International Carbon Action Partnership

Emissions Trading Systems and Net Zero: Trading Removals?

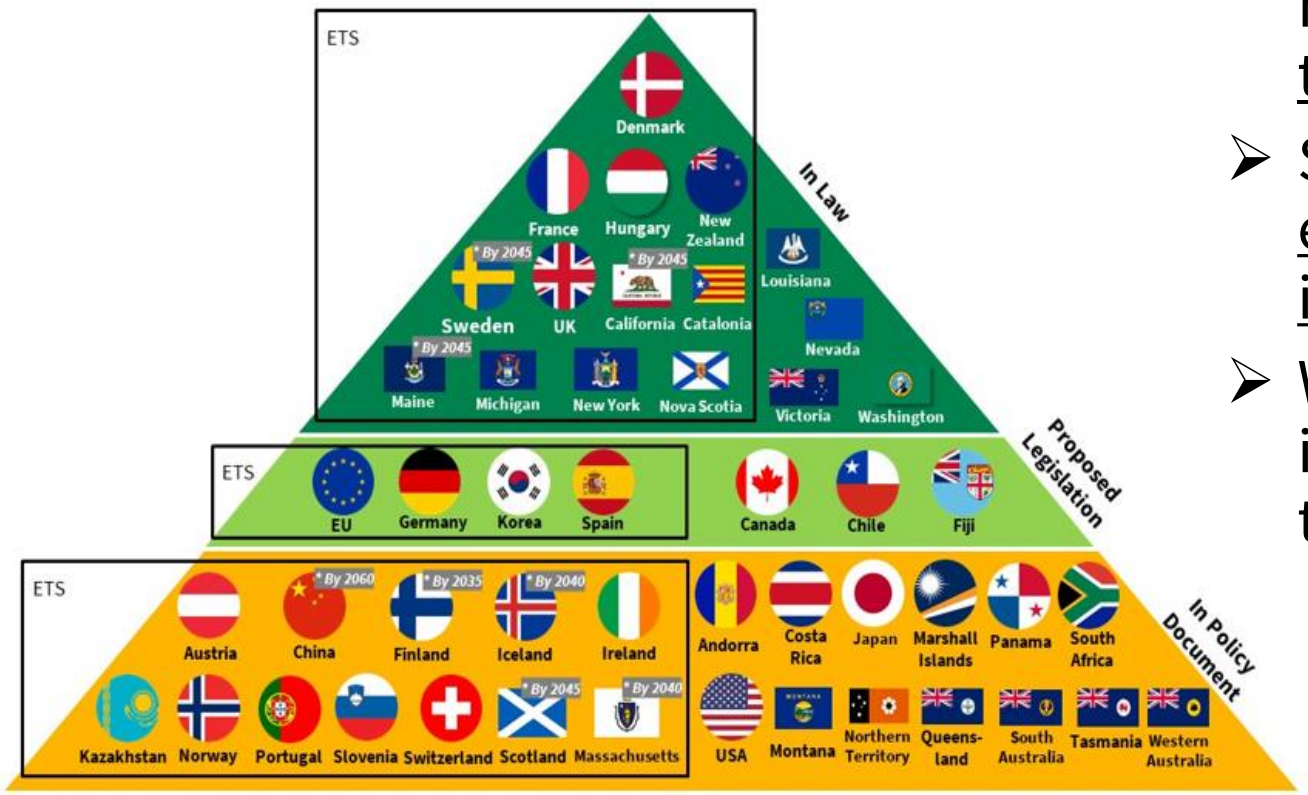
21st Annual IEA-IETA-EPRI Workshop on Greenhouse Gas Emission Trading

13/10/2021

Baran Doda, ICAP Secretariat

Net Zero targets and ETS (April 2021)

Figure 2: Net zero targets and their status of development

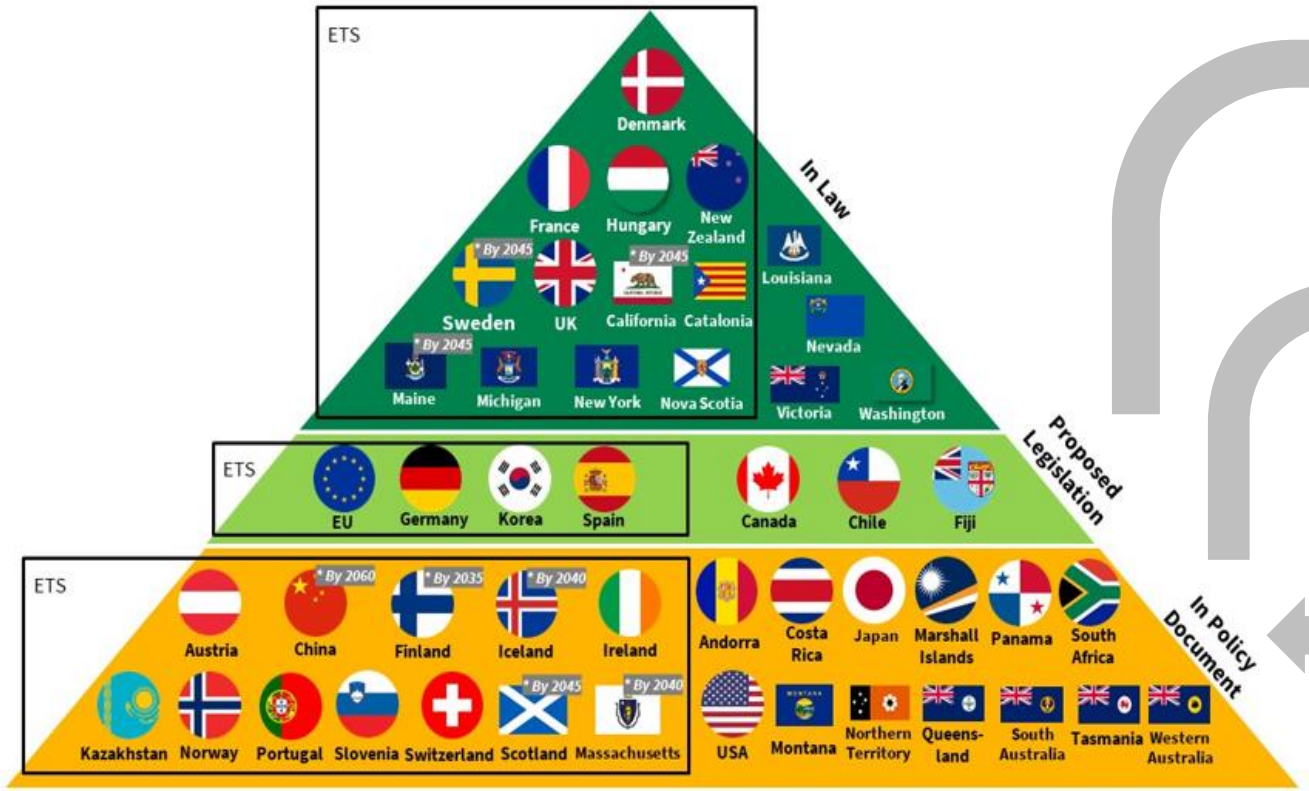


- Many jurisdictions around the world have adopted net zero emissions targets recently.
- Several of these jurisdictions use emission trading as a key policy instrument to reduce emissions.
- What are possible channels of interaction between ETSs and net zero targets? For example,
  - Can ETSs incentivise removals?
  - Can removals undermine abatement?

Net Zero targets and ETS

APRIL 2021

Figure 2: Net zero targets and their status of development



OCTOBER 2021

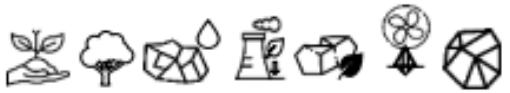
Canada	**European Union**	**Germany**
Japan	Luxembourg	**South Korea**
Spain		

Ireland

Argentina	Barbados	Brazil	Cabo Verde	Colombia
Dominican Republic	Grenada	Indonesia	**Italy**	Jamaica
Laos	**Latvia**	Malawi	Maldives	Mauritius
Monaco	Namibia	Nauru	Nepal	Seychelles
Slovakia	Solomon Islands	Sri Lanka	Turkey	UAE
Ukraine	Uruguay	Vatican City		

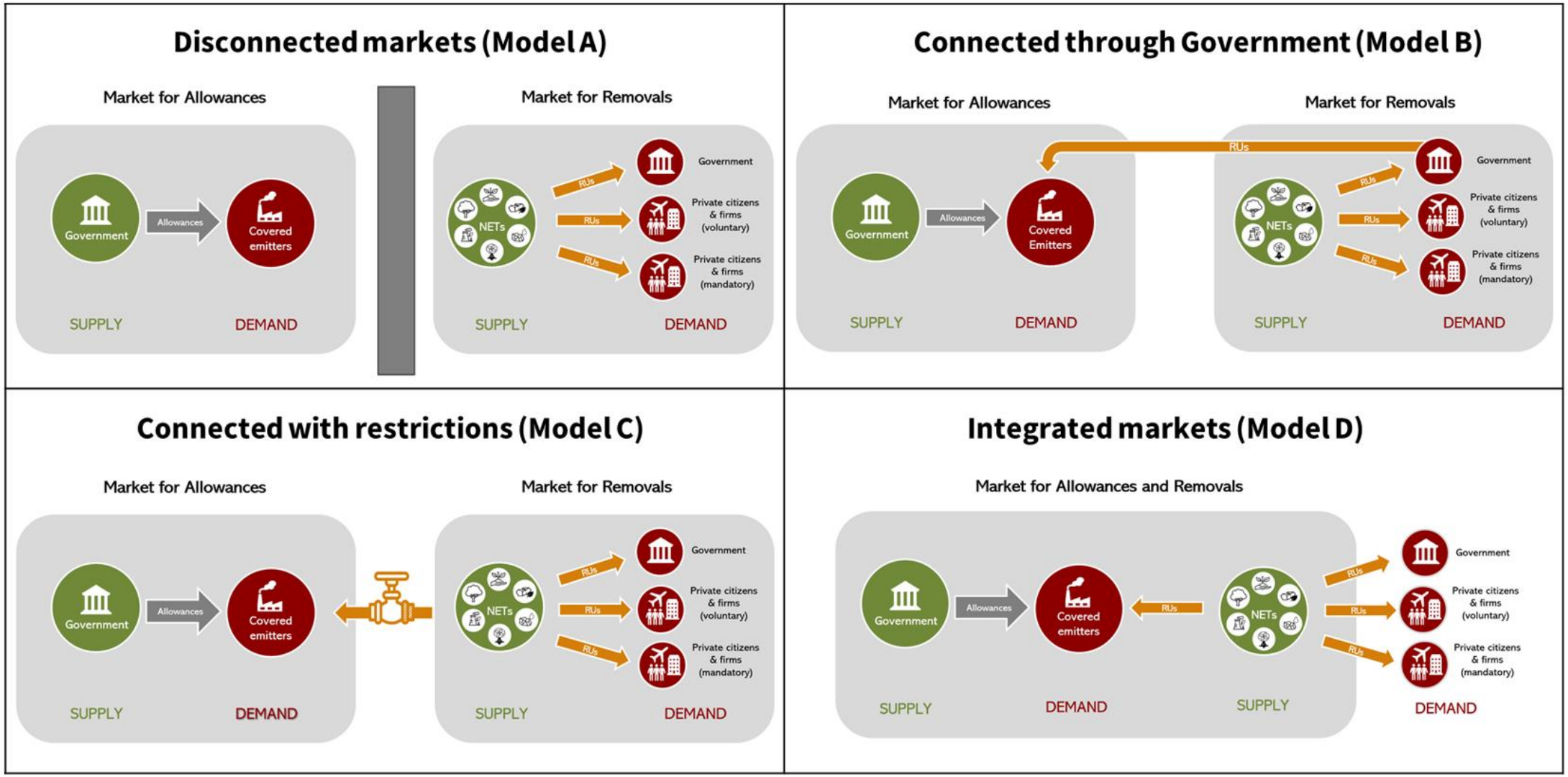
ETS and Market for Removals

Table 3: Allowance and removal markets: comparison

	ETS	Market for removals
What is being traded?	Right to emit 1 tCO_2e into the atmosphere	Certificate which guarantees 1 tCO_2 has been removed permanently from the atmosphere
Who is supplying it?	Government 	Removers using NETs 
Who is demanding it?	Covered emitters 	• Government (potentially)  • Private citizens and firms (voluntary) • Private citizens and firms (mandatory) 

Source: authors' elaboration.

Models of interaction between ETS & market for removals



Thank you for your attention!

For more information:
https://icapcarbonaction.com/en/net-zero-and-ets-paper

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