

## Japanese Voluntary Emissions Trading Scheme (J-VETS)

*Shigenari Yamamoto*  
*Japan Quality Assurance Organization*

COP13, COP/MOP3  
Grand Hyatt, Bali  
December 7, 2007

### Aim of J-VETS

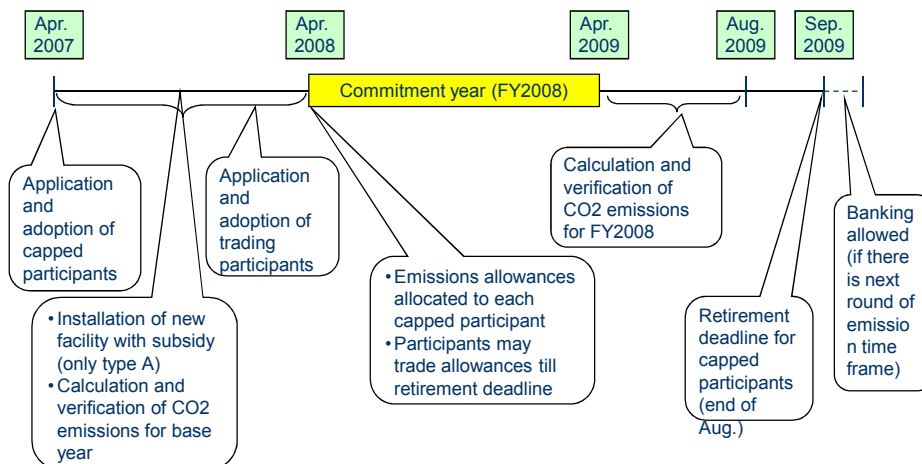
- ◆ To accumulate knowledge and experience in domestic emissions trading scheme.
- ◆ To encourage entities which voluntarily and actively try to reduce GHG emissions.
- ◆ To minimize the operational cost of the scheme and to ensure the quality/accuracy of emission data.
- ◆ To utilize the existing law scheme so that the boundaries and emission sources could be identified from existing data and highly accurate monitoring could be achieved.

## Rules and Guidelines

- ◆ Operational rules
- ◆ Monitoring method/plan forms
- ◆ Emission reporting forms
  
- ◆ Monitoring and reporting guideline
  - Published on Feb. 16, 2007, revised on May 14, 2007 (version 1.1)
  - Defines specific accounting and reporting methodologies (monitoring patterns, monitoring points, Tier systems, etc.)
- ◆ Verification guideline
  - Published on Mar. 31, 2007 (version 1.0)
  - Defines specific verification methodologies (verification opinions, materiality, uncertainty, sampling methods, etc.)
  
- ◆ Rules/guidelines are revised when necessary (learning by doing)

2

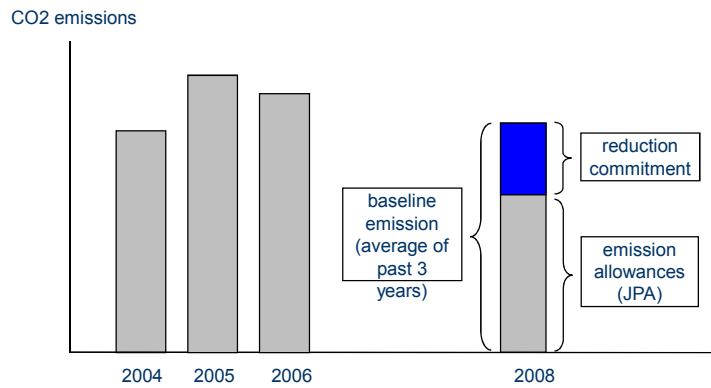
## Time Frame



\* Type C participants have emissions target for 2007 as well.

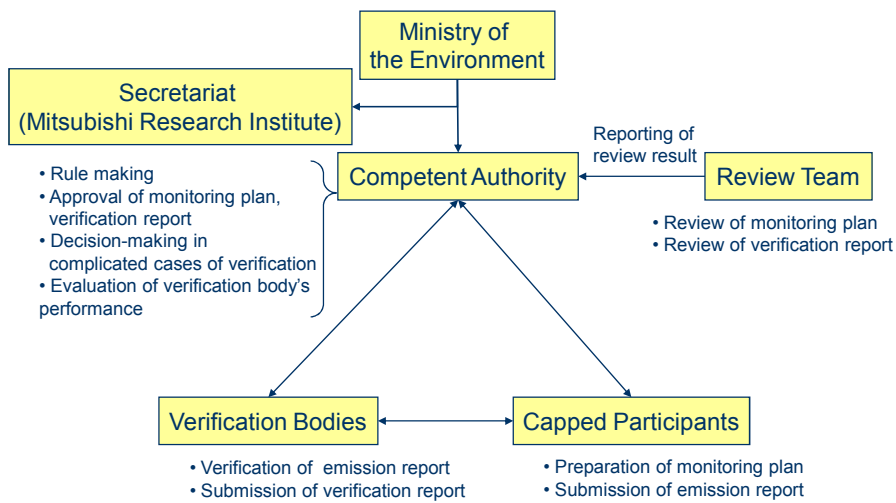
3

## Emissions Target



4

## Operational Structure



5

## Emission Reporting Flow (1/3)

### Step 1: Identification of geographic boundary

- Identify the geographic boundary of the site by using official documents such as Fire Defense Law report, Factory Location Law report, etc.

### Step 2: Identification of emission sources

- Identify emission sources using documents such as Fire Defense Law report, High Pressure Gas Safety Law, equipment list, purchase bill, etc.
- Identify emission sources owned/operated by other companies and omit them from the boundary.
- Among the emission sources inside the boundary, those which are below the emission threshold may be omitted.

6

## Emission Reporting Flow (2/3)

### Step 3 Determination of monitoring plan

- Determine the monitoring plan/monitoring point for each emission sources.
- Check if the monitoring plan meets the required tier, which is defined by the predicted activity level at each monitoring point.

### Step 4 Establishment of monitoring/calculation structure

- Assign people responsible for monitoring and calculation.
- State “how” and “who” monitors the data, and “how” and “who” manages the quality of the calculation results.

Approval of monitoring plan by Competent Authority(CA) (before start of the commitment year)

\* There is no approval procedure for baseline emission

7

## Emission Reporting Flow (3/3)

### Step 5 Monitoring and reporting

■ Monitor the data according to the monitoring plan, calculate and report the CO<sub>2</sub> emission amount using the monitored data.

Verification by Verification Bodies

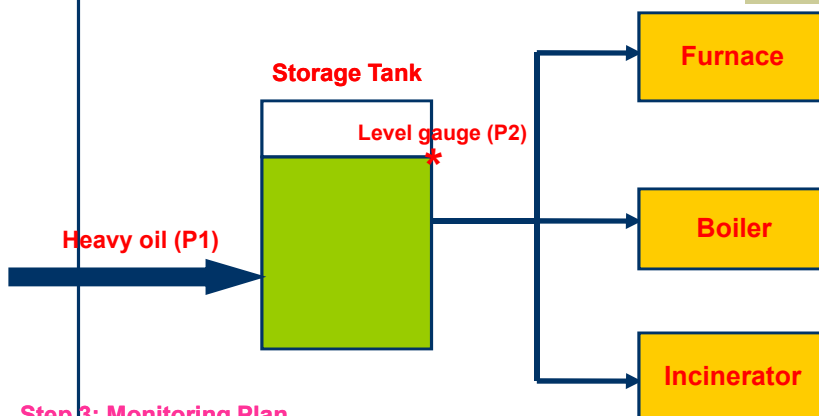
Approval of verification report by Competent Authority (CA)

8

## Emission Sources and Monitoring Data

### Step 1: geographic boundary

### Step 2: Emission sources



### Step 3: Monitoring Plan

P1: Purchased Oil (Purchasing data)

P2: Changes in storage (from the start of the year to the end of the year)

9

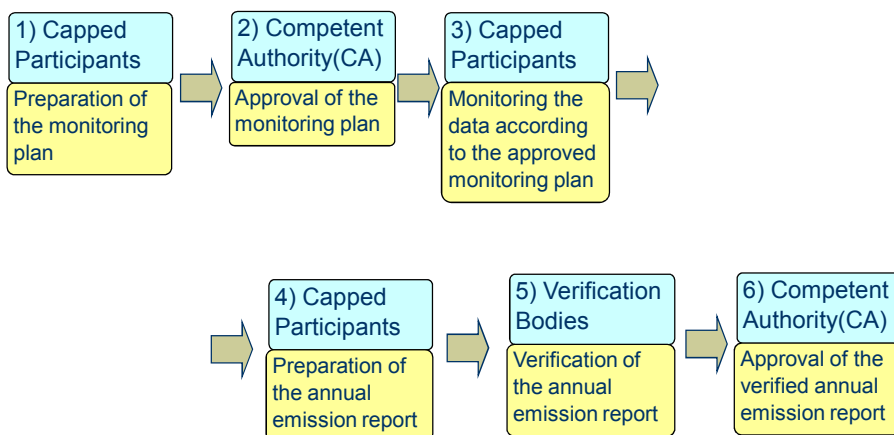
## Why is it site-based?

Existing law scheme can be utilized to minimize the burden of data collection:

- ◆ Law for Geographical Conditions of a Factory Location
  - The geographic boundary of the factory has already been submitted to the government based on the law.
- ◆ Fire Defense Law
  - The location of the combustible material (CO<sub>2</sub> emission sources), its amount, and its monitoring method has already been submitted to the government based on the law.
- ◆ Measurement Law
  - The purchasing amount of the raw material which came from outside of the boundary has already been monitored based on the law and the data is precise and very reliable.

10

## Emission Reporting Flow Using the Electronic Data System (illustration)



11

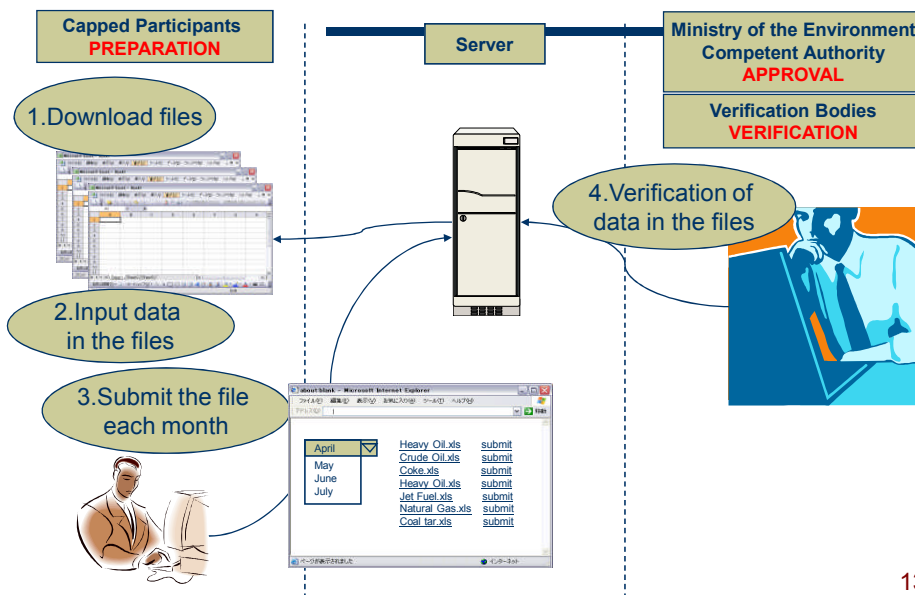
# J-VETS emission management system (electronic data system)

環境省自主参加型国内排出量取引制度  
**排出量管理システム**



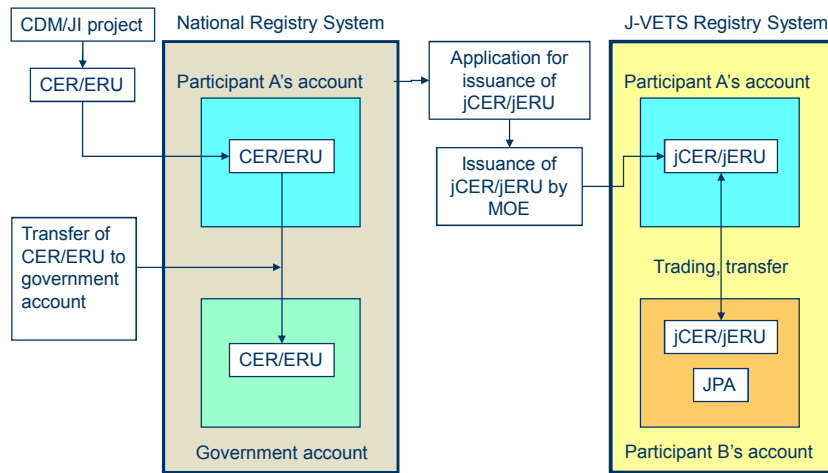
12

# J-VETS emission management system



13

## Issuance of jCER, jERU



\* jCER, jERU cannot be converted to CER, ERU

14

## Abstract of ISO14064 & 14065

### • ISO 14064-3

#### \* Validation and verification process

- Agreement on
  - Level of assurance
  - Objectives
  - Criteria
  - Uncertainty

### • ISO 14064-1

#### \* Organizational GHG Inventories documentation, Monitoring and Reporting

### • ISO 14064-2

#### \* GHG Project documentation, Baseline setting, Monitoring and Reporting

- Relevance
- Completeness
- Consistency
- Accuracy
- Transparency

### ISO 14065

#### \* Requirements for validation or verification bodies

- Governance
- Impartiality
- Competence
  - Management level
  - Verification team personnel level

Validation and Verification

Credibility

Quality of GHG emission reductions

15

## Future Challenges

- ◆ **To establish a high quality J-VETS in conformity with global standards and to enable its operational costs to the bare minimum.**
    - **improve the emission management system to a more simple and easy-to-use one.**
1. Develop a simple and efficient verification system maintaining its quality level. (achieve good quality and low cost)
  2. Develop a simple and effective monitoring/ emission report.
  3. Develop a system that would ensure competence of verification bodies by setting accreditation criteria under the control of Competent Authority(CA).
  4. Open the door to other types of participants.
    - Only entity-based can participate under the current scheme.

16

## Thank You for your Attention!

### For further information:

- ◆ J-VETS Monitoring and Reporting Guideline  
(tentatively written in English)  
[http://www.env.go.jp/earth/ondanka/det/emission\\_gl/monitoringrep-en.pdf](http://www.env.go.jp/earth/ondanka/det/emission_gl/monitoringrep-en.pdf)

### Contact:

*Shigenari Yamamoto*  
*Japan Quality Assurance Organization (JQA)*  
2-5-2, Marunouchi, Chiyoda-ku, Tokyo 100-8308 Japan  
Tel. +81-3-6212-9333 / E-mail: [global\\_environment@jqa.jp](mailto:global_environment@jqa.jp)  
Web Page : <http://www.jqa.jp/>

17