

Sectoral approaches in a post-2012 agreement

Sectoral proposal templates

Presentation at the

'COP 14 side event by Climatepolicy.net'

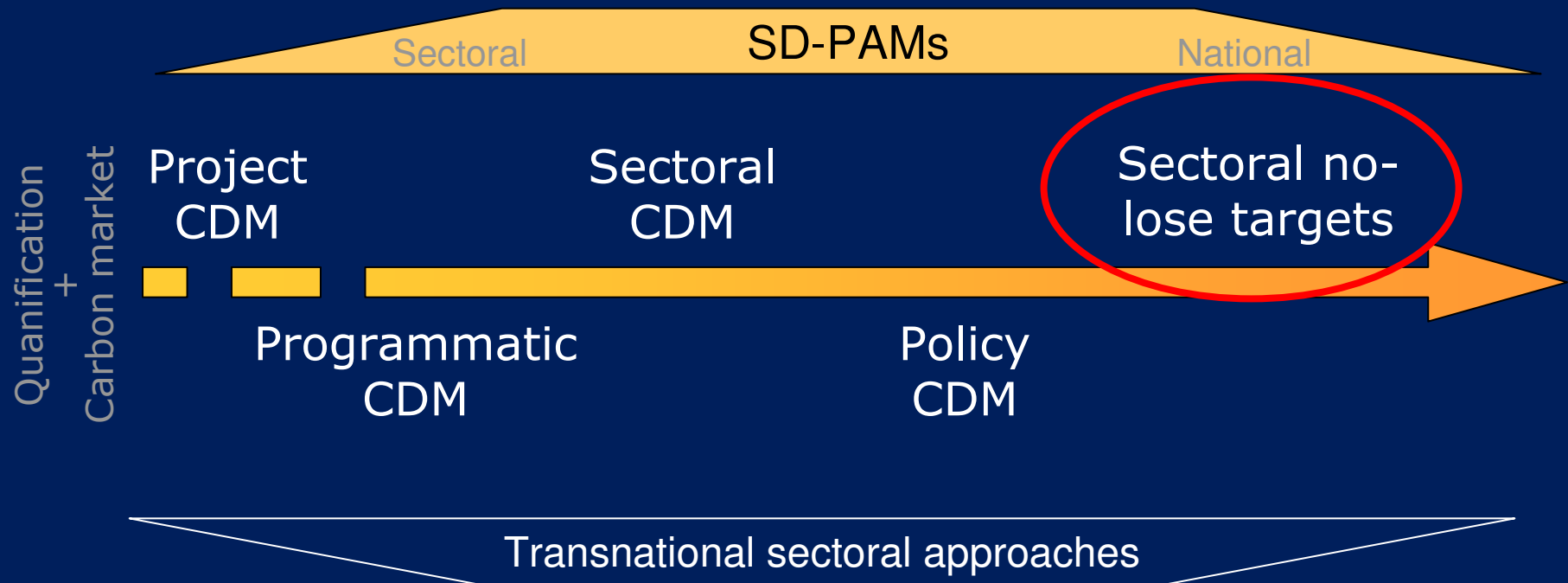
6 December 2008, Poznan

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Overview

1. Sectoral no-lose targets – general principles
2. Sectoral proposal templates – how to make it work
3. Road testing Mexico - lessons learned

Scaling-up developing country contributions within the UNFCCC



Sectoral no-lose targets - Principles

- **“Sectoral”**
focus on individual sectors, based on detailed, national, transparent analysis
- **“No-lose”**
credits to government for reductions beyond baseline, no penalty if not achieved
- **“Target”**
some developing countries pledge crediting baselines (NOT benchmarks) for sector(s)

Characteristics of sectoral no-lose targets

National dimension

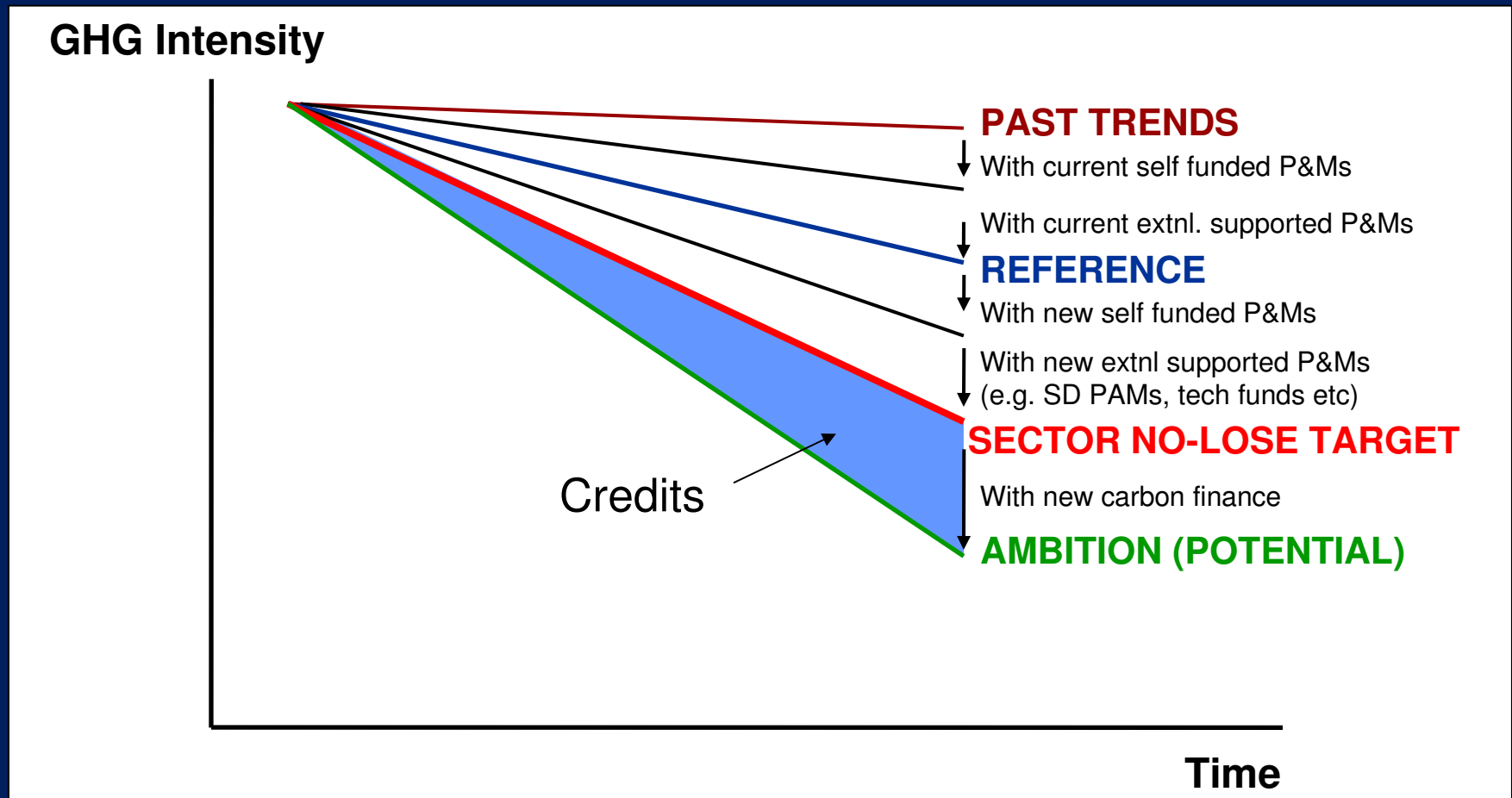
- **Country driven**, bottom-up, not imposed by international community
- **Incentive** for participation due to potentially large investment inflows and no-lose character
- **Government sovereignty** on how to pass on incentive to private entities (policies and measures)

Characteristics of sectoral no-lose targets

International dimension

- **“Additionality”** is no longer an issue (if Annex I targets reflect credit generation through SNLTs)
- **Focus** on what can be done (some sectors in some countries)
- **Potential** to scale up mitigation action

Concept: Sector crediting baseline



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Project on Sectoral Proposal Templates

- Project partners:
 - GtripleC (Murray Ward)
 - Ecofys (Martina Jung, Niklas Höhne, Marion Vieweg)
- Funding from:
 - World Bank
 - UK DEFRA
 - VROM Netherlands
 - GTZ (Germany)

Sectoral proposal templates

- Background: Sector (no-lose) targets need development of sector crediting baseline at national level
- Learning-by-doing tool to test the approach
- Sector proposal templates developed:
 - Electricity production
 - Cement production
 - Transport
- First 'road-testing' in Mexico

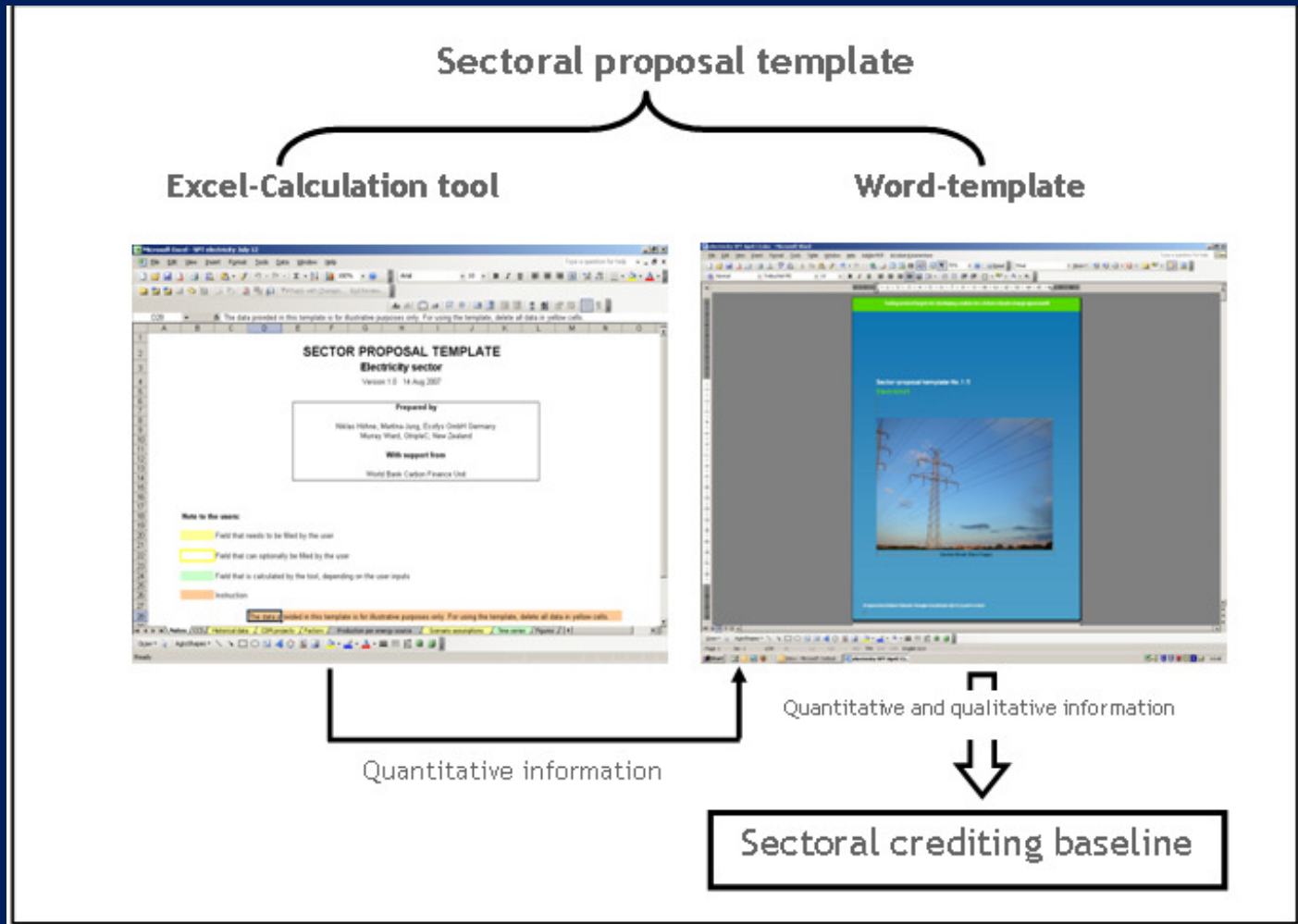
Work in progress

- Development of iron & steel template

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Structure of the templates



Development of a baseline proposal

Template

I.3. Data from IISI methodology

Please fill in the yellow fields in this sheet with the energy and emissions data that have been calculated using the IISI data collection methodology. Alternatively you can fill in section I.2

Scope 1 direct emissions	Unit	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
kgnet	metric tonnes CO ₂ e	530	490	520	560	555	590	700	710	730	735	745	730	810
Caking coal	metric tonnes CO ₂ e													
BF injection coal	metric tonnes CO ₂ e													
Sinter / BOF coal	metric tonnes CO ₂ e													
Steam coal	metric tonnes CO ₂ e													
EAF coal	metric tonnes CO ₂ e													
SR/DRI coal	metric tonnes CO ₂ e													
Coke	metric tonnes CO ₂ e													
Charcoal	metric tonnes CO ₂ e													

+ 'Story'
+ Assump-
tions
+ PAMs



Aggregation
on country
level



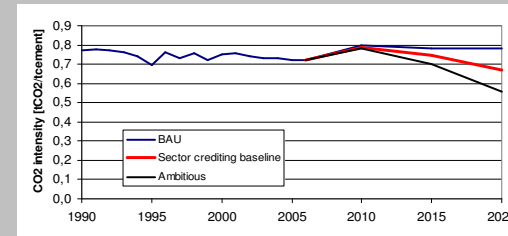
Fill in your assumptions for the future scenario in your assumptions, include the effects due to CDM projects (currently registered, see also worksheet 'CDM projects').

Scenario assumptions	Scenario name	Scenario 1			Scenario 2			Scenario 3		
		2010	2015	2020	2010	2015	2020	2010	2015	2020
Population	Average 1990-2007	1.50%	1.80%	1.25%	1.50%	1.80%	1.25%	1.50%	1.80%	1.25%
GDP	2.30%	2.10%	2.30%	2.30%	2.10%	2.30%	2.30%	2.10%	2.30%	2.30%
Future production iron [growth per year]		4.50%	4.80%	5.25%	4.50%	4.80%	5.25%	4.50%	4.80%	5.25%
Future production crude steel [growth per year]		8.70%	9.50%	10.20%	8.70%	9.50%	10.20%	8.70%	9.50%	10.20%
Future production final product [growth per year]		8.30%	8.80%	9.20%	8.30%	8.80%	9.20%	8.30%	8.80%	9.20%
	2007	2010	2015	2020	2010	2015	2020	2010	2015	2020
A Iron production										
BF (pig iron)		66%	63%	61%	63%	59%	55%	62%	57%	52%
DRI (gas-based)		31%	34%	34%	34%	35%	37%	35%	37%	40%
DRI (coal-based)		0%	0%	0%	0%	0%	0%	0%	0%	0%
Smelt reduction (molten iron)		3%	3%	5%	3%	6%	8%	3%	6%	8%
B Steel Production										
BOF		62%	61%	60%	60%	59%	57%	66%	55%	54%
DRI - EAF (coal-based)		0%	0%	0%	0%	0%	0%	0%	0%	0%
DRI - EAF (gas-based)		26%	26%	26%	26%	27%	27%	29%	28%	28%
EAF		13%	13%	14%	14%	15%	16%	15%	17%	18%
Other		0%	0%	0%	0%	0%	0%	0%	0%	0%
Other		0%	0%	0%	0%	0%	0%	0%	0%	0%

Baseline



Data
collection
Bottom-up
process



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General issues

- Definition of “sectoral approaches” still unclear
 - ➔ Concepts need to be described in more detail
 - ➔ Consequences and necessary conditions need to be more precise
- Sectoral no-lose targets do not fit all sectors
 - ➔ Some sectors (e.g. transport, chemical industry) are extremely complex to operationalise, so other approaches may be better suited or suitable sub-sectors identified

Technical issues

- Boundary questions are important, but can be agreed
- Data collection efforts prior filling templates are essential (e.g. by industry associations, WRI/WBCSD GHG Protocol)
- Confidentiality of data can be a barrier in competitive sectors (less in others, e.g. electricity)
 - ➔ Solutions: aggregation; collection and administration by third party?

Institutional issues

- Full government commitment is essential
- Proper institutional structures need to be set up
 - ➔ *National*: to facilitate baseline setting and MRV, as many different government and industry participants are involved
 - ➔ *International*: to enable comparability of proposals, MRV and crediting procedures
- Government capacity is crucial for implementation

Outlook

- ➔ Time is short until the end of 2009
- ➔ More knowledge is needed if crediting baselines are to be part of a post 2012 framework
- ➔ Sectoral proposal templates are ready to be used as capacity building and learning tool
- ➔ Work must focus on what can be / must be achieved until Copenhagen

The background of the slide is a dark blue gradient. It features a silhouette of a person climbing a rock face on the right side. In the lower-left, there are faint silhouettes of mountains. The overall scene is dimly lit, suggesting a sunset or sunrise.

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