

Emissions Trading – Learning from Germany's Experiences

25-26 January 2016

Sheraton Maria Isabel Hotel & Towers; Paseo de la Reforma 325, Del. Cuauhtémoc,
Col. Cuauhtémoc, 06500 Mexico City, D.F.

In 2014 and 2015, Mexico has reached key milestones in the transition to a low carbon economy. This includes, but is not limited to the launch of the second Special Climate Change Programme 2014-2018 (*Programa Especial de Cambio Climático*) and of the National Emissions Register (*Registro Nacional de Emisiones*, RENE) as well as the energy reform which includes provisions on trading of clean energy certificates. The government is now considering complementing these efforts with the introduction of an Emissions Trading Scheme (ETS) – also known as cap-and-trade program.

As an Emissions Trading Scheme is a complex instrument and implies extensive preparative efforts, the Mexican government is interested in lessons learnt and best practices from other jurisdictions who already have an ETS in place. Germany is one of them, being subject to the EU Emissions Trading System since 2005. Against this background, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and German International Cooperation (GIZ Mexico) in cooperation with the *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT), are convening a workshop on the basic building blocks for an ETS that will take place on 25-26 January 2016 in Mexico City.

Objectives

- Get a basic understanding of the theoretical concepts underlying ETS, including the interaction of ETS with other policy instruments
- Bring relevant Mexican public stakeholders on board and familiarize them with the political agenda
- Acquire hands-on knowledge of the key design elements to give careful consideration to when designing and implementing an ETS
- Learn from renowned experts and decision-makers from Germany and the EU about possible challenges, experiences and best practices

Format

The target group consists of representatives from relevant Mexican ministries and other agencies, e.g. in the areas of Environment, Energy, Finance, Foreign Affairs. The group size is expected to be between 30-50 people.

The workshop consists of introductory presentations and case studies/ lessons learnt from Germany and the European Union. Workshop language will be English, with simultaneous translation to Spanish.

Agenda

Day 1, 25 January 2016

1. Opening Session	
08:30-09:00	Welcome coffee & registry of participants
09:00-09:30	<p>Opening Remarks</p> <p><i>Martina Klumpp, Head of Department Global and Economic Affairs, German Embassy</i></p> <p><i>Franzjosef Schafhausen, General Director, German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)</i></p> <p><i>Rodolfo Lacy Tamayo, Undersecretary, Mexican Ministry for the Environment and Natural Resources (SEMARNAT)</i></p> <p>Workshop's objectives and agenda</p>
2. Emissions Trading – Basics and Preparations	
9:30-10:30	<p>Emissions Trading: Basics, Legal and Institutional Requirements (<i>Dirk Weinreich, German Ministry for the Environment/ BMUB</i>)</p> <ul style="list-style-type: none"> - Basic concepts of an Emissions Trading System (ETS), what it can do and what it cannot do - Experiences from Germany and the European Union: how to begin the process - Phases of implementation - Differences of setting up registries and registers - Legal challenges, requirements and obligations of an ETS - Institutional setup of actors and mandates
10:30-11:00	Current situation in Mexico: Status quo and outlook (<i>Rodolfo Lacy Tamayo, SEMARNAT</i>)
11:00-11:30	Discussion: Challenges and first steps in Mexico
11:30-11:50	Coffee break
3. Policy Interactions and Cap-Setting	
11:50-12:50	<p>Policy interactions (<i>Franzjosef Schafhausen, German Ministry for the Environment/ BMUB</i>)</p> <ul style="list-style-type: none"> - Experiences from the European Union: The climate and energy package/ the 2030 targets - Considering national circumstances and policy interactions - Existing policies that influence the estimation of the cap (s) (INDCs, national policies, etc.) - Potential links of taxes and trading

12:50-13:30	<p>Setting caps: Defining targets and the reduction path (<i>Angelika Smuda, German Ministry for the Environment/ BMUB</i>)</p> <ul style="list-style-type: none"> - Translating a national target into targets for the ETS- and Non-ETS-sectors - Interaction between offsets and cap, defining the allowed share of offsets
13:30-14:30	Lunch break
14:30-15:00	<p>Policy interactions: The Mexican Clean Energy Certificate Trading Scheme (<i>Norma Álvarez Girard, Regulatory Commission for Energy/ CRE</i>)</p>
15:00-15:30	<p>Discussion: Possible challenges and synergies of policy interactions with emissions trading in Mexico</p>
4. Scope and Coverage	
15:30-16:30	<p>Scope and coverage: The balance between maximum coverage and measurability of GHG-emissions (<i>Jürgen Landgrebe, German Emissions Trading Authority/ DEHSt</i>)</p> <ul style="list-style-type: none"> - Addressing the barriers to low-carbon development - Sectors suited for ETS - Offsetting vs. trading, and pros and cons for offsetting - Scope: Including relevant emitters without burdening small companies - Experiences from interacting with different sectors
16:30-17:00	Coffee break
5. Sectoral considerations in Mexico	
17:00-17:20	<p>Mitigation potential of sectors in Mexico (<i>Claudia Octaviano, National Institute of Ecology/ INECC</i>)</p>
17:20-17:50	<p>Discussion: Possible scope of emissions trading in Mexico</p>
17:50-18:00	Interactive wrap-up
18:00-20:00	Toast of honour

Day 2, 26 January 2016

1. Recap	
08:30-09:00	Welcome coffee & registration
09:00-09:30	Recap of day 1, further opportunity for clarification and outline of day 2
2. Competitiveness and allocation	
09:30-10:10	Economic considerations and impacts, competitiveness issues (<i>Lutz von Meyerinck, Working Group on Emissions Trading, AGE</i>) <ul style="list-style-type: none"> - Avoiding carbon leakage - Motivation of companies for trading
10:10-10:40	Discussion: Emissions trading and competitiveness in Mexico
10:40-11:00	Coffee break
11:00-12:15	Allocation methods (<i>Jürgen Landgrebe, German Emissions Trading Authority, DEHSt</i>) <ul style="list-style-type: none"> - Advantages and disadvantages of different methods - Benchmarks vs. grandfathering for the different sectors: Cement, chemicals, power sector, refineries, steel industry
12:15-13:00	Discussion: Possible approach to allocation in Mexico
13:00-14:15	Lunch break
3. Flexibility	
14:15-15:00	Flexibility: Managing supply and demand in a dynamic environment (<i>Angelika Smuda, German Ministry for the Environment, BMUB</i>) <ul style="list-style-type: none"> - Reasons for demand fluctuations and limits to ex-ante projections - Quantity or price management - Lessons learnt in the EU-ETS
15:00-15:20	Coffee break
4. Stakeholder Communication	
15:20-16:30	Industry preparation for an ETS : Insights from the European private sector (<i>Lutz von Meyerinck, Working Group on Emissions Trading, AGE</i>) Lessons learnt from Germany and the EU: How to minimize stakeholder resistance (<i>Franzjosef Schafhausen, German Ministry for the Environment/ BMUB</i>)
16:30-17:00	Discussion: Reflections on the implications for Mexico
17:00-18:00	Wrap-up and Closing Remarks