

## Legal study and perspectives on establishing the Emissions Trading Scheme in Thailand



# Outline

- 1** National Reform Plan:  
Development of Climate Change Act and economic incentive mechanism[s]
- 2** Introduction to ETS
- 3** Preparatory work by TGO and the study on ETS legal framework
- 4** Proposed initial structure of the ETS legal framework

# National Reform Plan on Natural Resources and Environment

published in the Royal Thai Government Gazette on 6 April B.E.2561 (2018)



## Environment Reform Issue 3:

### Encouraging all sectors to engage in addressing climate change

Provides a mandate to the Government to develop “Climate Change Act B.E. ....” to be published within 3 years (2018-2020) and to include provisions on, among others,

- Climate change impact / risk assessment of large-scale government investment projects and counter-measures
- Central database on GHG emissions in Thailand and area-based risk of climate change
- Appropriate mechanism[s] to provide economic incentives to private sector



### Environmental Reform Issue 3.3: Formulate appropriate mechanism[s] to provide economic incentives to private sector to reduce greenhouse gas emissions



2018

2019

2020

2021

2022



Develop provisions under Climate Change Act B.E. ... concerning appropriate mechanism[s] to provide economic incentives

*For instance, by setting overall greenhouse gas emissions threshold for each manufacturing sector, including allocation of emissions allowances for each place of business and allow for trading of such allowances (cap and trade system)*

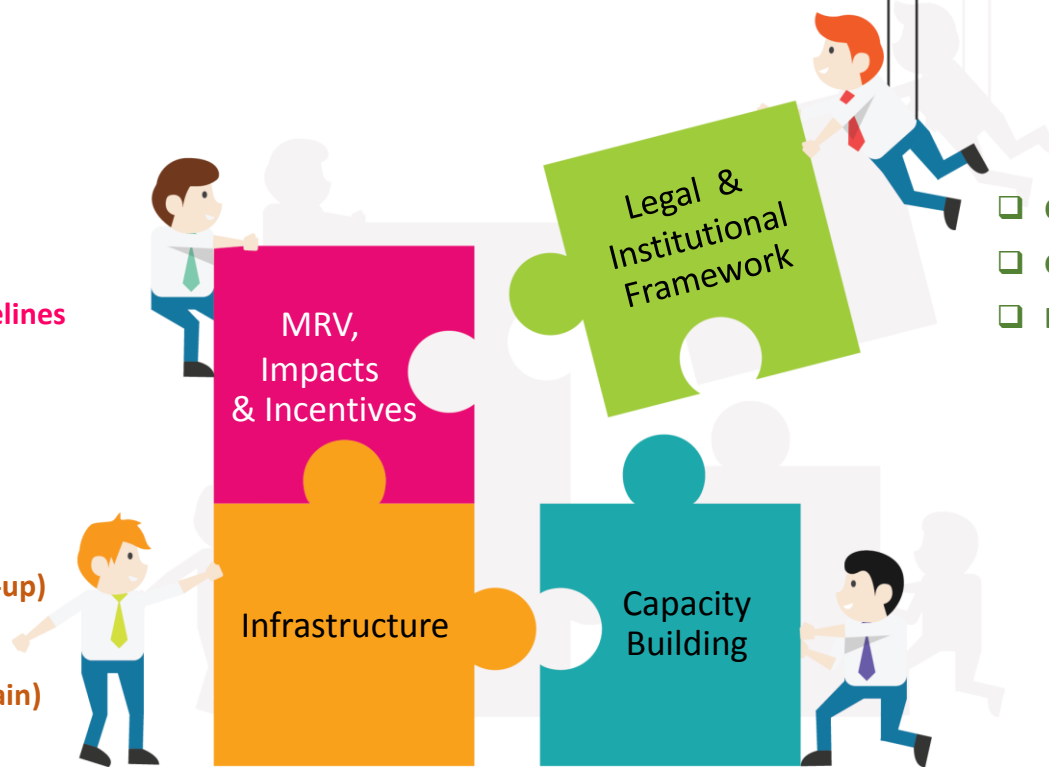


Develop the system to enable implementation by the private sector 5 years after enactment of the Act

Video clip  
Introduction to ETS

# Preparatory work by TGO – Building blocks of ETS system

- ✓ **Pilot T-VETs**
- ✓ **General & Specific guidelines**
- Economic impacts**
- Cap and allocation**
  
- ✓ **Registry system**
- ✓ **Trading platform (mock-up)**
- Clearing house**
- New tech. (e.g. Blockchain)**



- Climate Change Act**
- GHG reporting law for ETS**
- Law establishing ETS**

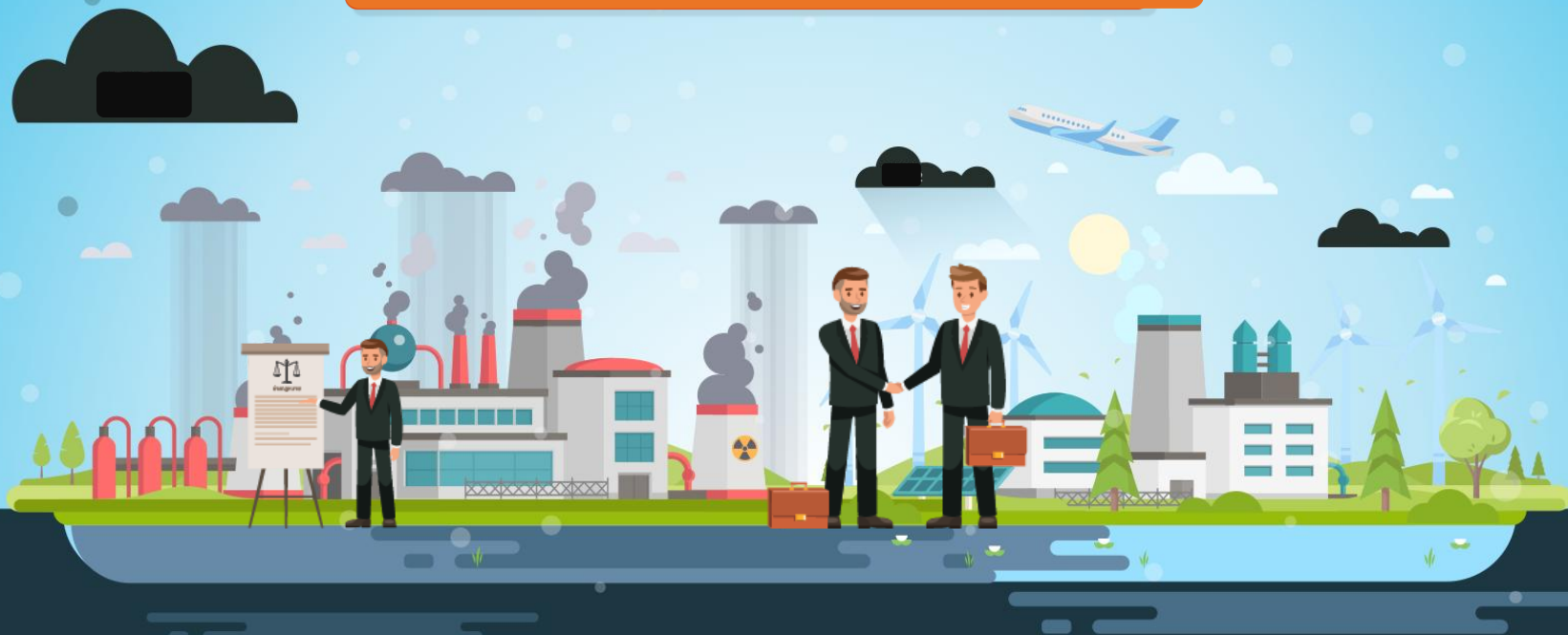
# Study on Emissions Trading Scheme Legal Framework



- With support from the World Bank's Partnership for Market Readiness Program (PMR)
- Period of study:  
August 2017 – April 2019
- Expected outcome:  
Results of the study will be used as the basis to formulate policy recommendation on appropriate legal framework for ETS

# The Proposed Structure of Legal Framework

Establishment of the Emissions Trading Scheme in Thailand





# The Proposed Structure of Legal Framework

## Trial Phase and Implementation Phase

### Trial Phase (Reporting)

Review the possibility of the current function as stated in the existing laws (e.g. Factory Act and Energy Conservation Promotion Act)

Engage & open discussion with Stakeholders in order to Launch the Trial Phase

Exact the new Subordinate Rule & Regulations under the Existing Law

### Implementation Phase (Reporting and ETS)

Engage & Open discussion closely with Stakeholders in relation to the Climate Change Act

Prepare, present and propose the New Climate Act to the enactment of legislation process

Implementation of the New Climate Change Act

# ภาพรวมข้อเสนอ โครงสร้างระบบ ETS ในประเทศไทย

Overview of Proposed ETS Structure in Thailand

คณะกรรมการการเปลี่ยนแปลงสภาพภูมิอากาศแห่งชาติ  
The National Climate Change Committee

1

คณะกรรมการกำกับดูแลระบบ ETS  
ETS Committee

2

ETS Regulator  
หน่วยงานกำกับดูแลระบบ ETS (ETS Regulator)

6

Regulated Entities (Operators)  
ผู้ประกอบการ

5

Regulated Entities (Operators)  
ผู้ประกอบการ

3

7

การซื้อขายสิทธิ์สภาพภูมิอากาศ  
OTC/Exchange

1

Consider and approve the 10-year master plan

2

Consider and approve the allocation plan

3

Allocate the allowances

4

Measure, report, verify the greenhouse gas emission report

5

Certify the greenhouse gas emission report

6

Surrender or pay the penalty

7

Trade the allowances through over - the - counter channel or on the exchange

# Proposed ETS Step Plan & Process

