

Keeping track: Options To Develop International Greenhouse Gas Unit Accounting After 2012

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Outline



- A range of scenarios for unit accounting after 2012 (tradable units not emissions accounting)
- Kyoto Protocol versus 'pledge and review'
- Elements of a 'middle ground' scenario
- Regulation and tracking of units in the middle ground

Kyoto-style allowances versus pledge and review

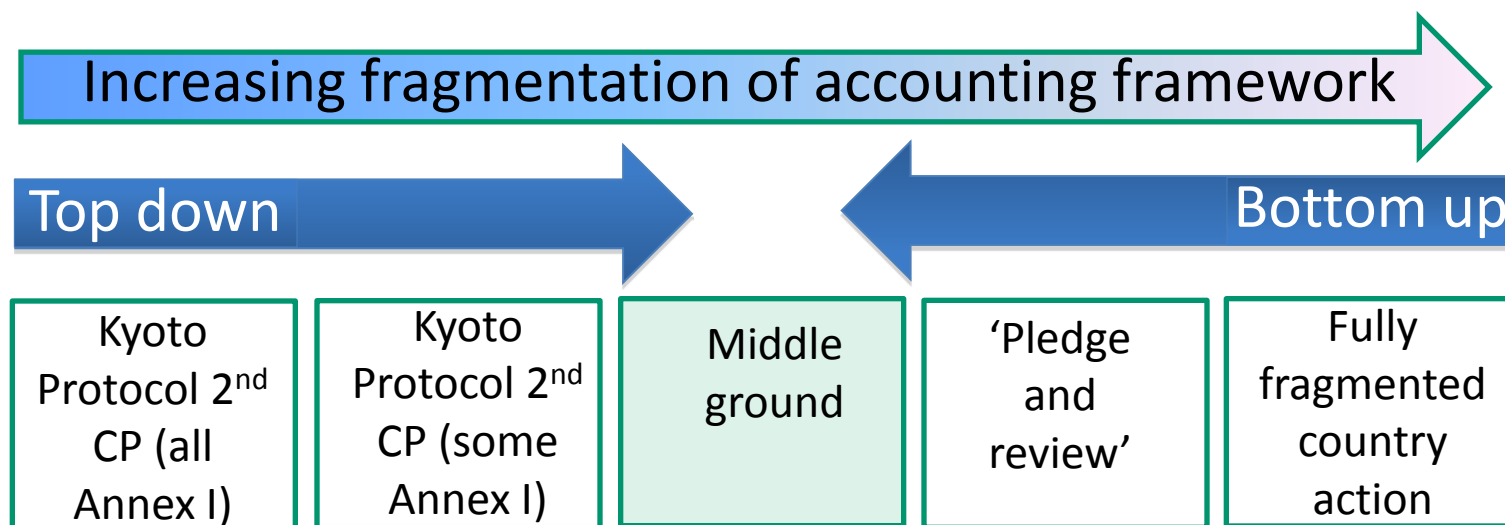
Common allowance model

- ✓ Compliance: tried and tested international system
- ✓ Nesting domestic trading schemes
- ✓ Tracking: facilitates traceability through continuation of UN log
- ✓ Suited to expansion of UN centrally-regulated market mechanisms

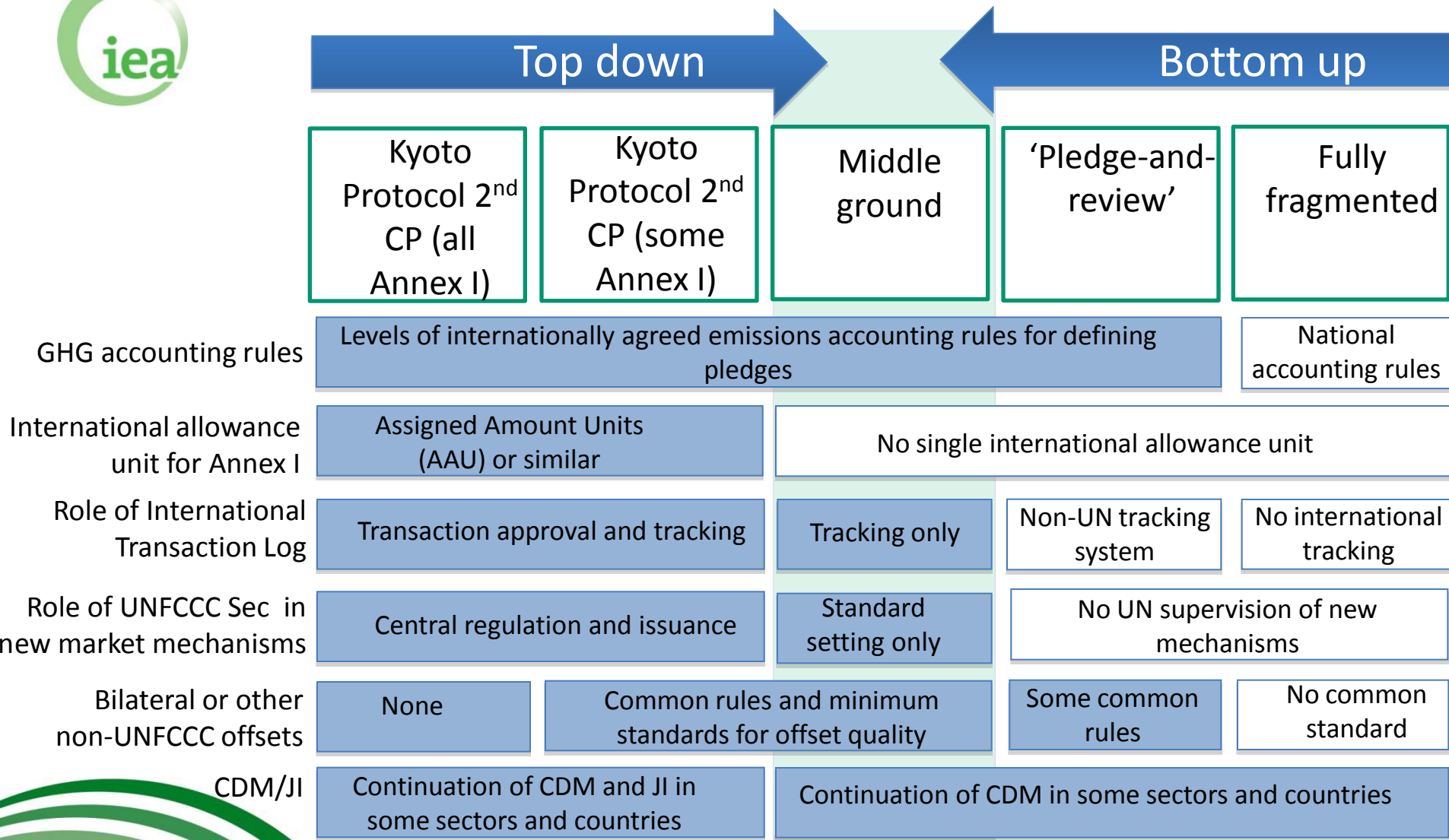
Pledge and review model

- ✓ Country flexibility defining pledges and goals
- ✓ May avoid differentiation of Annex I countries
- ✓ Easier for developing countries to increase commitment over time
- ✓ Suited to independent bilateral or other country-led market mechanisms

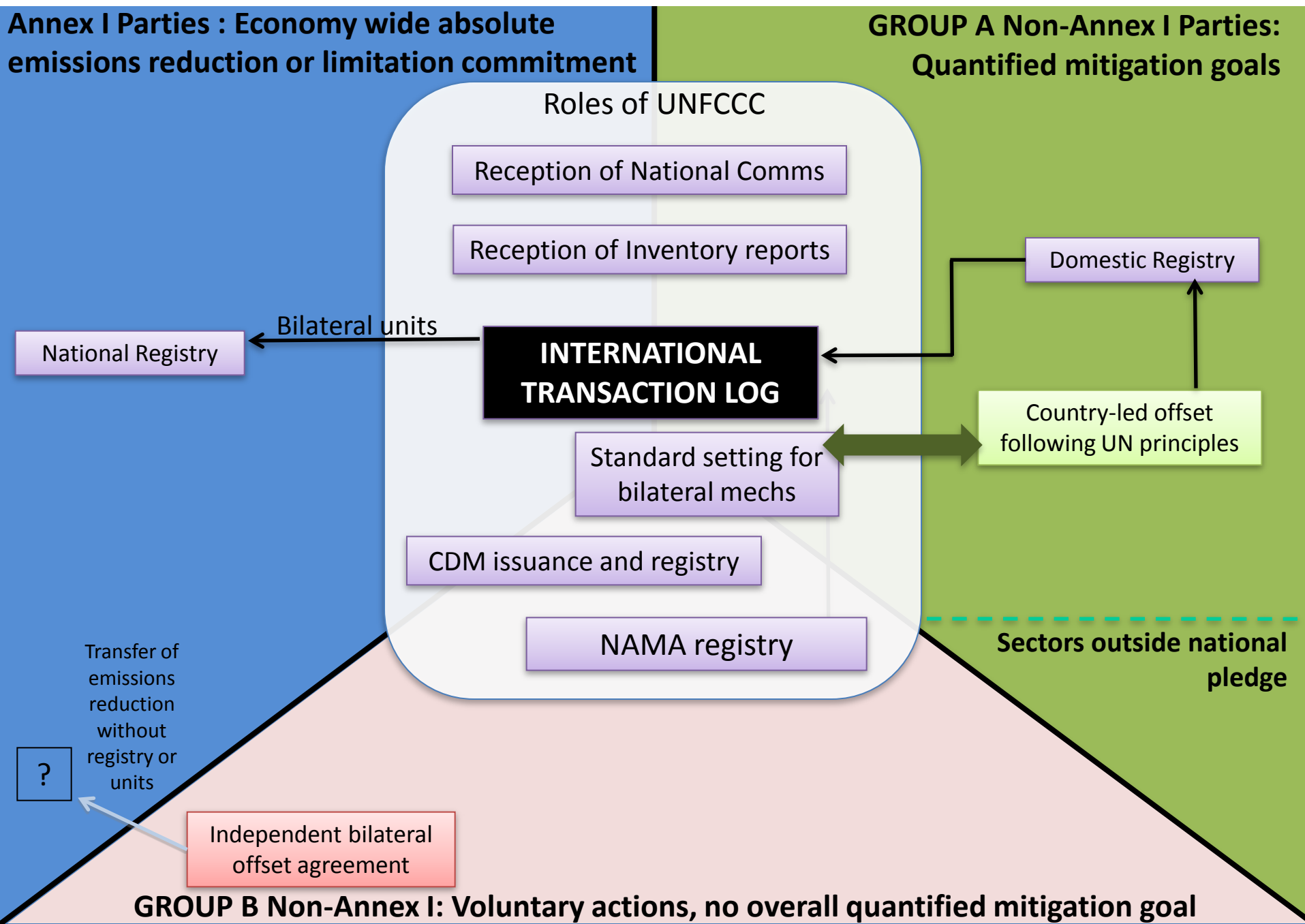
Post 2012 international GHG accounting framework



Building blocks of post-2012 accounting framework



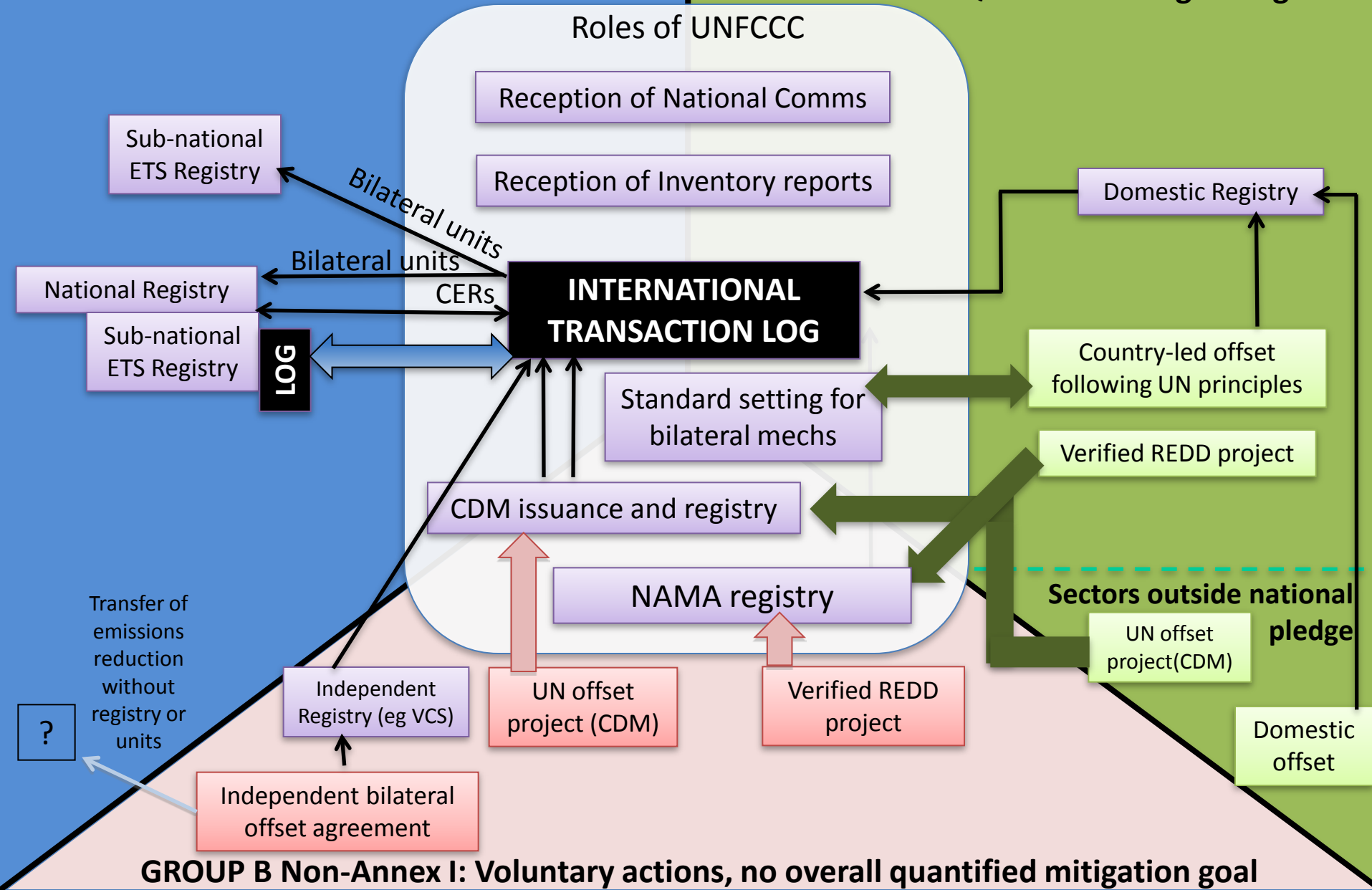
Three country pledge groups: bilateral mech using ITL and UN principles



Three country pledge groups: example of possible unit movements

Annex I Parties : Economy wide absolute emissions reduction or limitation commitment

GROUP A Non-Annex I Parties: Quantified mitigation goals



Middle ground: international role in market mechanisms

- UN provides guidelines or minimum standards for adoption by bilateral mechs
- UN as regulator of CDM and potential new UN mechanisms

- Some bilateral unit types recognised according to common shared principles
- Recognised units tracked by ITL (without pre-approval function)

- Minimal central UN oversight of offset mechanisms
- Countries bilaterally recognise standards, quality and MRV assurance

Decreasing centralisation of offset governance

A large arrow pointing to the right, with a blue-to-purple gradient fill and a green outline.

J1: some countries voluntarily follow prescribed procedures that are pre-existing (using J1 'track 2' documents)

Tracking of unit transactions

- Importance of tracking for international transactions
- Could ITL operate outside of Kyoto with variation of unit types and no approval function?
- Financial markets have some methods for facilitating data tracking:
 - ◆ EU MiFID Directive stipulates data openness
 - ◆ SWIFT financial data standardisation (but not tracking)
- Voluntary carbon market has no central tracking but network of linked registries

Challenges for GHG unit accounting

- Providing international platform for tradable units whilst maintaining country flexibility
- Potential **double counting** of offset reductions:
 - ◆ Credit counts for host and buyer country pledge
 - ◆ One action credited by two schemes
- Role of **domestic / sub-national schemes** in international accounting
- Ongoing work to explore detailed options for meeting country realities whilst ensuring integrity of unit systems

Thank you

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