

*25 June 2019 | Bonn*

# OPTIONS FOR FOSTERING A NET-ZERO GHG EMISSIONS WORLD UNDER THE PARIS ARTICLE 6.4

*Presentation at the Side Event:*

**“Key recommendations for operationalizing an ambitious and effective Article 6.4 mechanism”**

## Problem formulation

### ➤ **Objective:**

- Identify options for Article 6.4 mechanism to foster a net-zero emissions world

### ➤ **Initial hypothesis:**

- Article 6.4 might rather trigger short-term incentives
  - Creating additional incentives is necessary
-

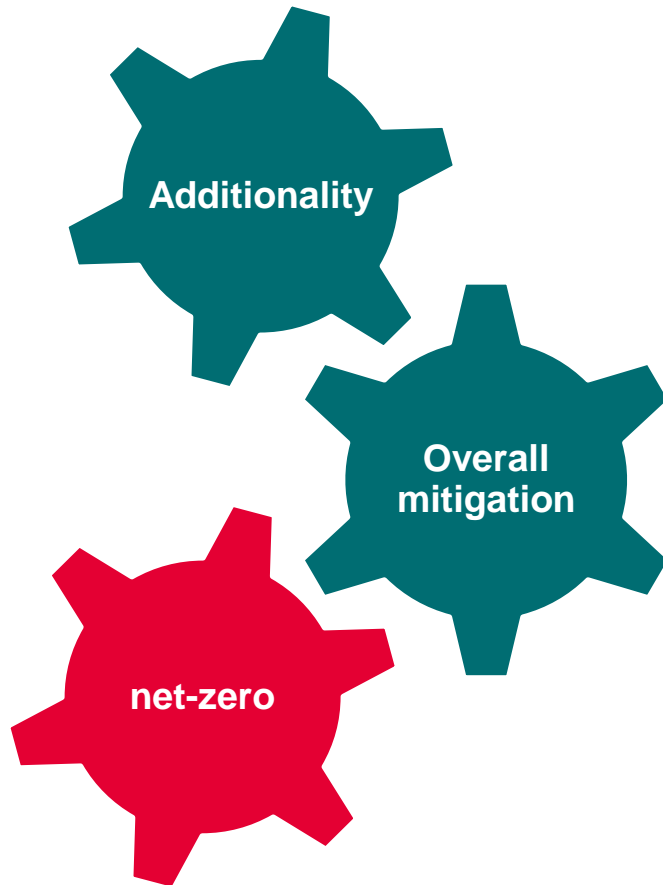
## Problem formulation – Key questions

- What is the **role of Art. 6.4** in relation to the long-term objectives of the Paris Agreement?
  - How to **integrate the net-zero objective** in the new mechanism under Art. 6.4?
  - Are there **existing instruments** that aim towards achieving ambitious long-term mitigation goals and can we learn from them?
-

## Article 6.4: The long-term perspective

- Art. 6.4 in relation to the long-term objectives of the Paris Agreement (PA)
    - “achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century” (Article 4, No 1, PA)
    - Long-term perspective is important to avoid technological lock-ins
-

## Design of the new mechanism under Article 6.4 requires to consider:



- **Ambition in relation to NDC baseline**
- **Collaborative action of parties**
- **Long-term reduction strategies**

## Article 6.4: Integration options

### ➤ How to integrate the net-zero objective in the new mechanism under Art. 6.4?



## Article 6.4: Screening of positive/negative lists

### Negative Lists

- Exclude activities/ project types incompatible with decarbonization
- E.g. gas- and coal power projects
- Unclear long-term comparability with net-zero emissions objective

### Positive Lists

- Include activities/ project types compatible with long-term decarbonization
  - E.g. renewable energy, carbon sink projects
  - Allow for long-term comparability with the net-zero objective
- To be explored in more detail

## Article 6.4: Screening of existing instruments

- Are there existing instruments that aim towards achieving ambitious long-term mitigation goals and can we learn from them?
    - Climate finance instruments (GCF, TCAF, NAMA-Facility)
      - transformational impact or paradigm shift
    - Innovation Fund
      - supports the „*Strategic vision for a climate neutral Europe by 2050*“
-



## Article 6.4: Screening of existing instruments

### Innovation Fund IF

- Supports long-term mitigation options on the basis of specific selection criteria
- Funding instrument that draws from the EU-ETS
- Focus: promotion of technologies important for reaching net-zero objective

### Transformative Carbon Asset Facility TCAF

- Carbon market mechanism under Article 6
- Crediting at sectoral or policy level (not-project based)
- Criteria for the assessment of transformational change
- Operations need to enable the host country to increase ambition over time
- long-term orientation, but does not explicitly target net-zero objective

# Questions and Discussion

- 
- Challenges in contrast to short-term implementation measures?
  - Other instruments that include a long-term orientation?
  - Your experience in addressing long-term aspects?