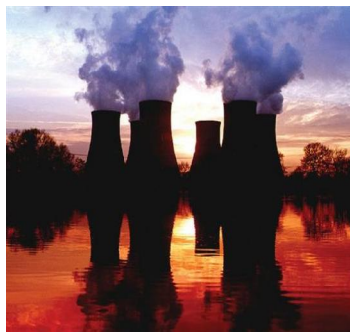


Overarching Architecture for a Global Emission Management Strategy

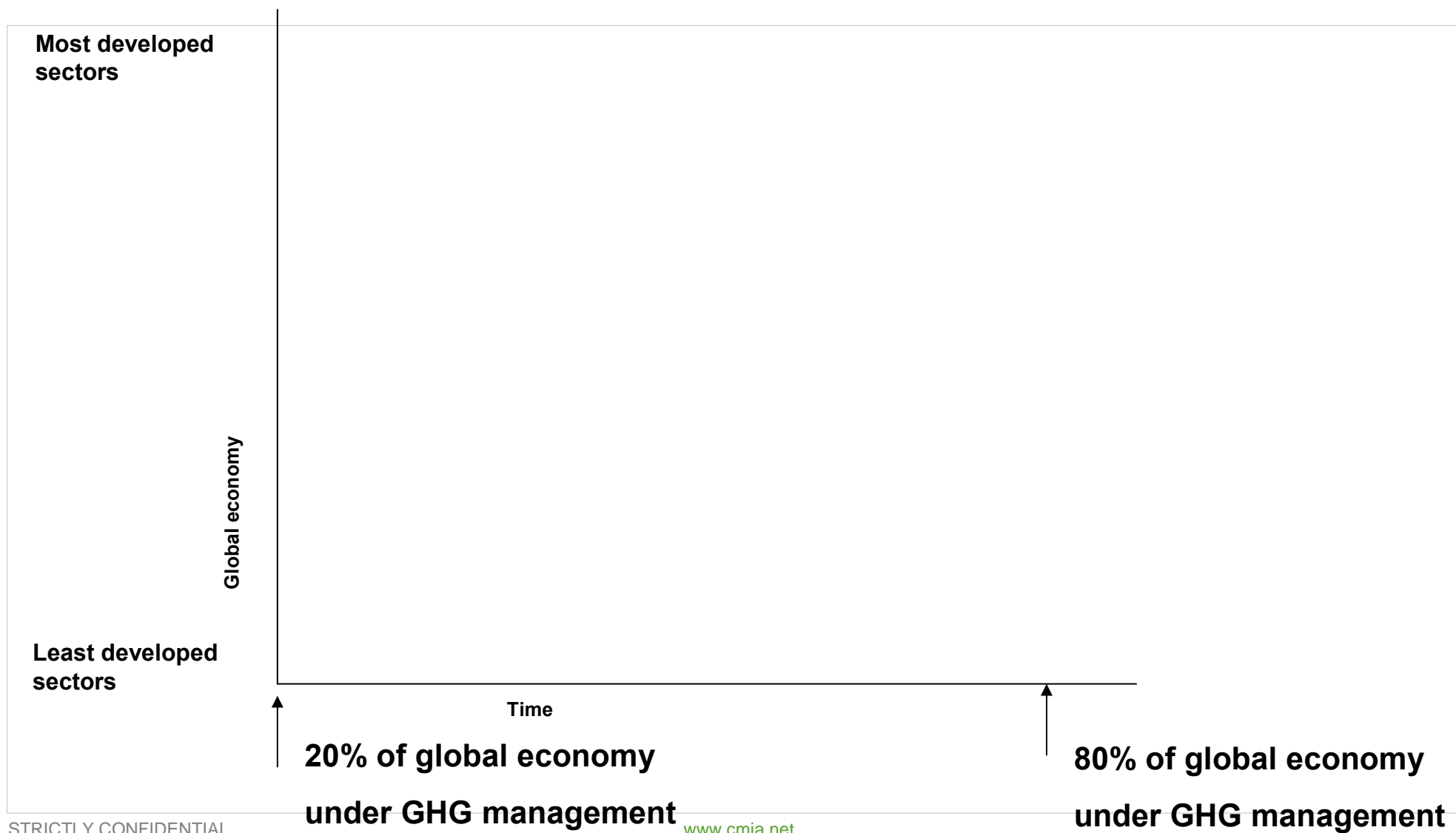


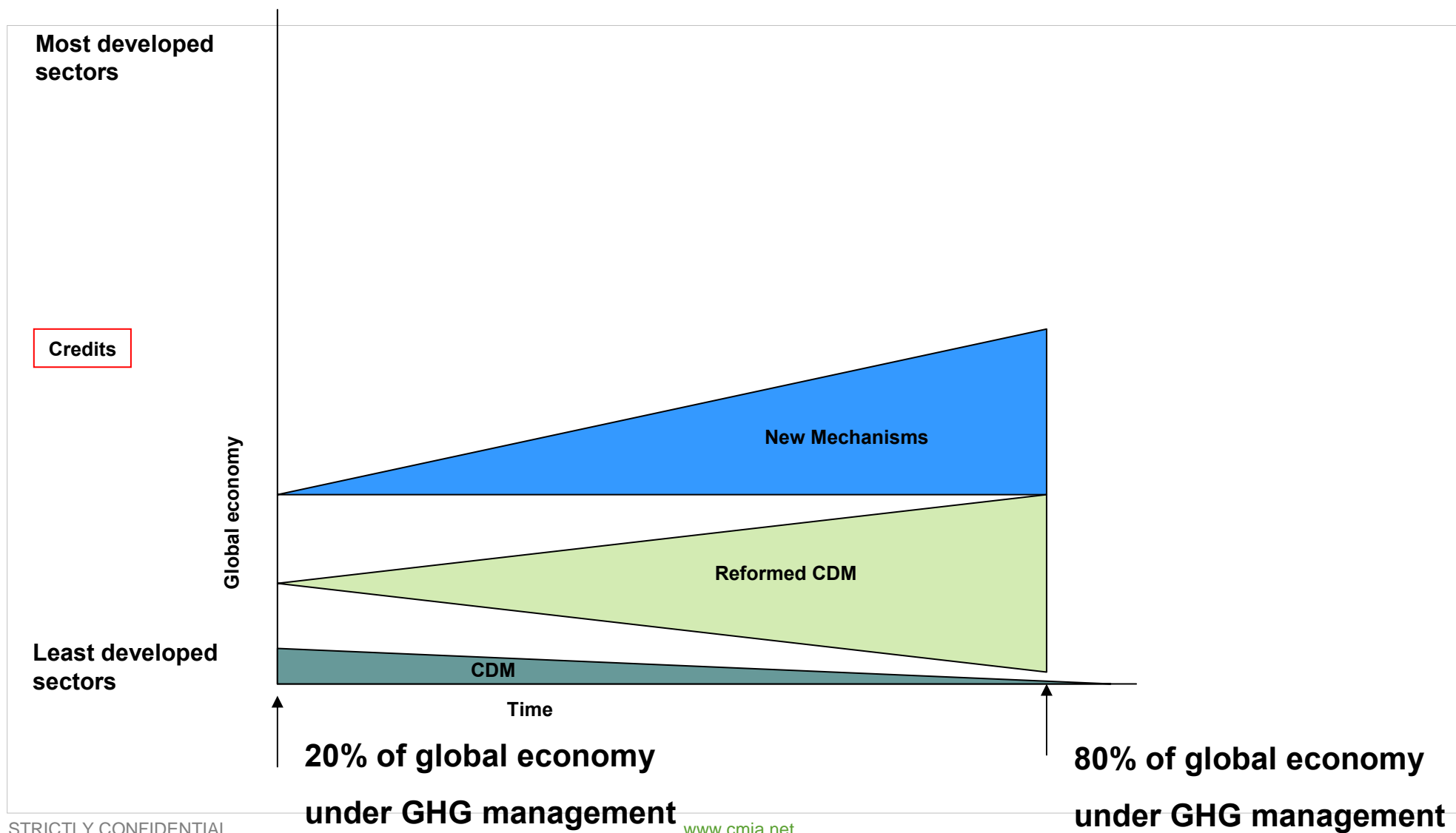


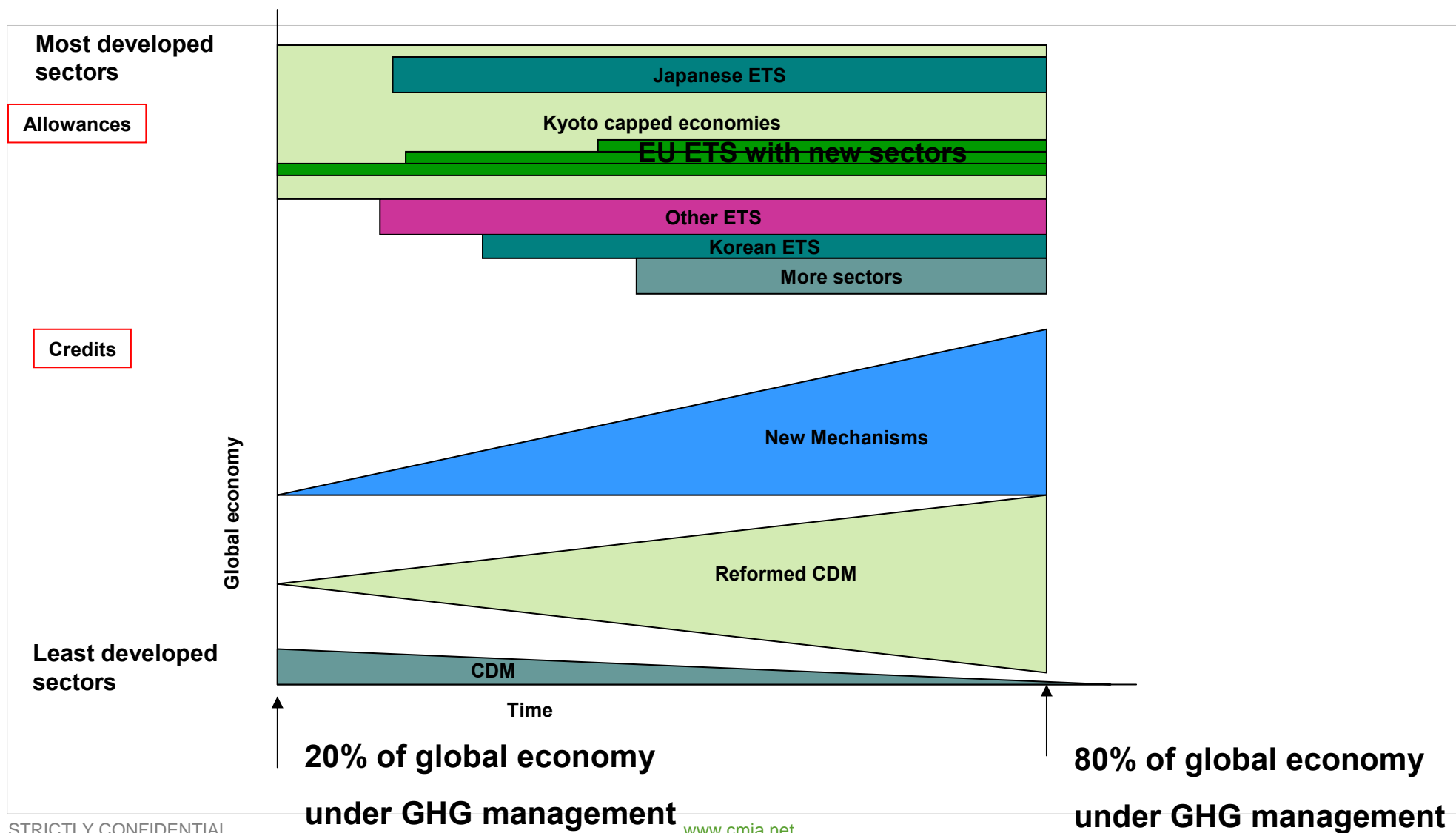
*Promoting Efficient Market Solutions
to Combat Climate Change*

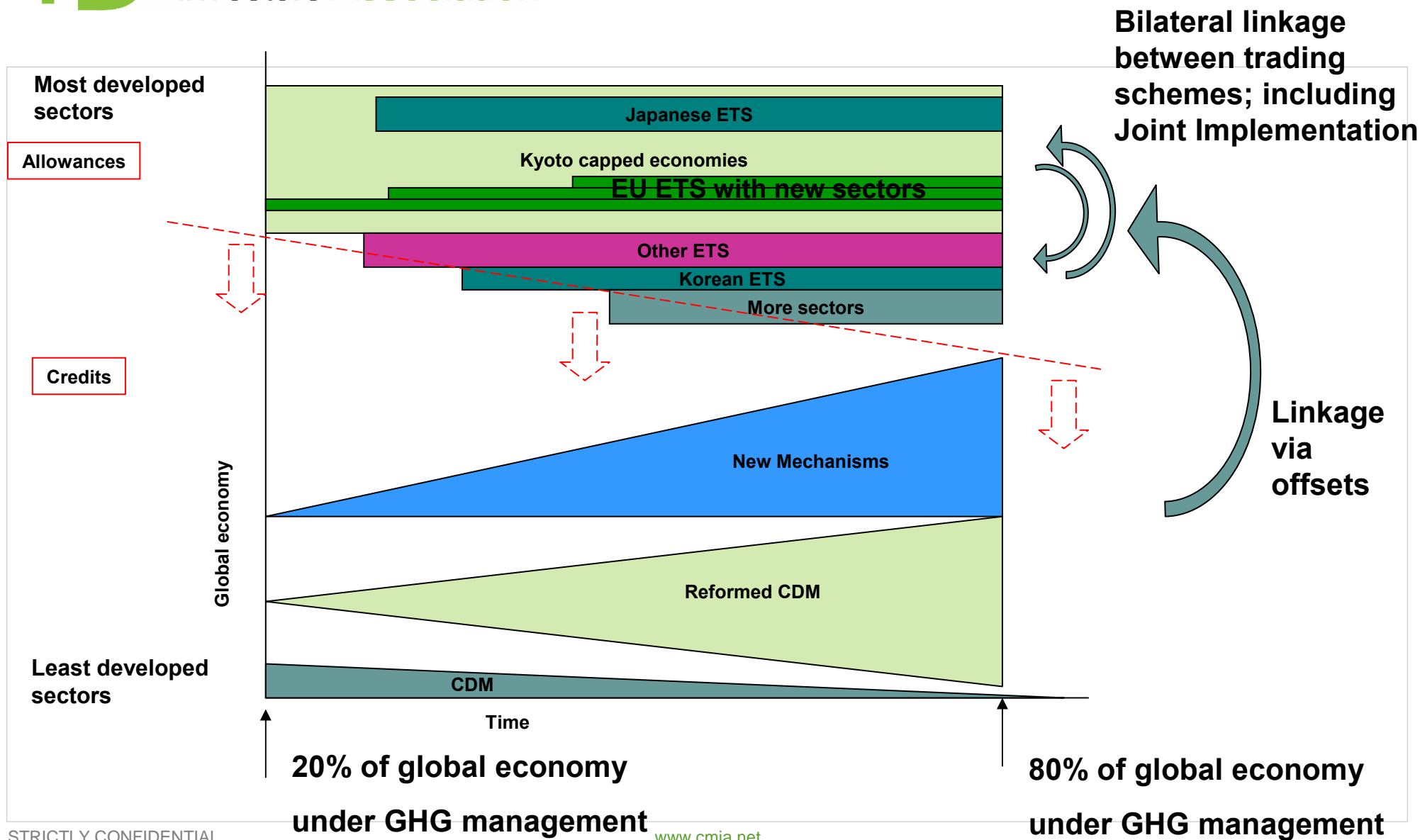
CMIA is an international trade association representing firms that finance, invest in, and provide enabling support to activities that reduce emissions. Our international membership accounts for an estimated 75 per cent of the global carbon market, valued at USD 130 billion in 2009.

Our effectiveness and credibility as a voice in the policy making arena is founded on our unique profile - **an international, emitter-free association, representing the entire value chain of carbon finance.**









What do these mechanisms look like?

Level	Mechanism	Baseline	Additionality	Delivery incentive	Contribution to global mitigation	Change required from previous level
1	Current CDM	Absolute for specific project, but based on intensity emissions factors (eg grid emissions factor tCO ₂ /Mwh)	Must be proven based on financial analysis or other barriers	Sale of CERs as offsets, revenues go directly to project owner / investor	Pure offset, host country has no ownership over reductions	Reduced transaction costs and increased efficiency
1+	Reformed/standardized CDM	Standardized (under development) – provides scope for different types of methodologies	Standardized – provides scope for different approaches to additionality	Sale of CERs as offsets, revenues go directly to project owner / investor	Pure offset, host country has no ownership over reductions	Standardized baseline and additionality modalities accepted by CDM EB and Secretariat
2	Benchmarks Technology specific benchmarks for homogeneous sectors; multiple measure benchmarks for heterogeneous sectors	Baseline is emissions intensity benchmark, set at an agreed level better than BaU and applied to a defined population	Achieving the benchmark requires additional actions. Beating the benchmark generates emission reductions	Sale of ERs as offsets, calculated through either individual site performance or from whole participating population, delivered directly to installation owners or investors	Majority offset, but setting the baseline beyond BaU means there is a host country contribution to mitigation, albeit hard to quantify accurately	Intensity benchmark(s) agreed across the population or sub-sector. Some potential overlap with Standardized Baselines under CDM above. Otherwise improved institutional infrastructure required to agree benchmark levels and administer crediting mechanism
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4	Cap and Trade	Absolute cap is negotiated sector per sector	Not applicable by definition	Host government may use mandatory cap and trade scheme where allowance price drives investment (like EU-ETS)	Entirely host-country mitigation. Can use offsets supplied from other mechanisms within bounds of supplementarity	Sector must be mature enough to be confident of breaking the link between economic growth and emissions growth. Linkage to other offsetting mechanisms. Institutional infrastructure required to manage and enforce mandatory cap and trade
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Sector	Host country status				
	Least Developed Countries	Developing Countries	Advanced Developing Countries	Developed (non-Kyoto)	Developed (Kyoto)
Power	CDM	BM / CBM	CBM	C&T	Economy Wide Caps with JI
Heavy industry	CDM	BM	CBM	C&T	
Light industry commercial	CDM	BM	CBM	C&T	
Domestic	CDM	BM	BM	BM	
Transport	CDM	CDM	BM	BM	
Ag CH4 / wastewater	CDM	CDM	BM	BM	
LFG	CDM	CDM	CDM	CDM?	
CMM	CDM	CDM	CDM	CDM?	
Gas flaring	CDM	CDM	CDM	CDM?	
High GWP	CDM / Reg	Regulated	Regulated	Regulated	Regulated

Why would / what would make the private sector invest?

- Reasonable certainty that we can get our money back
- The ability to assess risks associated with higher returns
 - All points towards a rule based system with transparency and good governance
- Dual revenue streams
 - access to the value of underlying utilities (energy, energy savings)
 - PLUS
 - an environmental commodity eg CERs but also VERs, REC, green tariff, Feed in tariff, EE certs

- Linked to institutional infrastructure
- Projects and donors should have a responsibility to help develop MRV in their sector
- There are many new technologies which can greatly simplify MRV procedures if planned-in from the outset
- Good quality data will become associated with additional revenues

Thanks for listening