



Turkiye's Carbon Pricing Preparations & Considerations of International Carbon Markets

**PMI & World Bank Technical Workshop
March 29-31, 2023
Kigali, Rwanda**



Presentation Plan

- **Country Overview**
- **ETS Preparations**
- **Climate Law Drafting**
- **VCM & Offsetting**
- **International Carbon Markets**



Country Overview





Republic of Türkiye

Population: 85 million

Total Area: 783,562 km²



Climate Risks:

A country in the Mediterranean Basin

Extreme heat waves

Extreme rain falls

Drought / Water stress

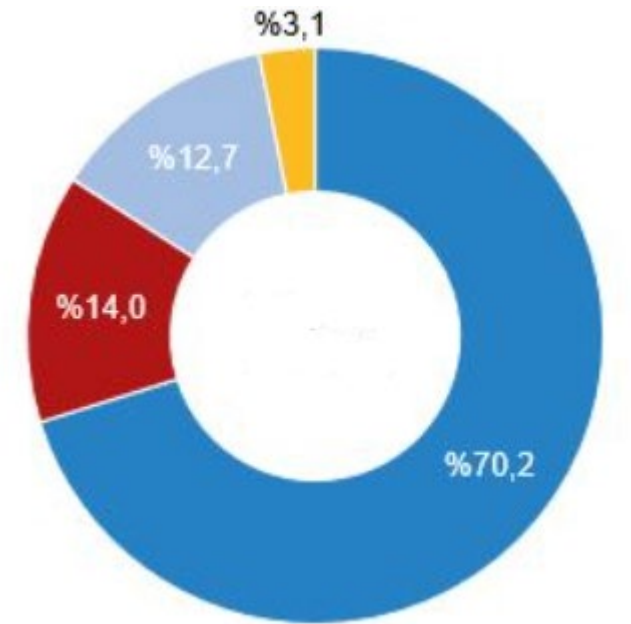
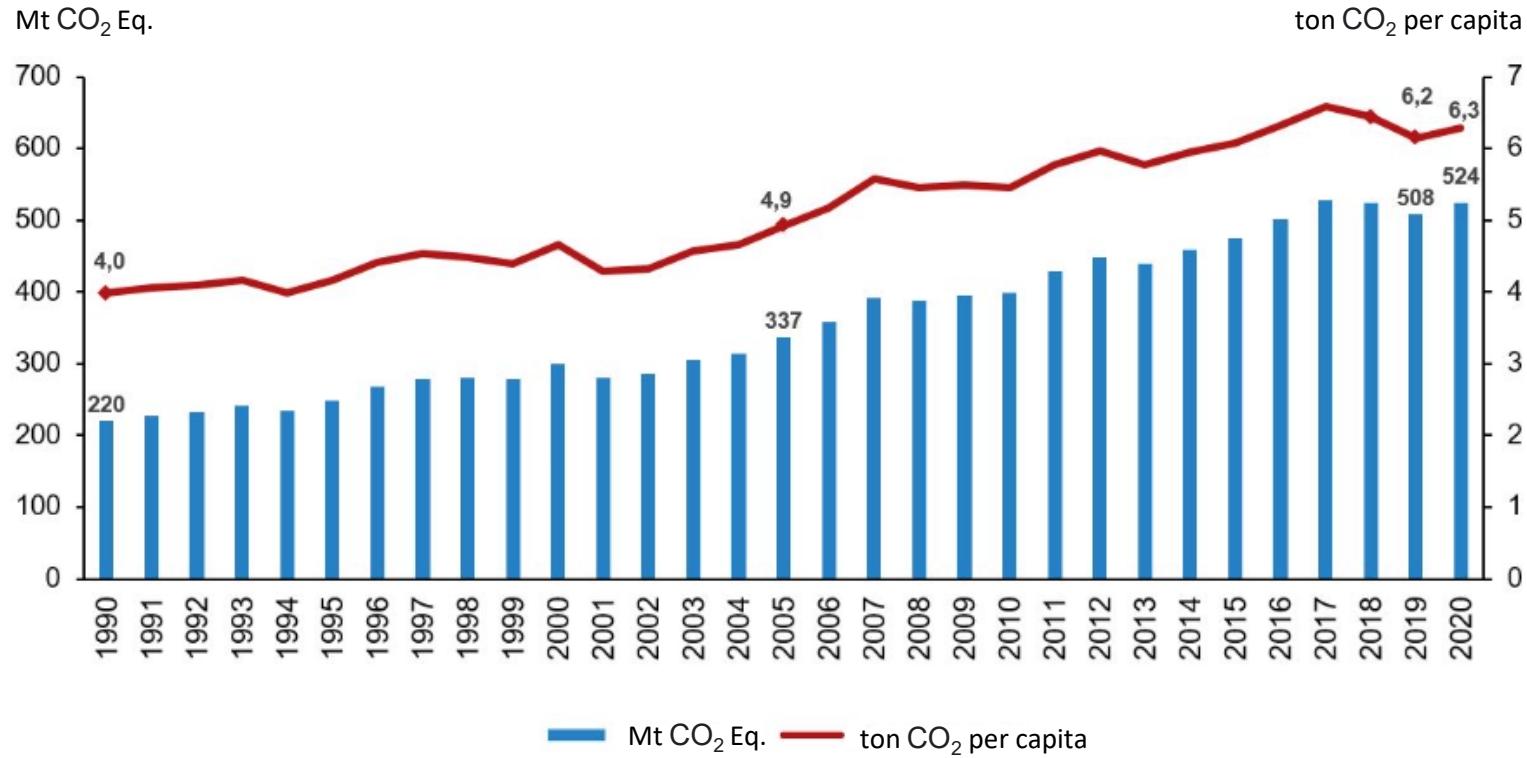
Forest fires

Loss of Bio-diversity





GHG Emissions Overview



Energy
Agriculture

Industrial Processes
Waste

Emission Trading System Preparations





Preperations on the way of Emissions Trading System



Preperation of Market Readiness (PMR) of World Bank

Reports (Impact Analysis, Roadmap...), Simulation, Draft Legislations etc.



Monitoring, Reporting and Verification System of GHG Emissions

In operation since 2015

Monitors around half of the total GHG emissions

700 installations



Climate Council

First climate council of Türkiye

Advisory decisions in various topics



Preperations on the way of Emissions Trading System



Partnership for Market Implementation (PMI)

Roadmap Studies
Pilot Phase of ETS
Modelling Studies
ETS Phase 1



Project of Transposition of EU Emissions Trading System (EU-ETS) Directive (2003/87/EC)

Support to ETS process
Legislative approximation to EU



Medium Term Programme of Türkiye (2023-2025)

ETS establishment compatible with EU CBAM



Preperations on the way of Emissions Trading System



Turkish Green Deal Action Plan

Various topics under the action plan
National Carbon Pricing Expertise Working Group



Project of Analysis of Potential Impacts of CBAM

Carbon Pricing & CBAM relationship
Need of measuring the possible effects



Workshops & Meetings with National Stakeholders

Exploring possible interactions
Consultations for sub processes



Meetings with Other Countries' Carbon Pricing Institutions

UK, California, Germany



Climate Law Drafting





General Features of the Draft Law



Consultations for Drafting

- Drafting consultations
- Public & Private Exchange of Views
- Workshop on re-drafting



Emphasis of the Law

- Mitigation
- Adaptation
- Implementation & Planning Tools
- Emission Trading System



A Framework Law

- Outline is defined
- Sub policies will be built accordingly



Allowances

- Capital Market Instrument



Flexibility and Stability Mechanisms

- Allowing a smooth transition
- Having a stable price signal



Greenhouse Gas Emission Permit

- Very first process for entering the system
- A must for activities emit GHG



Offsetting and Voluntary Carbon Markets

- Main definitions made
- Registry obligations



Institutional Frameworks and Roles for Implementation



Directorate of Climate Change

Establishment, regulating, offset use, international transactions



Market Operator

Establishing, organizing and operating



Central Clearing House & Central Securities Depository

Clearing duties

Issuance, retention, cancellation, managing the transfers



Carbon Market Board

High level representatives of public bodies

Determining instruments

Distribution of free allowances

National allocation plan

Developing policy

Determining the scope of international carbon markets



Compliance, Oversight and Sanctions



Capital Markets Board

Allowances as capital market instrument
Monitoring, market surveillance & supervision
Financial and information systems audit
Collaboration



Presidency of Climate Change

MRV operations
Surrender stage of the cycle



Sanctions

GHG Emission Permit
MRV obligations
Market operations



Voluntary Carbon Markets & Offsetting





National Projects Registry of VCM

Not a functional one (yet Türkiye one of the biggest credit suppliers)
Development planned in PMI components



Developing Local Crediting Mechanism

Developing the registry
Developing methodologies



Offsetting in Turkish ETS

Allowed with some limitations
Rules by the Board of Carbon Market
Integrated offsetting registry planned



International Carbon Markets





Climate Change Targets of Türkiye



Updated NDC of Türkiye

Nation level mitigation target / economy wide
41% mitigation from reference scenario



Net-Zero Target of Türkiye

By the year 2053



Long-term Climate Strategy

Being studied





Turkish Context



Determining the National Strategy

Studies on mitigation scenarios

Studies on mitigation targets

Final decision by Board of Carbon Market



Examining Pilot Initiatives

Ongoing local projects are examined



No CDM Experience

Need for capacity



Developing Registry

In Capacity Building Project (Worldbank) component of developing registry





Needs & Design accordingly



Turkish Approach on Interaction of Domestic Instruments & Int'l Carbon Markets





-  Domestic carbon pricing and international carbon markets are complementary tools.
-  It is false to consider markets as substitution.
-  International carbon markets should comply agreed principles.
-  Revenue from international carbon markets should support further local climate ambition.
-  Complexity of interactions should be considered.

Thank you

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