



Scaled-up mitigation programmes

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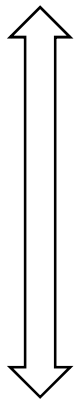
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Content

- Background
- Current activities for funding mitigation action
- Scaled-up mitigation programmes

Types of actions under UNFCCC and Kyoto Protocol

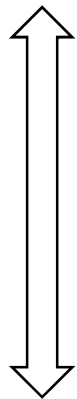
CDM - emission reduction projects in developing countries



Binding emission reduction commitments for developed countries

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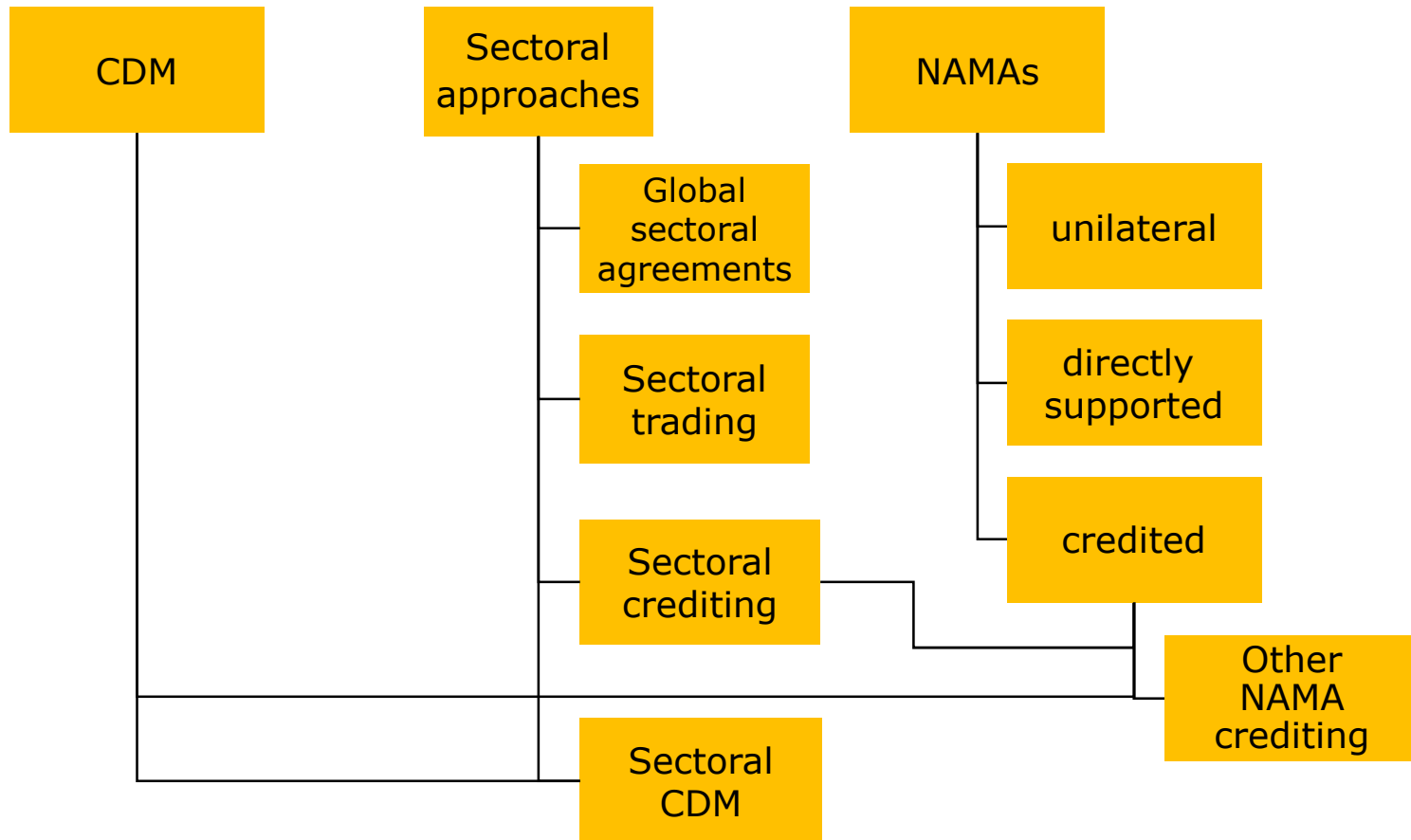


Nationally appropriate mitigation actions?

Sectoral approaches?

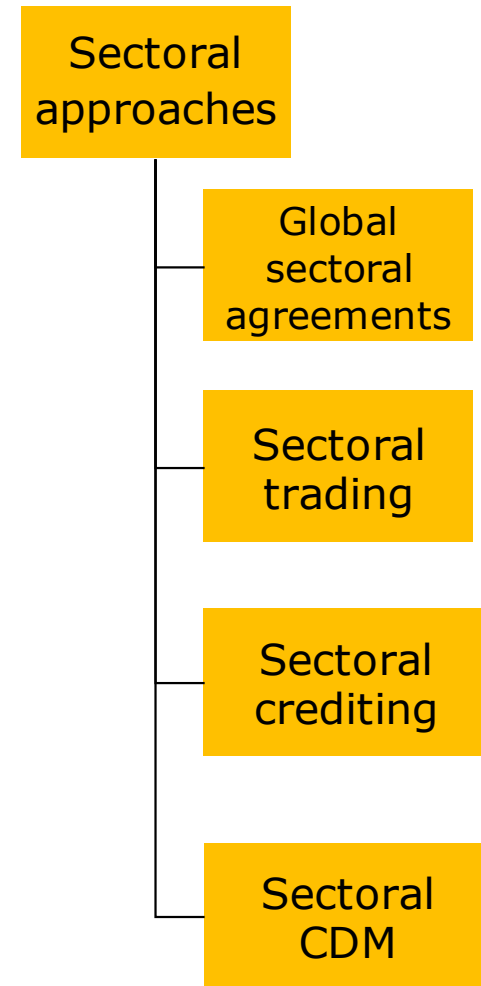
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Types of action



Why sectoral approaches ?

- Two discussions within international climate policy:
 - Competitiveness (performance benchmarks)
 - Scaling-up investments (sectoral CDM, sectoral crediting)



Testing sectoral crediting

- Testing “sector proposal templates”
 - Electricity, transport, cement, iron & steel
 - Tested in China and Mexico
 - Current project: Cement for California / Shandong



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Sectoral crediting - Some insights from research

- Significant capacity building needed
- Host country buy-in is essential
- Not a silver bullet (feasible only for certain sectors and countries)
- Danger to break link between carbon finance and investment on the ground

Prospects sectoral crediting

AWG-LCA draft text

- One option: Establish new market-based mechanisms that complement other means of support for NAMAs by developing countries
- Link to credited NAMAs

EU Commission communication

- “new sectoral credits ... based on ambitious crediting thresholds”
- “bilateral agreements on sectoral crediting between the EU and a number of third countries”

USA

- Regional systems seek new credits (e.g. California)
- In current proposals for an energy and climate bill

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Relevant current initiatives

- Assisting countries with programmes for enhanced climate change, e.g.
 - Strategic low carbon development plans
 - CDM methodologies for scaling-up incentive mechanisms (PoA, standardised baselines)
 - Capacity building / `Readiness´ for these plans and mechanisms

Selection of current initiatives

| Institution | Initiatives |
|-------------------------------|--|
| World Bank | Carbon Partnership Facility (CPF) |
| | Partnership for Market Readiness |
| | Forest Carbon Partnership (FCPF) |
| | Climate Investment Fund (CIF) |
| UK government DFID DECC | Climate and Development Knowledge network (CDKN) |
| | Study on standardised approaches in the CDM |
| Global Green Growth Institute | Support in development and implementation of green growth strategies |
| US Aid | Clean Development and Climate Program (CDCP) |
| KFW | Global Climate Protection Fund |
| | EIB-KFW Carbon Programme II |
| German government | International Climate Initiative (ICI) |
| EuropeAid | Two tenders on capacity building and outreach with regard to emissions trading and MRV of greenhouse gases |
| METI | Japanese bilateral emission reduction agreements |
| WRI | Capacity building initiative on MRV |

Domestic policy options

- Financial incentives (e.g. feed-in-tariff, tax incentives, low interest loans)
- Standards (e.g. building codes on energy efficiency)
- 'White' or 'green' certificates trading (Energy efficiency or renewables targets with trading)
- Domestic emission offset programmes
- Domestic emission trading system

Linking international and national approaches

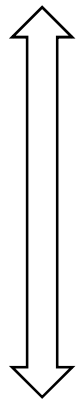
| | | International support | | |
|--------------------------|---------------------------------|-------------------------------------|--------------------------|--------------------------------------|
| | | Credited NAMAs / sectoral crediting | Directly supported NAMAs | Existing public financing mechanisms |
| Domestic policies | Financial incentives | | X | X |
| | Standards | | X | X |
| | 'White' or 'green' certificates | | X | X |
| | Domestic offsets | X | X | X |
| | Domestic emissions trading | X | X | X |

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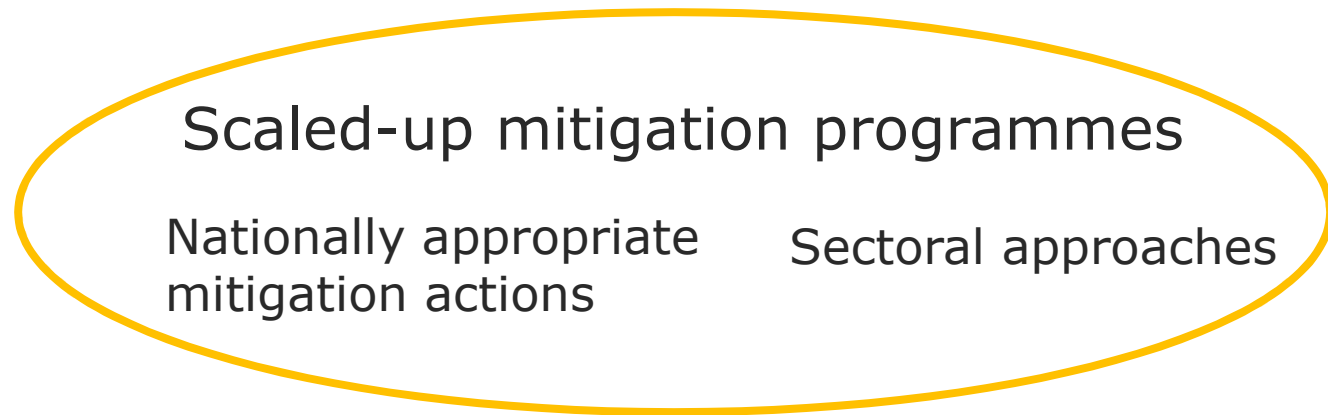
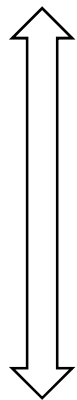
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Scaled-up mitigation programmes

- Generic, but meaningful and useful term
- Such programme implies:
 - An established and clear boundary
 - At various levels of scope and scale (project, city, region, sector, national)
 - Measures (and metrics) of performance set and MRVd
 - Primary may not be emissions
 - Emissions outcomes can usually be assessed – but may need new methodologies – could first be used in voluntary market
 - Can involve various possible forms of support
 - Can involve multiple key parties, public and private

Examples

- Municipal mitigation programmes
- Household energy efficiency programmes and fuel switching in rural areas

Municipal mitigation programmes

- Strategic programme approach to mitigation opportunities:
 - Technical assistance funding
 - Lower cost of capital finance
 - Develop methodologies for crediting baselines and MRV systems at programme level
 - Could use robust VCM approaches for potential future use in both (compliance and voluntary) carbon markets

Buildings

Street lighting

Waste, traffic management systems

Vehicle fuel switching and public transport

Smart grids and electric vehicle recharging infrastructure

Larger scale renewables

Restoration/enhancement of urban forests

Household energy in rural areas – fuel switching and energy efficiency

- Not possible as PoA under the CDM, as it requires multiple methodologies
- Develop a sectoral programme methodology for voluntary carbon market
- Funder has commitment to buy the credits conditional on appropriately credible methodologies/process

Conclusions

Financing scaled-up mitigation programmes

- To achieve the scaling-up (the original intent of sectoral approaches)
- Measures (and metrics) of performance set and MRVd
 - Primarily not emissions
 - If carbon credits then potentially use for voluntary market
- Learning by doing, gain experience, develop new methodologies
- Encompasses the concepts of NAMAs and sectoral approaches