

Monitoring, Accounting and Enforcement in Emissions Trading Regimes

Chris McDermott
Environment Canada
Discussant
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Two Enforcement Issues in a Trading Regime:

1) Compliance with requirements to monitor emissions/removals and account for permits/credits

2) Compliance with the overall reduction target

→ (1) needed to assess (2)

Ensuring Accurate Emissions & Removals Monitoring – The Kyoto Example

- Annual Review Procedure
- Application of “adjustments” when monitoring methodologies not followed
 - “conservative” estimate
- Consequences applied above a threshold
 - Emissions: Mechanisms ineligibility
 - Removals: RMU Issuance ineligibility

Ensuring Accurate Assigned Amount Accounting – The Kyoto Example

- International Transaction Log to conduct checks:
 - real time checks for transaction “discrepancies”
 - daily reconciliation checks for account “inconsistencies”
- Annual Review procedure of outstanding “discrepancies” and “inconsistencies”
- Mechanisms Ineligibility
 - qualitative assessment

Further Work at Entity Level

- Elaboration of entity level monitoring procedures
 - consistency with National Inventory methodologies?
 - consequences for non-compliance?

 - Elaboration of entity level allowance/credit accounting procedures
 - relationship to National Registry?
 - Strict application of procedures?
- Together, accurate national and entity level monitoring and accounting will instill confidence in the trading system and in meeting overall climate change objectives