

SAITAMA EMISSIONS TRADING SCHEME (ETS)

Years in operation	1st compliance period: FY2011-14 2nd compliance period: FY2015-19 3rd compliance period: FY2020-24 4th compliance period: FY2025-29
Overall cap & trajectory	N/A
Target(s)	Saitama prefecture: 26% reduction from 2013 GHG levels by 2030 ETS: 20-22% reduction from the base-year at 3rd compliance period
Emissions reduced to date	1st compliance period: 7.80 MtCO ₂ for 4 years 2nd compliance period: 15.11 MtCO ₂ for 5 years 3rd compliance period: 11.62 MtCO ₂ for 3 years (FY2020-22)
Sectors covered	Buildings and industrial facilities whose annual energy consumption is 1,500 kL or more (crude oil equivalent)
GHGs covered	CO ₂
# of covered entities	571 (as of April 2023)
Allocation method	The base-year emissions are calculated based on the CO ₂ emissions associated with the consumption of fuels, heat and electricity and as the average of three consecutive years between FY2002 and FY2007. The targets in 3rd Compliance period are based on base year emissions multiplied by a compliance factor of 20% for factories or 22% for office buildings.
Trading rules	Only covered facilities and legal entities with an office in Japan can open trading accounts.
Use of offsets and linking	Small and midsize facility credits in Saitama, Outside Saitama credits, Renewable energy credits, Forestry Credits and Tokyo Credits. Limitation: Credits from outside Saitama can only be used for up to one-third of the reduction obligation. The Saitama programme linked with that of Tokyo Metropolitan Government in 2011.
Other features	Excess emission reductions and credits in the second compliance period can be banked for reduction obligations in the third compliance period. Borrowing is not allowed.
Penalties for non-compliance	If the entities cannot achieve the reduction by the deadline, the name of the company will be published. There is no financial penalty.
Use of revenues	No revenue generated.

MAJOR DEVELOPMENTS

In FY2022, emissions from covered facilities were 6.33 Mt, representing a 40% reduction from the base- year emissions, which is much larger than the targets in 3rd Compliance period of 20% or 22%.

More than 8.5 million credits from 2nd Compliance period were held by September 2024, which will become invalid at the end of the result compilation period of 3rd Compliance period (the end of September 2026). The compliance factor for 4th Compliance period (FY2025-29) is 48% for factories or 50% for office buildings. As of now, there is no expectation for the Saitama ETS to integrate into the GX-ETS.

REFERENCES

ICAP: Japan - Saitama Target Setting Emissions Trading System (English)

<https://icapcarbonaction.com/en/ets/japan-saitama-target-setting-emissions-trading-system>

Website of Saitama Emission Trading system (Japanese)

<https://www.pref.saitama.lg.jp/a0502/torihikiseido.html>

Saitama FY2022 EST result published in August 2024 (Japanese)

<https://www.pref.saitama.lg.jp/documents/52241/news2024080101.pdf>

Saitama carbon Credits data by September 2024 (Japanese)

https://www.pref.saitama.lg.jp/documents/25641/torihikijyoukyou_dai3kikan_20240910.pdf

Saitama 4th Compliance Period Targets announced in November 2024 (Japanese)

<https://www.pref.saitama.lg.jp/documents/261517/news2024112701.pdf>

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