



guidelines under the
energy laws- perspectives
from the Kazakhstan.

Presentation plan

- Kyoto Protocol
- Quotas on greenhouse gas emissions
- Contradiction: unequal approach
- Regulation of greenhouse gas emissions in the Republic of Kazakhstan- new institute of Kazakh law
- Conclusion

from associated gas, which is its natural component.

LIQUID GAS BURNING

Until the 1970s associated gas was burned or vented in almost all the oil-producing countries of the world.

Norway, the USA and Canada have minimized or significantly reduced the volumes of associated gas that was burned.

For a large proportion of the developing countries that are oil producers, this wasteful phenomenon still continues to exist on a large scale.

The establishment by the World Bank of the Global Partnership to Reduce the Incidence of Combustion of Associated Gas in August 2002 has





THE WORLD BANK

- the volumes of flared associated gas could provide **half of the African continent** with energy

- The negative consequences of associated gas combustion include not only the waste of energy resources, but also significant amounts of **carbon dioxide** emissions into the atmosphere.

Approximately **400 million** cubic meters of carbon dioxide are emitted into the atmosphere every year

utilization of associated gas

```
graph TD; A([utilization of associated gas]) --> B([the use of associated gas to generate electricity, which is either used to support the activities of the oil company, or is sold on the market of electricity consumption]); A --> C([processing into liquefied gas for sale]); A --> D([injection of associated gas back into the reservoir to increase oil production]); B --> D;
```

the use of associated gas to generate electricity, which is either used to support the activities of the oil company, or is sold on the market of electricity consumption

processing into liquefied gas for sale

injection of associated gas back into the reservoir to increase oil production

LEGISLATIVE AND

CONSTITUTION

Kyoto Protocol

- The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change, which commits its Parties by setting internationally binding emission reduction targets.

- adopted in December 1997 in addition to the United Nations Framework Convention on Climate Change (UNFCCC).

- Kazakhstan ratified the Kyoto Protocol on June 19, 2009.

- October 7, 2011 Kazakhstan was included in the list of Annex B countries for the second crediting period 2013-2020 - to reduce GHG emissions by 15% from the 1990 level. With the introduction of amendments to the Environmental Code of the Republic of Kazakhstan (EC RK) in 2012, the Government of the Republic of Kazakhstan has begun to actively develop a regulatory and legal framework for introducing mechanisms to regulate greenhouse gas emissions. At the same time, the Ministry of Environment and Water Resources of the Republic of Kazakhstan (MoEW) started work on the creation of a system for trading emissions quotas for CO₂. Thus, Kazakhstan has assumed voluntary commitments to implement the provisions of the Kyoto Protocol.

Objectives

- In the context of the UNFCCC and the Kyoto Protocol, the main objective of the participating countries is **to reduce greenhouse gas emissions**
 - 1) reducing or limiting the consumption of fossil fuels
 - 2) improving energy efficiency
 - 3) developing and wider use of new and renewable energy, carbon dioxide absorption technologies and innovative low-carbon technologies
 - 4) measures to limit and / or reduce greenhouse gas emissions in the transport sector.
- At the national level, the objectives are similar, but at the initial stage they are reduced to more prosaic technical tasks, such as setting an effective system for monitoring and allocating quotas, creating rules for trade and market control.

Ratification

- Ultimately, the ratification of the Kyoto Protocol should lead to the formation of a carbon market, the effect of which is as follows:
- For natural resource users whose greenhouse gas emissions exceed the equivalent of twenty thousand tons of carbon dioxide per year, a certain allowable amount of greenhouse gas emissions (quotas) that are numerically equal to 1 metric ton of CO₂ equivalent is allocated.
- In the case of non-fulfillment by the nature user of its obligations and exceeding the permissible amount of emissions, it has the right to compensate its obligations to reduce greenhouse gas emissions by the acquired units of quotas, and (or) carbon units obtained as a result of projects.

- it is envisaged to use two flexible mechanisms for participants to fulfill their obligations
(Article 94-2 of the EC RK)



• quota trading



• project implementation

The unequal approach

- The ecosystem does not distinguish between the nature user by the form of ownership, economic organization or type of activity. In matters of ecology, regardless of whether the nature user belongs to this or that branch, all should be equal.

- Discrimination between sectors of the economy in terms of allocating quotas, controlling and imposing penalties will violate the equilibrium so important for the functioning of the market.

- It's no secret that oil and gas companies with a stable financial position are subject to enormous financial pressure from environmental authorities, while enterprises in other industries have state or private immunity.

- According to representatives of the authorized body, "Virtually all enterprises of the electric power industry operate in a social and socially significant sphere and are in a financially vulnerable position. In this regard, they will be provided with a smooth transition to the emission reduction program ... ". Such a smooth approach is to give energy companies the necessary, and even an excessive amount of quotas, as well as the provision of substantial discounts on the purchase of quotas.
- On the one hand, the industry, the energy and oil refining industries need a deep modernization of the state reserve.
- On the other hand, this requires investing a large number of funds, which for example, energy companies do not.

- It is obvious that the technologies for the production of the energy sector that have evolved over decades can not be changed immediately, so the amount of greenhouse gas emissions by such enterprises will remain at a modern level for a long time.
- Energy representatives have repeatedly stated that the actions of the Ministry of Environment and Water undermine the socio-economic situation in the country, since in the case of the implementation of the UNFCCC and Kyoto Protocol mechanisms, all costs will be transferred to the consumers, or enterprises will have to stop their production. As you understand, the latter is not possible.
- However, following the objectives of the UNFCCC and the Kyoto Protocol, the focus and efforts of the program should be directed precisely to the industries that make the greatest contribution to greenhouse gas emissions. Namely, the energy and industry sectors. Thermal power plants operating on liquid or solid fuels are one of the main sources of greenhouse gases in the atmosphere in Kazakhstan.

- Energy accounts for 60% of all emissions [11]. Industrial enterprises, mainly metallurgical, chemical, and mining industries currently produce 25% of total greenhouse gas emissions.
- A paradoxical situation arises when the program initiated by the authorized body contradicts the social and economic situation in the country. In other words, the initiative of the authorized body is incompetent in modern conditions. In addition, we must not forget that the introduction of a system for the regulation of greenhouse gas emissions threatens the fulfillment of tasks within the framework of projects for the development of the economy of Kazakhstan¹².
- The government will still have to make a difficult decision and choose between a program to reduce greenhouse gases and economic development. The main thing at the same time is to prevent the development of the pollutant emissions into the atmosphere, as mentioned above, when the enterprises of the oil and gas producing sector of the Atyrau oblast throw less and pay more than all of them together.

Conclusion

- Adopted in December 2012 in Doha, the amendment consists of amendments to the Kyoto Protocol that establish legal obligations for greenhouse gas emissions for the second crediting period from 2013-2020.
- According to paragraph 7 of article 21 and article 20, paragraph 4, the amendment is subject to acceptance by the parties to the Kyoto Protocol.
- The amendment will enter into force for the parties that have accepted it on the ninetieth day after the day on which the Depository receives the document on the adoption of the amendment by 144 parties to the Kyoto Protocol from 192 (3/4). To date, only seven countries have adopted the Amendment (Bangladesh, Barbados, Mauritius, Micronesia, Monaco, Sudan, the United Arab Emirates).
- Most of the countries of the parties to the Kyoto Protocol, including the largest issuers such as the US, India, Russia, Japan and China, refused to accept the Amendment and legal obligations to reduce greenhouse gas emissions.

- After analyzing the existing practice, the majority of the participants of the Kyoto Protocol came to the realization that the system of regulation and trade in greenhouse gases, as it exists in the framework of the Kyoto Protocol, will only lead to inconclusive speculation.
- As for Kazakhstan, after joining the list of Annex B countries to the Kyoto Protocol in 2011, restrictions on greenhouse gas emissions were related to the state's international obligations.
 - However, after the obvious change in attitude towards the implementation of the UNFCCC provisions of the participating countries, a political decision was taken not to ratify the agreement on inclusion in Appendix B13. The international obligations of the Republic cease to be effective without beginning.

- **The question of what the purpose of the greenhouse gas regulatory system in the light of the latest and emerging changes in environmental legislation remains open.**
- **The quota for greenhouse gases is gradually turning into another permissive document, with the help of which "winners and losers" will be artificially selected.**