in BiH including carbon pricing → plan for cpr. 2025-2026
GE	Draft Law on Climate Change → <i>plans to include carbon pricing?</i>
MD	Concept for Climate Law → <i>plans to include carbon pricing?</i>
ME	Law on Protection Against the Negative Impacts of Climate Change (2019, amendment in progress, adoption until Dec 2023) → provisions on GHG permit, allocation of allowances (public auctions & FA), small emitters, Regulations on: total amount of allowances, auctioning methodology, minimum auction price for allowances, eligibility for FAs, reduction of overall allowances, use of auction revenues, rules for the registry and accounting of allowances;
MK	Draft Law on Climate Action → plans for a carbon fee, with increasing level, provisions on the use of the revenues, GHG permit, Planned secondary legislation: scope of activities and gases, timeframe of activities for which payment must be made
SRB	Law on Climate Change (2021) → provisions on GHG permit, Govt. prescription of annual GHG emission levels for installations and aviation activities and a flexibility mechanism → work ongoing related to carbon pricing
UA	Draft Law on the main principles of state climate policy → <i>plans to include carbon pricing?</i>
XK	Draft Law on Climate Change → <i>plans for a cap-and-trade system?</i>

Guidance questions for the tour de table

1. **Is a cap-and-trade system (ETS) planned in your CP? By when?**
2. **Do you have other taxes/fees that must be paid by CO2 emitters?**
3. **What are the plans to align this with the future cap-and-trade system? (if applicable)**
4. **Do you have plans for another (non-cap-and-trade) carbon pricing instrument? When would its introduction be feasible?**

The text "Coffee break" in a bold, yellow, sans-serif font, centered on a dark blue background with a glowing network of lines and a map of Europe.

Coffee break

The background of the slide is a dark blue globe with glowing blue energy lines and arcs connecting various points across the continents, symbolizing a global energy network.

Proposed working method and mapping of key areas for discussion

Peter Pozsgai, Governance Expert,
Energy Community Secretariat

Organization of the work

- Technical level discussions in the TWG → currently 3 meetings (May, July, Sept) are planned;
- Political discussions in the Energy and Climate Committee → currently the ECC meeting is planned for end May and another meeting could take place in Sept if needed;
- High-level political discussions → Informal Ministerial Council in Tirana (29-30 June tbc)

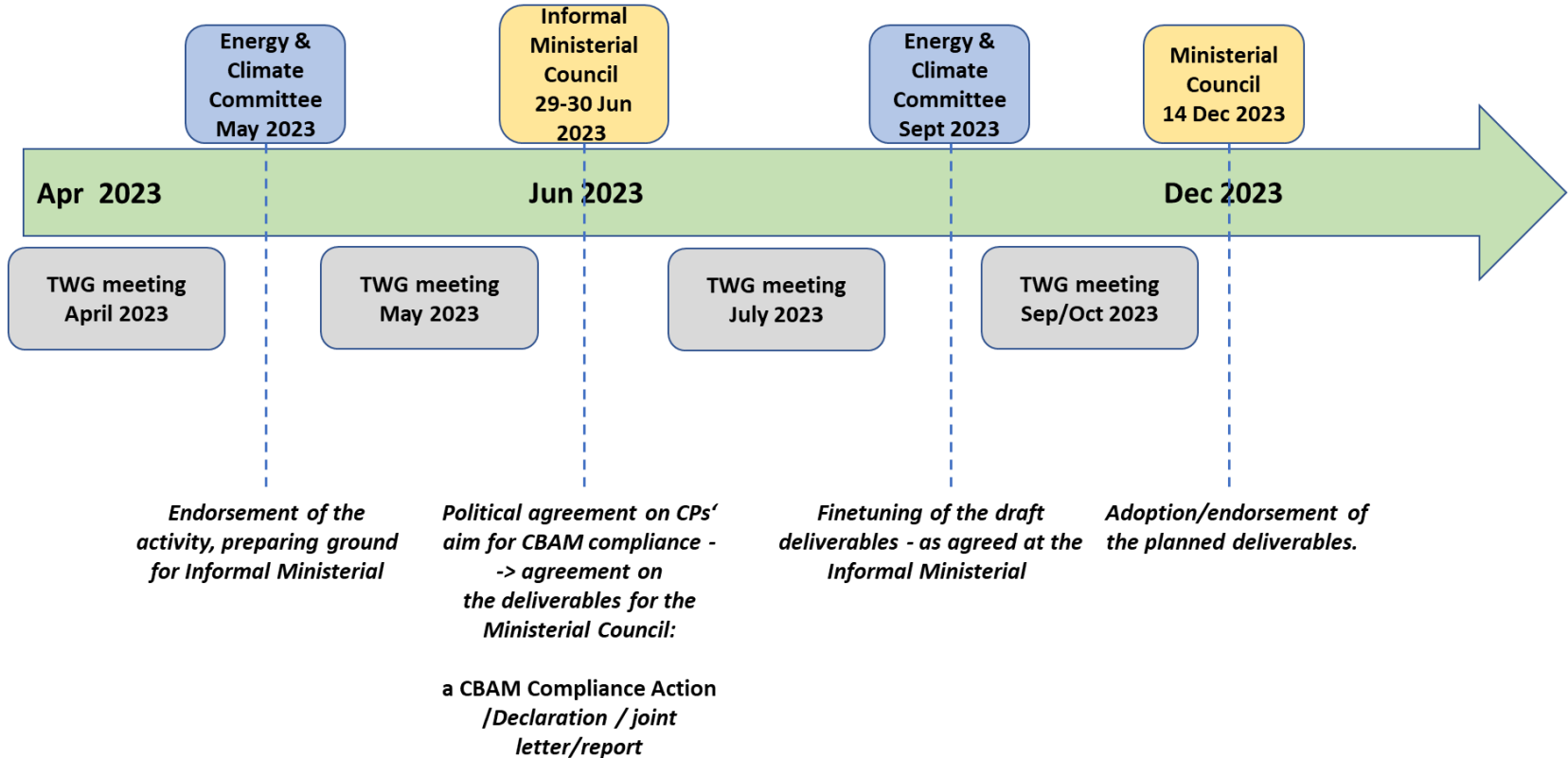
Content

- Systematic review of and discussions on the ETS design elements, collecting CPs positions and inputs → **please send to the EnCS all existing and planned legislation on carbon pricing**;

Deliverables

- Status overview of the possibility of (a) cap-and-trade system(s) in the EnC, with possible elements for regional cooperation;
- Link to the relevant CBAM exemption and derogation requirements;

Proposed way forward



Proposed way forward

Discussion on the technical level focusing on questions such as:

- Are my CP's plans on carbon pricing:
 - adequate and
 - in line with the CBAM timeline?
- What adaptations of the EU ETS Directive would be necessary for my CP in order to be able to introduce a cap-and-trade system? (for specific circumstances e.g. carbon leakage or because of existing legislation)
- In which areas would the current legislative (e.g. constitution, administrative rules) and technical conditions in my CP allow cross-border cooperation in a cap-and-trade system?

CPs status and plans (legislation)

Legislation exists but
need to be amended /
extended

AL, ME, SRB, UA*



???

Draft legislation exists
that need to be adopted

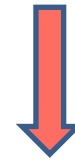
MK, UA*, XK



End of 2023?

Concept for draft
legislation is developed

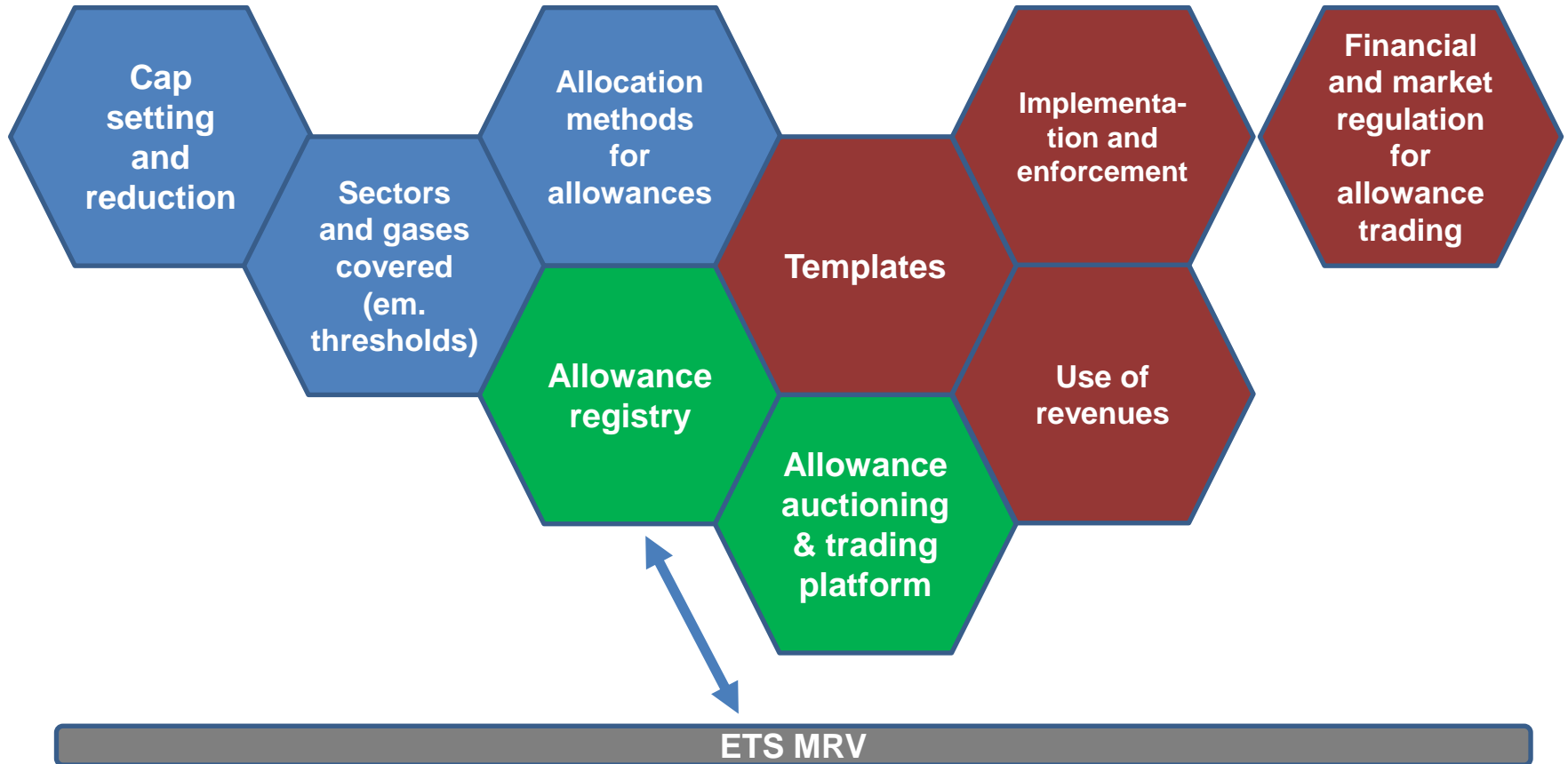
BiH, GE, MD



End of 2024?

- Currently no CP legislation in force that explicitly sets out a cap-and-trade system as a future carbon pricing tool (alignment with existing carbon/environment taxes and fees!);
- Some of the draft legislation contain more specific provisions, but question what will be in the adopted version;
- Most flexibility for those where the concept is still being developed;

Building blocks for a cap-and-trade system (and for the discussion)



Potential areas for regional cooperation

- **National Accreditation Bodies** – recognition of the appointment of verifiers in another CP;
- **Verifiers** – recognition of the verified emission reports and levels of operators in another CP;
- **Allowance registry** – key for enabling allowance trading across CPs (possible incentive for stakeholders who are active in multiple CPs) – aim is to avoid double-counting and to ensure that the same information is visible for CAs in all CPs;
- **Allowance auctioning/trading platform** – market-based price formation, better transparency and potentially lower costs than for OTC trading. With a “block” request, CPs could negotiate better terms with service providers (economies of scale);
- **BUT: all this is in vain if the system design and the compliance rules in CPs are different!**



THANK YOU
FOR YOUR ATTENTION

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