

Sectoral approaches in a post-2012 agreement

Road-testing in China The way to Copenhagen

Presentation at the

'COP 14 side event by Climatepolicy.net'

6 December 2008, Poznan

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Overview

1. Start of road-testing in China
2. The way to Copenhagen

行业计划模板

Road testing in China

- Project partners:
 - Ecofys (Niklas Höhne, Christian Ellermann), GtripIC (Murray Ward)
 - Energy Research Institute (Jiang Kejun)
- Funding from:
 - UK Strategic Programme Fund

行业计划模板

Road testing in China

- China is a key developing country in the post-2012 negotiations around sectoral approaches
- Learning-by-doing tool to test the approach
- Road-testing in China:
 - Electricity production
 - Cement production
 - Transport
- Testing in one province/region for each sector

www.sectoral.org

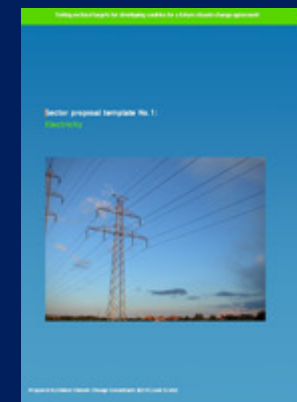


行业计划模板

Road testing in China

Project planning

- Initial workshop
- Dissemination/data gathering/analysis
- Follow-up workshop
- Reports
- Government-level workshop
- Report on experience for COP15



Overview

1. Start of road-testing in China
2. The way to Copenhagen

Four kinds of sectoral approaches

1. Sectoral crediting of reductions in developing countries
2. Assessment of sectoral mitigation potential
3. Transnational sectoral agreements
4. Technology cooperation

See also:

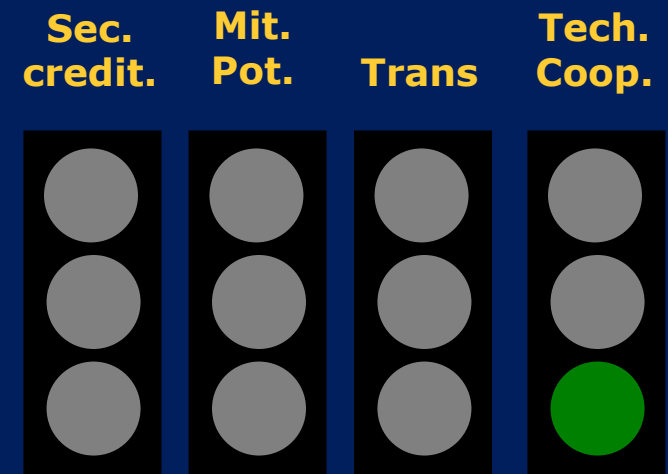
Höhne, Worrell, Ellermann, Vieweg, Hagemann, 2008: *Sectoral approach and development*

http://www.mnp.nl/images/sectoral%20approach%20and%20development%20final_tcm61-40487.pdf

Where are developing country governments right now?

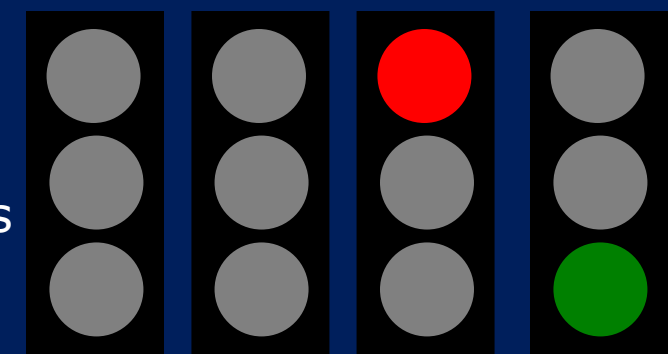
- Argentina:

- „a lens through which to assist developing countries...”
- Focus on technology transfer



- China

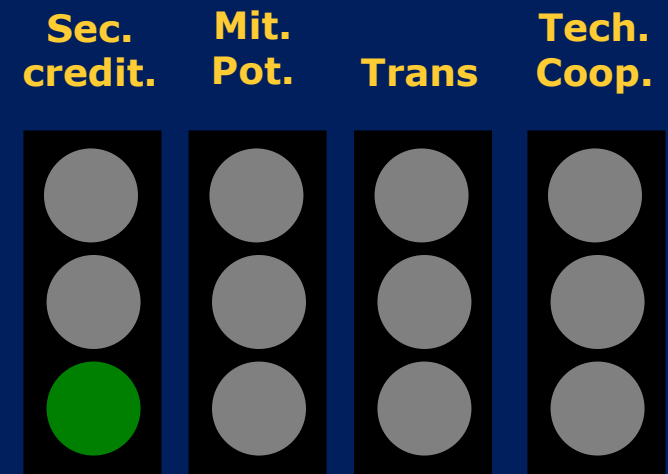
- “enhance cooperation between Parties at sectoral level”
- “global sectoral standards, benchmarks or emission reduction targets” not acceptable



Where are developing country governments right now?

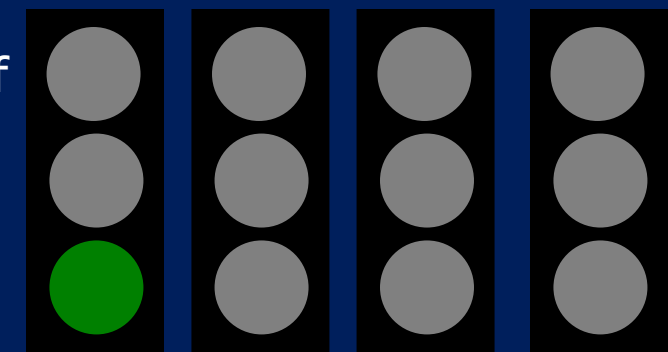
- South Africa :

- Sectoral crediting as part of a toolbox for developing country mitigation
- Sectoral crediting is a source for financing



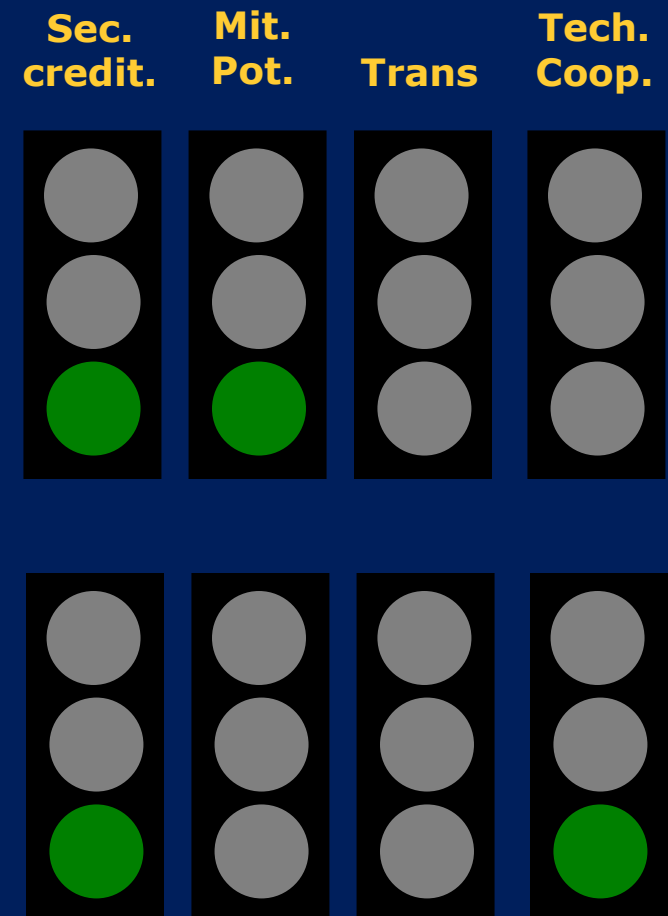
- South Korea :

- Sectoral CDM: „To expand the scope of CDM...“
- Use of carbon credits could serve as „efficient incentive for developing countries“



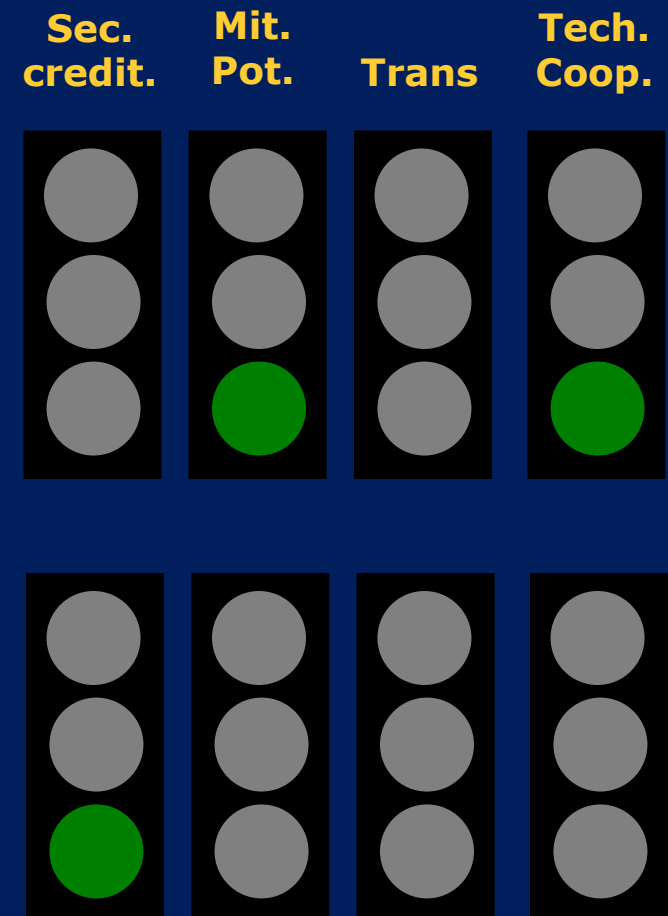
Where are developed country governments right now?

- Japan:
 - Comparability of Annex I country efforts through sectoral analysis
 - Sectoral crediting mechanism for Developing country appropriate action
- Norway:
 - Separate submission on Sectoral Approaches (esp. Sectoral crediting)
 - Stress that a variety of challenges to be met



Where are developed country governments right now?

- United States:
 - can help analyze countries' mitigation potential in key sectors
 - Convention should catalyze and encourage sectoral cooperation
- EU:
 - Stress scaling up of carbon market with for instance sectoral crediting (sectoral CDM or sectoral crediting)
 - Stress general issues for implementation such approaches



Preliminary conclusions

May different types of sectoral approaches exist

1. Sectoral crediting of reductions in developing countries
 - Received some support by many governments, developed and developing
 - > Likely element of a future agreement
2. Assessment of sectoral mitigation potential
 - Used as one information source for setting targets
3. Transnational sectoral agreements
 - Likely to support but not replace national commitments
4. Technology cooperation
 - Support from many developing countries
 - > Likely to be an element of a future agreement

Combining options

<i>Option</i>	<i>Binding / no lose</i>	<i>Stringency</i>	<i>Trading entities</i>
Absolute economy-wide cap <i>and</i> intensity based sectoral caps for developed countries	Binding	Regional benchmark	Companies
Sector no-lose targets for developing countries	No-lose	Negotiated country-by-country	Credits issued initially to the government, which passes on the incentive to companies

Source:

Höhne, Ellermann 2008: *A sectoral approach and technology transfer for the cement sector,*

<http://www.bafu.admin.ch/klima>

Possible agreement in Copenhagen

Agree on principles:

- Level of funding available for sectoral crediting mechanism (ambitious targets or purchase requirements) or direct technology assistance
- Developing countries as a group agree on an indicative level of emission reductions

Decide details later:

- Mandate for UNFCCC body to review developing country proposals for sectoral crediting
- Minimum requirements for the in-country analysis to set the sectoral crediting targets

Timing

Demand (Annex I targets) and supply (sectoral targets) need to be set at the same time (2009?)

- Capacity building effort needed in key sectors in key developing countries
- Manage separate timing:
 - Renegotiate industrialised country targets as each 'tranche' of sector targets is added to the agreement
 - Apply 'formula' to tighten industrialised country targets for each 'tranche' of new sector targets
 - Establish a 'budget' for credits from sector targets at the time industrialised country targets agreed

Conclusions

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Combinations are possible

The background of the slide is a dark blue gradient. It features a silhouette of a person in a dynamic, athletic pose, possibly a runner or a climber, against a lighter blue sky. Below the person, there are dark, rounded shapes that suggest a mountain range or a landscape. The overall aesthetic is clean and modern, with a focus on nature and human activity.

www.sectoral.org

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Discussion

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