



# **Legislation of the RK in the field of ETS**



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# **Environmental Code of the Republic of Kazakhstan**

Date of enactment – 2 January 2021 Date of entry into force – 1 July 2021

Section 18 Climate and the atmospheric ozone layer

Chapter 20. State regulation of greenhouse gas emissions and removals

Articles: 281 - 304



# Measurement, Reporting and Verification Framework – what has been done?

Legislative framework for a greenhouse gas stock-taking system of the RK

# **Environmental Code, Chapter 20**

## Rules of state regulation in the field of greenhouse gas emissions and removals – Decree of the Minister of Environment, Geology and Natural Resources of the RK #91 of 28.03.2022

Rules for conducting validation and verification – Decree of the Minister of Environment, Geology and Natural Resources of the RK #12 of 14.02.2022



# **Environmental Integrity**





# Article 283. National contributions of the Republic of Kazakhstan to global climate change response

- The goal of the RK is to decrease carbon balance by at least 15 percent from the carbon balance level of 1990 by 31 December 2030 – NDC RK.
- The carbon balance of the Republic of Kazakhstan is the amount of actual GHG emissions minus the amount of actual GHG removals for the specified period.
- An authorized body develops subsequent NDCs (nationally determined contributions) in accordance with the international agreements ratified by the Republic of Kazakhstan.
- Subsequent NDCs at the level of the RGRK;
- Authorized Body a working body for the implementation of international treaties in the field of climate change.
- State bodies and officials of the RK are obliged, within the scope of their competence, to take actions aimed at ensuring the fulfillment of the national contributions of the RK.





#### IMPLEMENTATION OF THE PARIS AGREEMENT AND CARBON NEUTRALITY



In 2014, greenhouse gas emissions in the Republic of Kazakhstan have already exceeded the level stipulated in the Paris Agreement



## Dynamics of national GHG emissions by sectors in 1990-2020 (thousand tons of CO2-eq)



Energy sector – 79.86 %; Agriculture – 10.18 %; Industrial processes and product usage – 5.95 %; Land Use, Land Use Change and Forestry – 2.64 %; Waste – 1.38 %.

> Overall nationwide emissions by type of gases in 2020





#### State regulation of greenhouse gas emission in the Republic of Kazakhstan







#### Activities of the operator of the carbon unit trading system:

- forming and maintaining the state carbon cadastre;
- implementing state stock-taking of GHG emissions and removals;
- forming and maintaining the state register of carbon units;
- supporting the implementation of the ETS in the RK;
- sale and purchase of carbon units.

## **MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES OF THE REPUBLIC OF KAZAKHSTAN**



### **ACTIVITIES OF THE CARBON UNIT TRADE SYSTEM OPERATOR**

- Designing and managing the state carbon cadastre
- Carrying out state inventory of greenhouse gas emissions and removals
- Establishing and maintaining the state register of carbon units
- Supporting the implementation of the emissions trade system
- Sale and purchase of carbon units



# **ETS** Operator



## Article 289. Carbon quotas

**Carbon quota-setting means** that the state sets a quantitative limitation on the aggregate volume of quota-subject greenhouse gas emissions produced by quota-subject facilities in the sectors of the economy specified in paragraph 2 of this Article for the period of carbon budgeting, and distributes carbon quotas to the subjects of quota setting in accordance with this Code.

Quota-subject GHG emissions refer to carbon dioxide emissions.

The electric power, oil and gas, mining, metallurgical and chemical industries, as well as the manufacturing industry dedicated to the manufacture of cement, lime, gypsum and bricks (hereinafter - regulated sectors of the economy) are subject to carbon quota setting.

A quota-subject facility is a facility whose quota-subject greenhouse gas emissions exceed twenty thousand tons of carbon dioxide per year in the regulated sectors of the economy.

The subject of quota setting is the operator of the quota-subject facility.

A carbon quota refers to the quantitative amount of quota-subject GHG emissions established for the quota-subject facility for the period of validity of the National Carbon Quota Plan in accordance with paragraph 4 of Article 290 of the present Code and credited to the relevant account of the operator of the facility in the state register of carbon units.



A carbon quota is formed through the distribution of carbon quota units, as well as through the purchase of carbon units by the subject on the carbon market.

A carbon quota unit refers to the carbon unit used to calculate the carbon quota volume.

It is prohibited for the subject of quota setting to operate a quota-subject facility without obtaining carbon quotas...

The subject of quota-setting has the right to **independently allocate** available carbon quota units between its facilities within the quota period.

The subject of quota-setting has the right to sell or buy carbon quota units, **except for units** received in accordance with <u>paragraph 8 of</u> Article 295 of this Code.

The subject of quota-setting has the right to **transfer outstanding carbon quota units between reporting periods** within the period of the National Carbon Quota Plan's validity.

Carbon quota-setting shall be carried out in accordance with this Code and in accordance with the procedure established by the **Rules of state regulation in the field of GHG emissions and removals.** 

In case the subject of quota-setting exceeds the established carbon quota, the subject has the right to **compensate for the** carbon quota **shortage** via purchased carbon units, additional carbon quota and (or) **offset** units.



## Article 290. National Carbon Quota Plan

• The National Carbon Quota Plan (further on - National Plan) is a document that establishes the total number of carbon quota units to be allocated among the subjects of quota setting in the regulated sectors of the economy, as well as the volume of the reserve of carbon quota units.

- The National Plan is developed and approved by the authorized body in the field of environmental protection.
- The period of the National Plan's validity should correspond to the period of carbon budgeting.
- The reporting period of the National Plan is one calendar year.

• The total number of carbon quota units to be distributed free of charge among the subjects of quota setting by regulated sectors of the economy is calculated in accordance with the procedure established by the Rules of state regulation in the field of greenhouse gas emissions and removals.





132 large industrial enterprises





43% of all emissions in Kazakhstan

A quota-subject facility is a facility whose greenhouse gas emissions exceed 20 000 tons of carbon dioxide.

#### The benchmarking method is used in the distribution of carbon quotas

Regulated area of activity	Number of facilities	Volume of quotas for 2021, tons of carbon dioxide	
Electric power	90	96, 7	62
Oil and gas	61	23, 5	handhmarke
Mining	24	7, 7	approved
Metallurgical	21	31, 3	approved
Chemical	7	1, 7	
Processing (manufacture of building materials: cement, lime, gypsum and bricks)	15	8, 2	5
Total	218	169, 2	



Article 293. Monitoring of greenhouse gas emissions from quota-subject facilities

The subject of quota-setting develops a mandatory **monitoring plan for greenhouse gas emissions of the quota-subject facility** (further on referred to as the monitoring plan) for the period of validity of the National Carbon Quota Plan. The subject of quota-setting submits a validated monitoring plan to the authorized body in the field of environmental protection **before April 1<sup>st</sup> of the first year of the National Carbon Quota Plan's validity**.

In case of failure to submit the monitoring plan within the period established by part one of this paragraph, the account of the subject in the state register of carbon units shall be blocked within 5 working days and remain blocked until the submission of the required documents.

Monitoring of greenhouse gas emissions of the quota-subject facility is carried out in accordance with the Rules of state regulation in the field of greenhouse gas emissions and removals. The form of the monitoring plan is developed and approved by the authorized body in the field of environmental protection.



## Article 294. Stock-taking of greenhouse gas emissions by quota-subject facilities

**Greenhouse gas stock-taking** refers to determining the actual volumes of greenhouse gas emissions and removals for the reporting period.

The subject of quotas is **obliged to fill in** the **electronic reporting form** on greenhouse gas stocktaking for the previous year in the state carbon cadastre by the first of April of the current year.

Methodologies for calculating greenhouse gas emissions and removals are developed and approved by the authorized body in the field of environmental protection.

The subject of quota-setting sends the completed electronic reporting form on the greenhouse gas stock-taking to the accredited body for validation and verification through the **state carbon cadastre** for verification.

The accredited validation and verification body verifies the greenhouse gas stocktaking report for the reporting year in the state carbon cadastre.

If corrections need to be made in the greenhouse gas stock-taking report, the accredited body on validation and verification sends it to the subject of quota-setting for revision.







The operator of the carbon unit trading system shall, within 20 working days from the date of receiving the verified report on greenhouse gas stock-taking, review it for compliance with the approved form, check the verification status, accurateness of greenhouse gas emissions calculations and application of the coefficients used to calculate greenhouse gas emissions, and based on the results of the review:

- **register** the greenhouse gas stock-taking **report** if it meets the requirements of the first paragraph of this clause;
- if the report does not meet the requirement of the first paragraph of this clause, send it to the subject of quota-setting for revision, as well as notify the authorized body in the field of environmental protection to take measures with regard to the accredited bodies for validation and verification.

Based on the registered reports, the operator of the carbon unit trading system shall analyze and forecast greenhouse gas emissions and removals and, if necessary, submit proposals to the authorized body to improve legislation in the field of regulating greenhouse gas emissions.

Control over greenhouse gas emissions stock-taking shall be carried out in accordance with the rules of state regulation in the field of greenhouse gas emissions and removals.

## Kazakhstan's ETS model was used to create an internal system in the RF.



# Thank you for your attention!

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