

26, May, 2009

# Tokyo Cap-and-Trade Program

World's first urban emission trading program

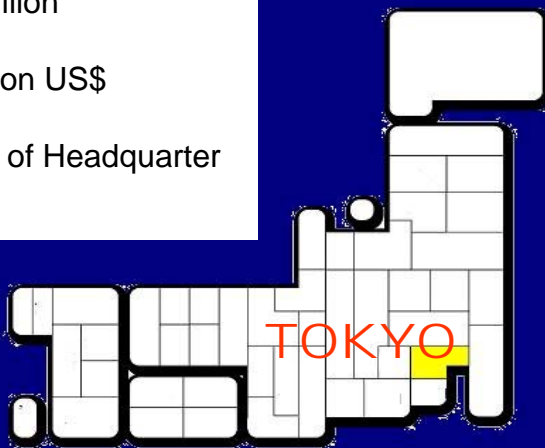


**Tokyo Metropolitan Government**

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## Metropolis Tokyo

- Population Over 12 million
- FY2006GDP 815 Billion US\$
- Intense Concentration of Headquarter Offices



## Total CO<sub>2</sub> Emission in Tokyo (FY2006)

- Large emission comparable to a country
- High growth in Office Sector

	1990FY	2000FY	2006FY	Growth	
	(Mt-CO <sub>2</sub> )	(Mt-CO <sub>2</sub> )	(Mt-CO <sub>2</sub> )	1990-2006	2000-2006
Industry	9.8	6.8	5.2	-47.0%	-23.5%
Commercial	15.7	18.9	20.6	31.1%	9.0%
Household	13.0	14.3	14.4	11.0%	0.7%
Transportation	14.8	17.6	14.7	-1.1%	-16.5%
Others	1	1.2	1.0	-0.5%	-16.7%
Total	54.4	58.8	55.9	2.8%	-4.9%

## Characteristics of the Tokyo's Cap-and-Trade Program

It is the world's first urban cap-and trade program to cover office buildings as its emissions reduction targets.

-Cap coverage: 1,400 installations (including 1,100 business facilities and 300 factories)

-Start: April 1<sup>st</sup> 2010

■ Reference ■

- **EU ETS coverage:** combustion plants, oil refineries, iron and steel plants, cement factories, etc.
- **US RGGI coverage:** thermal power plant
- **UKCRC coverage:** business and public sector organizations

## Tokyo Cap-and-Trade Program

Coverage	Large CO <sub>2</sub> emitters, such as office buildings and factories. --Consumption of fuels, heat and electricity is 1,500 kiloliters or larger per year (crude oil equivalent)
compliance period	5 years --1 <sup>st</sup> compliance period from FY2010 through FY2014 --2 <sup>nd</sup> compliance period from FY2015 through FY2019 Monitoring and Reporting: every year
Gas covered	CO <sub>2</sub>

## Tokyo Cap-and-Trade Program

CAP setting	<p>TMG's target of GHG emission reductions (25% reduction levels by 2020 from the 2000 emission)</p> <p>*The cap for the first compliance period(2010-2014) has been set at a level of 6% below base emissions.</p> <p>*The cap for the second compliance period will need to be set at a level of approximately 17% below base emissions.</p> <p>(cf.) EU-ETS -5.7%(2008-2012) -21%(2013-2020) RGGI ±0%(2009-2014) -10%(2015-2018)</p>
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## Tokyo Cap-and-Trade Program

Allowance allocation	Grandfathering Base year emission × Compliance factor × 5years *Base year emissions: Average of past 3 years
Compliance assessment	Compliance assessment will take place after completion of each phase (i.e. after 5 years)
Penalty for non-compliance	Fine will be imposed for non-compliance emitter

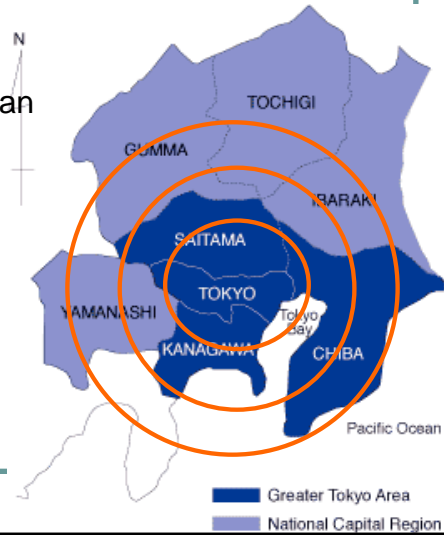
## Tokyo Cap-and-Trade Program

Offset	<ul style="list-style-type: none"> <li>• Small and Midsize facilities Credits within Tokyo area</li> <li>• Outside Tokyo Credits</li> <li>• Renewable Energy Certificates</li> </ul>
Monitoring, Reporting, Verification	Participants are required to report their verified emissions to TMG annually based on "TMG Monitoring / Reporting Guideline" and "TMG Verification Guideline"
Banking/ borrowing of allowance	Banking is allowed Borrowing is not allowed

## Expansion of the Tokyo program

- Enhance collaborative action in metropolitan area

“Tokyo Workshop 2009 on Urban C&T” will be held in Tokyo in September 2009



Tokyo Climate Change Strategy

*Toward a Sustainable City*

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