



Stakeholder Participation Process

Support for the Establishment of an Emissions Trading Scheme (ETS) in Ukraine



Tasks of Stakeholder Participation Process

On 23 June 2022 Ukraine has gained a status of EU candidate country. Due to this recent change and due to its previous commitments under EU-Ukraine Association Agreement, Ukraine needs to implement a national ETS.

- To familiarize stakeholders with the basic elements of ETS and to involve them in the design of the future ETS in Ukraine
- To explain roles of ETS stakeholders
- To help stakeholders to form their own position on the planned characteristics of the system and to provide an opportunity to express their vision
- To improve perception of ETS by stakeholders and, if possible, to gain their support
- To prepare stakeholders for professional discussion on future legislation on ETS

Stakeholder Participation Process: schedule of events

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|------------|--|
| 16.12.2021 | High-level opening event |
| 10.02.2022 | 1st working session: Building blocks of ETS for Ukraine |
| 08.09.2022 | 2nd working session: Scope & coverage, cap-setting, and the role of an ETS in Ukraine |
| 15.09.2022 | 3^d working session: Allowance allocation under an ETS – methods, leakage protection, and revenue use |
| 29.09.2022 | 4th working session: Interactive game: ETS basic design decisions |
| 27.10.2022 | 5th working session: ETS market functioning and the compliance cycle |
| 22.02.2023 | High-level closing event: Stakeholder perspectives on the role of an ETS in Ukraine's green recovery |

Overview of the participants

Participants statistics

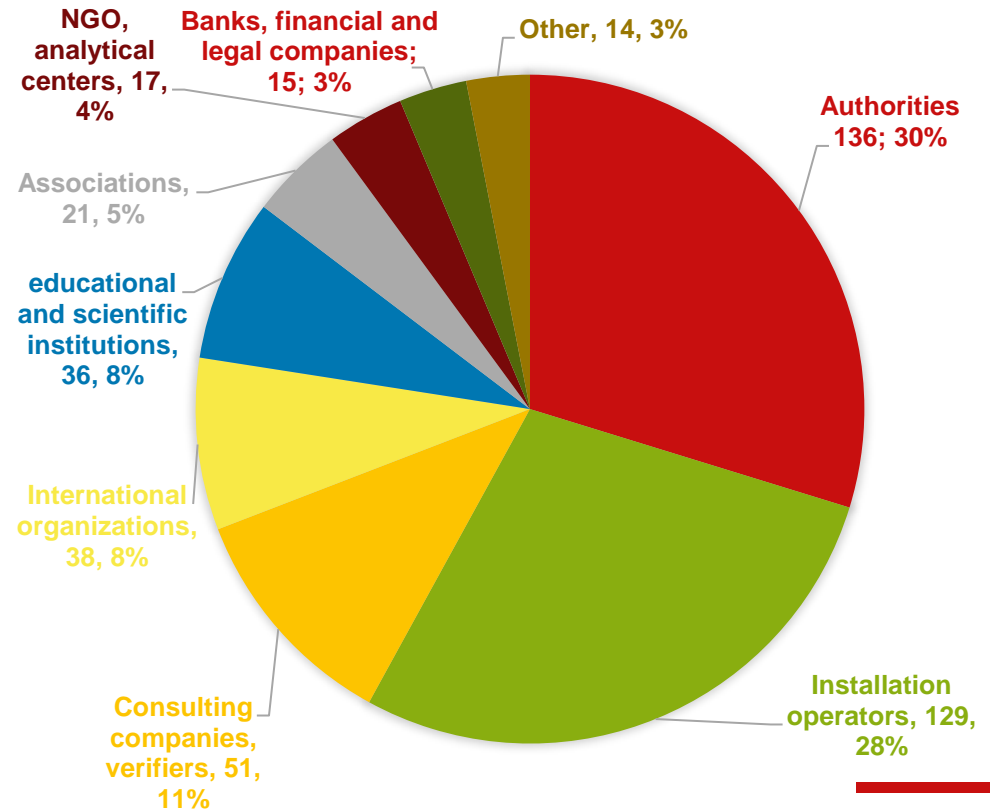
756 – overall quantity in all events

126 – average quantity during 1 event

227 – max. quantity (16/12/21)

48 – min. quantity (27/10/22)

457 unique participants



Major discussion points

Business:

- Integration into EU market and accession to EU (exemption from CBAM);
- Phased-in approach: start with pilot phase and continue when experience and knowledge is there;
- Free allocation of allowances in the initial phase should be offered as the main allocation approach and to all covered sectors;
- Establishing an effective and efficient domestic carbon market;
- Linking domestic ETS with EU ETS;
- Reward climate-friendly installations.

NGO:

- Stringency of cap;
- Less flexibilities and shorter pilot ETS phase;
- Transparency and credibility of reported GHG data.

Government:

- Harmonization of national legislation with EU acquis;
- Establishment of ETS is a key mitigation instrument in the basket of mitigation policies;
- Exact deadlines for ETS introduction and its full EU-alignment.

Lessons learnt so far

Developing and approving acts of primary and secondary legislation: national legislation development is based on relevant EU legal acts with minor adjustments to account for national conditions;

Building capacities of Competent Authority: staffing, training, ad-hoc expert support and engagement of relevant international exchange;

Building capacities of accreditation authority and verification bodies: only domestic legal entities can become verifiers for UA MRV system, but MRV system requirements are similar to EU, which simplifies an access of EU verifiers to UA national MRV system;

Building capacities of installation operators: trainings, manuals and continues help-desk for clarification of requirements;

Digitalization of processes: development of data management system (DMS) to simplify GHG data submission and processing;

Early engagement of relevant stakeholders at all stages: engaging stakeholders helps to avoid potential misunderstandings and contributes to constructive dialogue.

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