

# Role of MRV in Effective Emissions Trading Programs

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- **Established in 1998 as an independent, non-partisan climate organization**
- **Three-fold structure:**
  - Research – 100+ reports over 14 years
  - Actively advise on policy – state, federal, international
  - Business Environmental Leadership Council (BELC)
    - 36 companies
    - approximately \$2 trillion in revenues
    - Nearly 4 million employees

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- **Context**
  - Why MRV is important
- **Criteria**
- **Elements**
  - Measurement
  - Reporting
  - Verification



- MRV is important to ensure environmental and program integrity
- Emissions trading needs complete and accurate emissions data for each entity covered by the program
  - » Ensures accuracy in goal setting and compliance monitoring
- Equity – all sources must follow the same rules and procedure and all must meet program comprehensive program requirements
- Market transparency
  - » Emissions data and market information important to ensure well functioning market: confidence, market stability, and predictability
- Good data also allows the program authority to monitor and adjust if necessary



- Simple, consistent, and transparent rules
- Accurate emission measurement, monitoring, and reporting (preferably done electronically and including public access to emissions data)
- Sound auditing practices to ensure that emissions are being accurately reported
- Minimized transaction costs for covered entities and for program authority
- Consistent enforcement with real penalties for non-compliance and inaccurate reporting



## Measurement

- Variety of measurement techniques: upstream vs. downstream, material balance or emissions monitoring approaches; all feasible & used

Typically:

- Program authority specifies the measurement methodologies/requirements
- Covered entities create and submit a plan for monitoring their emissions using the required methodology
  - » May require that entities install, certify, & maintain measurement equipment
  - » May require data quality assurance and measurement testing



- Program authority provides or authorizes third party operation of an emissions reporting and compliance tracking system
- Sources report emission and activity data to tracking system\
- Generally standardized reporting requirements for all covered entities (ensures comparability)
- Report GHG emissions annually
- Obtain compliance instruments (allowances and offsets) equal to emissions
- Turn in allowances and offsets to match emissions at the end of each compliance period



## **Verification - Analysis and review of reported data**

- Third party or program authority generally verifies emissions data
- Offset program verification of project emission reductions
- Onsite inspections
- Record keeping requirements
- Program authority audits data
- Program authority may want to have “market monitor” to ensure market manipulation not occurring



- **Auctions?**
- **Market Monitor?**
- **Offset Program?**
  - Validation of offset project types
  - Verification of GHG reductions
  - Certification of Verifiers
  - Offset registry
- **Trading platform?**
- **Market Exchange?**
- **Price discovery?**



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