



**Supporting the Implementation
and Development of the EU ETS –
LIFE SIDE**

Replicability check list (preliminary)



LIFE SIDE is co-financed by the EU LIFE Programme of the European Commission



Check list for ETS Assessment (preliminary)

This checklist is intended to be an operational document with the specific aim of helping to replicate the Life Side Project outside Europe. The document is based on the experience acquired in the first year and a half of activities, and includes two different type of information:

- A list of actions that we suggest to take in order to replicate this assessment;
- A list of specific issues which we believe might be relevant for non-EU countries.

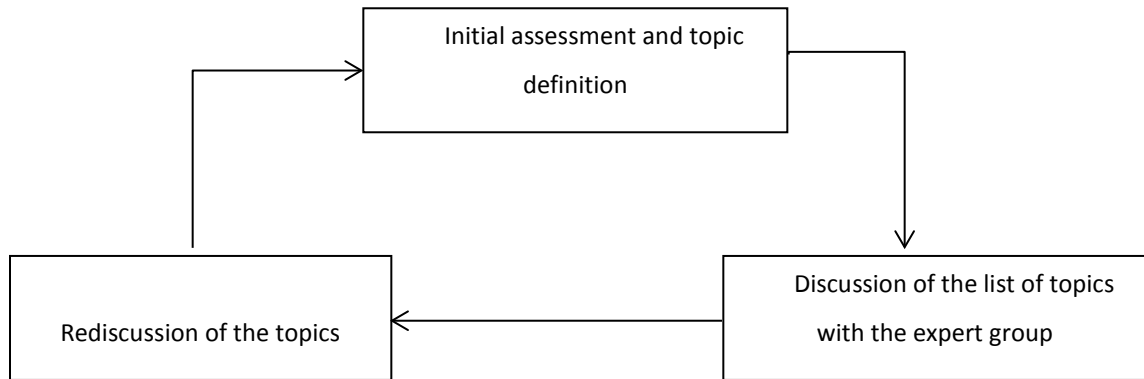
The following list of actions can be considered as the backbone of the Life Side Project, as it constitute a list of steps which need to be taken in order to replicate this study. We present this list following a chronological order.

1. Firstly, it is very important to understand which are the critical and relevant area of intervention in each specific country. For the Life Side Project, we choose the following topics: Free allowance allocation; Competitiveness effects and carbon leakage; Interactions with other policies; Low-carbon innovation and investment; International dimension. Obviously, this is only a sub sample of all possible topics. The choice of these topics can be complex, and a good way to start is to have a fresh look at both academic literature and other policy assessment report published in your country and abroad.
2. Second step is the creation of the “expert group”. The expert group is a fundamental partner of the project, with the specific role of working as an external validation unit. The expert group is more functional to the project if it has a wide and vast composition, including different type of experts, like:
 - Policy makers involved directly in the ETS design;
 - Policy makers not directly involved in the ETS but with some interest in environmental policies;
 - Policy makers from different geographical areas (Member States, in the EU case);
 - Academics;
 - Various stakeholders (firms, civil society, NGOs...)

The expert group can be involved in different steps of the project, for feedback, suggestions or support.



3. The following step is the validation of the chosen topics with the expert group. Given the importance of deciding on which aspect of the ETS to focus, the feedback from different stakeholders becomes crucial. In a sense, the decisional process of the Life Side Project has the following circular structure.



4. Once the topics have been chosen and validated, it is fundamental to define the criteria for policy evaluation that we want to use in the assessment. In the specific case of the Life Side Project, we adopted the following criteria: Relevance; Effectiveness; Efficiency; Coherence (both internal and external) and EU Added Value. An a priori identification of the criteria increases the soundness of the assessment and help to maintain an overall objectiveness. Moreover, the adherence to these criteria is relevant in the phase of diffusion of the report. They help to explain why and how some results have been obtained. Also the definition of these criteria is a two-step process which can benefit from an involvement of the expert group.
5. The next step is the assessment. The Life Side Project was conducted as a “positive” analysis, in which we used the “topics and criteria” lens to read existing academic literature. This activity of taking stock of existing ex-post empirical evidence on the ETS constituted the core of the report. In a sense, this was the shared knowledge background on which we based all following activities.
6. Once we internalized the content of the assessment report, we used it as a basis for the discussion with policy makers and stakeholders. In the Life Side Project, the “discussion phase” took the form of a series of different workshops: one per each of the topic chosen in STEP 1. In these workshops, we guaranteed the presence, among the audience, of a different array of subjects like: policy makers at different level and with different involvement in the ETS; policy makers involved in other climate or energy policies; firm representative; civil society representative; NGOs; expert from



the academia; member of the expert group. We believe that it is not necessary to have the entire expert group to attend these meetings, but a certain degree of involvement is beneficial.

7. Once obtained both policy makers and academia perspective on the outcomes of the assessment report, these results can be transferred to a wider audience. In the specific case of the Life Side Project, results can be transferred through the following channels:
 - Creation of a series of policy brief, one per each of the chosen topics. These documents includes both the result of academic literature and the feedbacks from policy makers and stakeholders during the specific workshops of STEP 6.
 - Specific training on the chosen topic with practitioners and other possible stakeholders. The idea here is to have a series of short courses of maximum two days in which the main lessons learnt during this process are transferred to a small group (no more than 30 people) of participants interested in the ETS.
 - Online training and debate with practitioners and other possible stakeholders. The online trainings are a combination of video lectures, forum discussion and online debate between experts in the field.
 - Final conference for a wider dissemination of the results.

Among the different lessons that we have learnt during this process, there are a few which might be relevant for non-EU countries when it comes to the replicability of the Life Side Project:

- 1) The timing is fundamental. In order for this project to have the highest possible impact, it is important to have a correct timing. This means that the project should ideally start before or during the phase of consultation for the creation of a new ETS, or during the revision of an existing system.
- 2) It is important, for the correct functioning of the project, to share the choice of both topics and criteria with an expert group, and to validate them in an extensive discussion with the policy makers.
- 3) A broad involvement of all the different type of stakeholders is vital. In our experience, there is a great interest in considering the climate policy portfolio in its overall complexity, and not limiting the discussion to the ETS only. This means that it becomes crucial to have a direct involvement of policy makers from other environmental realm, like the energy sector.



- 4) Other topic which can be of interest for non EU countries, that we decided not to considered are:
- Macroeconomic implication of the ETS, in term of its impact on the economic structure in a broad perspective;
 - Environmental impact of the ETS;
 - Distributive impact of the ETS;
 - Social acceptability of the ETS.