



Emission Trading Systems and Sustainable Development Goals: Financing Just Transition in India

November 2024

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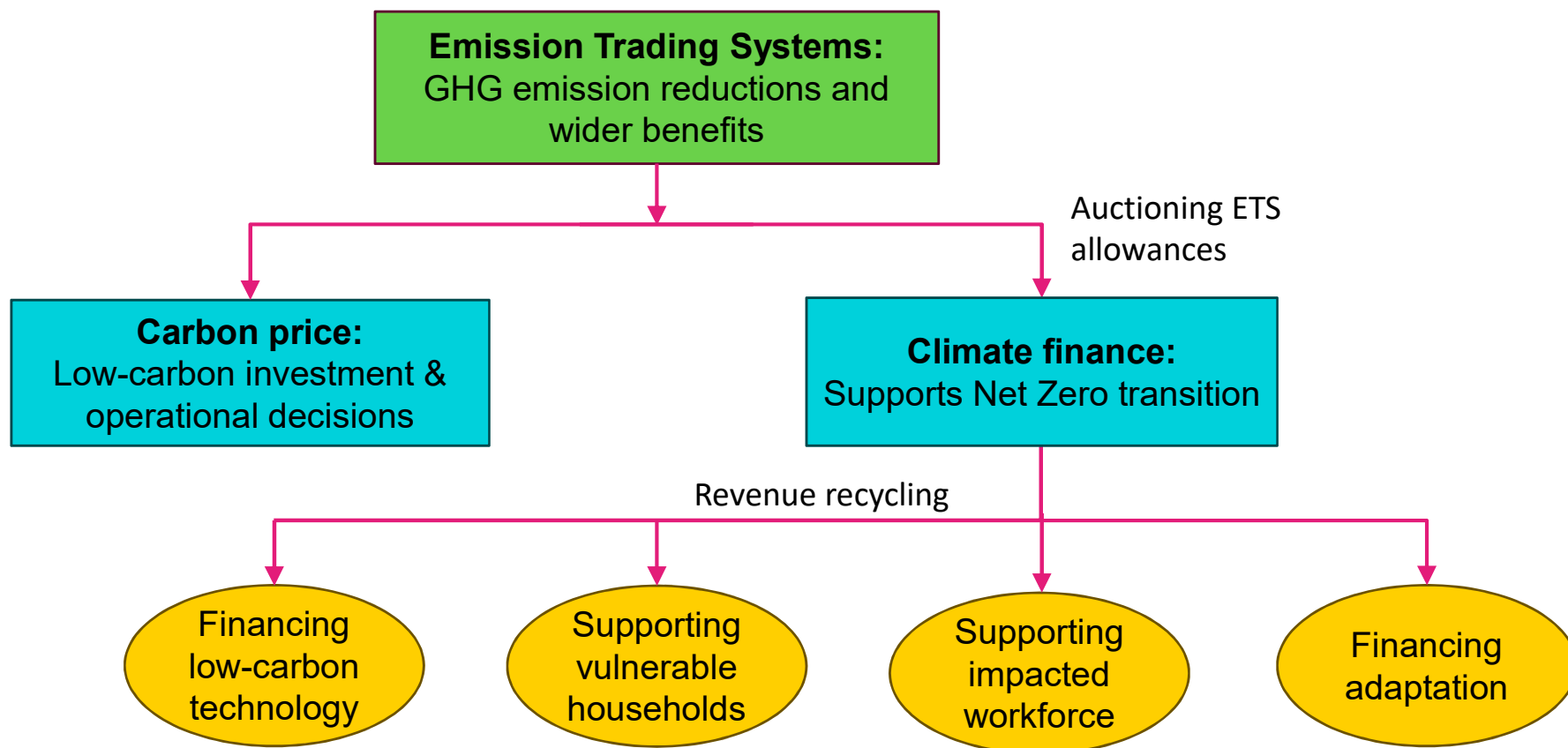
Agenda

- 1. Introduction to Emission Trading Systems**
- 2. Impacts of Emission Trading Systems**
- 3. ETSs and Sustainable Development Goals**
- 4. Just Transition Through India's Carbon Credit Trading Scheme**
- 5. Recommendations for Effective Implementation of India's CCTS**

Introduction to Emission Trading Systems

- **Emissions Trading Systems are cost-effective at achieving GHG reduction targets**
 - Lowest cost GHG emission reduction options will be incentivised
 - Wide range of options: energy efficiency, fuel switching, GHG abatement, offsets and trading
 - Surplus emission reductions can be sold
- **ETSs are proven in practice and increasingly adopted globally**
 - Assurance in achieving GHG reduction targets through MRV system and sanctions
 - EU ETS emissions reduced by 47% since 2005
 - Can protect industry's international competitiveness and mitigate carbon leakage risk
- **India's Carbon Credit Trading Scheme**
 - Key policy to meet India's NDC and Net Zero targets cost effectively
 - Will reduce cost impacts of carbon border adjustment mechanisms (CBAMs)
 - Emission intensity targets will apply to entities, tradable credits awarded for beating targets

Impacts of Emission Trading Systems



Emission Trading Systems and Sustainable Development Goals

Direct SDG Impacts of Carbon Pricing



Indirect SDG Impacts



Just Transition Through India's Carbon Credit Trading Scheme

Key pillars of the project

1. CCTS design

- Assessment of effective designs of CCTS to consider type, level, and trajectory of **emissions targets, auction share, and carbon leakage mitigation**.
- Development and application of policy design impact assessment model to assess **GHG, energy and economic impacts** of CCTS policy options at national, state, sector and sub-sector level.

2. ETS - power market interaction

- Detailed assessment of India's **retail and wholesale power market** structure, mechanisms and planned reforms.
- Development of **power market interaction options with the CCTS** informed by consultations with Indian power market experts and reference to **experience in China, South Korea, Indonesia**, and other relevant countries.

3. Just transition finance mechanism

- Detailed assessment of **context, needs, challenges and opportunities** of just transition finance mechanism.
- Development of **just transition mechanism options**, guided and directed by a project steering committee of experts in just transition in fossil states.

4. International cooperation

- Establishment of effective connections **between CCTS policy officials in India and other major Asian economies** developing ETSs, with extensive information sharing on challenges, solutions and best practices.
- **Dialogue facility** on ETS development and just energy transition in Asia.
- **Study tours** on ETS development and just energy transition.

Recommendations for Effective Implementation of India's CCTS

India's CCTS has the potential to generate **USD 700 billion to USD 1400 billion** of revenue by 2050



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Thank you!

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