

# Analysis of CER trading in the Kyoto era: Lessons for the Paris Agreement

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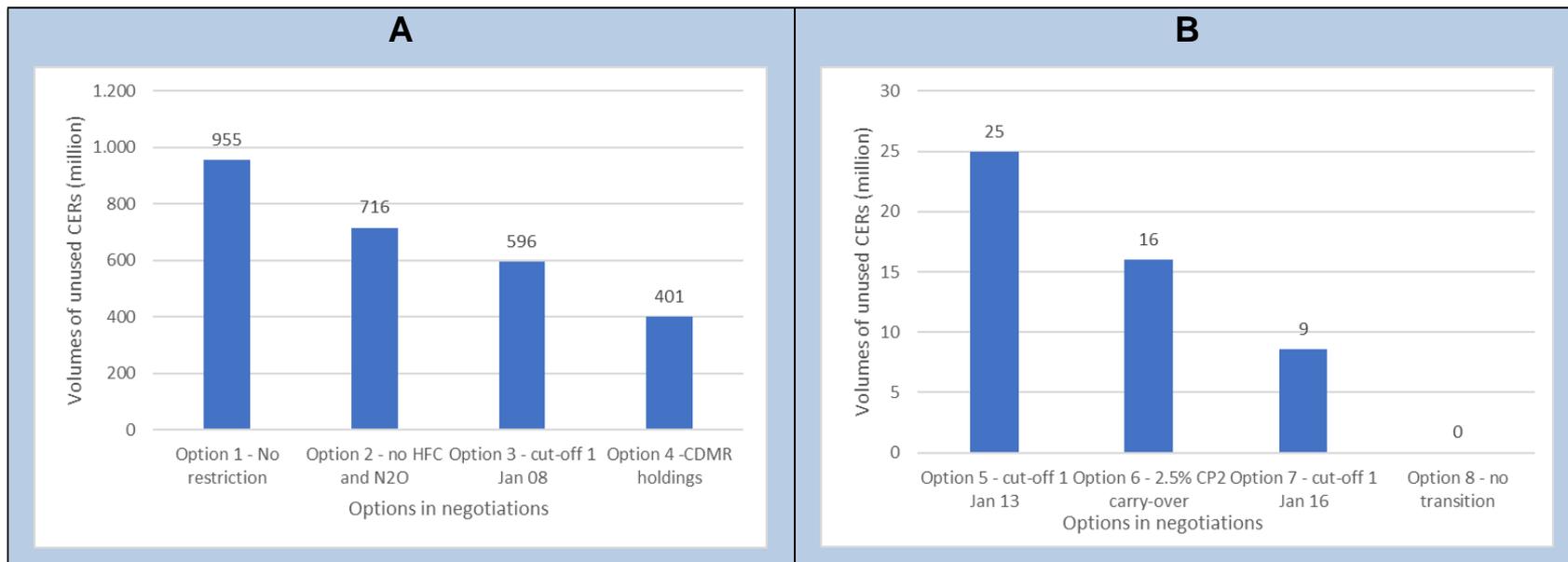
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# CER transition volumes as per the different options

Relative impact of transition options on quantities of eligible CERs :



Source: Michaelowa et al. (2021)

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# Impacts of restrictions

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- **On average, only 55% of issued CERs were used**
  - Bulk of unused CERs stems from activities registered between 2008 and 2013
- **Among unused CERs, these project types dominate:**
  - Hydro and wind projects, the vast majority from large-scale projects
  - N<sub>2</sub>O and HFC abatement (even if only 20% remain unused- so sold well), but these would be de-facto excluded in a 2013 or 2016 cut-off date.
  - Energy efficiency in households, solar energy high share in recent projects
  - Industry sector activities and biomass performed better than average
- **The following types have a higher than average share of unused CERs:**
  - Oil and gas sector-related reductions, Fugitive/Coal mine methane and Landfill gas
- **Dominance of Brazil, China and India when looking at amount of unused CERs**
  - India relatively less affected by a late cut-off
  - If looking at the relative share of unused/issued CERs, activities in other countries are more impacted

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## Alternative restriction options

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- Limiting transition to the CERs remaining in the CDM registry
  - Would limit eligible CERs to **approximately half** of the unused CERs remaining.
- Allow for quantitative limits for CP2 CERs to be “carried-over” and let host countries decide which CERs to promote in post-2020 carbon markets
  - Puts host countries in the driving seat
- What to do with the ineligible CERs?
  - Mandatory cancellation (proved challenging in the past)
  - CER trading for “other purposes” to continue? Until when?

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# Transparency and regulatory certainty for PA carbon markets

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- While CMP decisions demanded quite far-reaching publication of data, practices of securing confidentiality undermined transparency in practice: both in national registries as well as the CDM registry.
  - Result: Patchy landscape of public information, incomparable sources of information
- For the PA era
  - Some public disclosure of data should be mandatory after a period of e.g., three years
  - Data should be traceable to the underlying activity, account holders could be aggregated and/or anonymised
  - Article 6.4 mechanism registry to publish data on holding accounts as well, after three years
  - More granular reporting on **different uses** instead of „voluntary cancellation“ or „other purposes“
- Avoid regulatory uncertainty and non-enforcement of decisions
  - Clear timelines to conclude carry-over processes (!)
  - Avoid zombies and recognise different uses of credits/mitigation outcomes

**Thank you!**

You can find the  
study [here](#)

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## Volumes and types of unused Certified Emission Reductions (CERs)

Lessons learned from CDM transactions under the Kyoto Protocol, transparency gaps and implications for post-2020 international carbon markets

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With inputs from and based on a dataset by Regina Betz<sup>2</sup>, Raphaela Kotsch<sup>2</sup>, Tim Dzukowski<sup>2</sup>

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