

Updated October 2023

Saitama Emissions Trading Scheme (ETS)

Years in operation	1st compliance period: FY2011-14 2nd compliance period: FY2015-19 3rd compliance period: FY2020-24
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: 7.48 MtCO ₂ for 2 years
Sectors covered	Buildings and industrial sector
GHGs covered	CO ₂
# of covered entities	581 (as of April 2022)
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 company will be published.
Use of revenues	No information



Major Developments

In FY2021, emissions from covered facilities were 6.86 Mt, representing a 35% reduction from the base-year emissions, which is much larger than the targets in 3rd Compliance period of 20% or 22%. Therefore, more than 7 million excess emission reductions and credits were held at the end of FY2021. The compliance factor for 4th Compliance period (FY2025-29) is under discussion in a subcommittee, but the details had not been disclosed by the middle of September 2023.

References

[Japan - Saitama Target Setting Emissions Trading System ICAP \(icapcarbonaction.com\)](https://icapcarbonaction.com/)
[The goal setting type organization of emission permit transactions- Saitama news July 13 2023 Result of FY2021 Emission \(saitama.lg.jp\)](#)
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