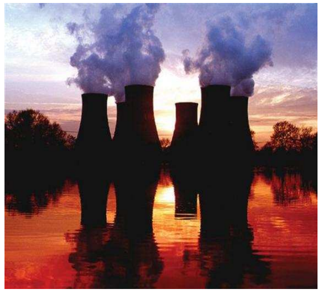
Carbon Markets & Investors Association

Promoting efficient solutions to climate change

Implications for a second commitment period





10 June 2011

www.cmia.net

Carbon Markets & Investors Association

Who we are

- 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% of the global carbon market, valued at USD 120 billion in 2010.
- Our effectiveness and credibility as a voice in the policymaking arena is founded on our unique profile - an international, emitter-free association, representing the entire value chain of climate finance.

Implications for a second commitment period

Andre Correa do Lago
Director, Ministry of External Relations, Brazil

Steven Gray
Head of international and UN climate change policy, Climate Change Capital

Franz Perrez
Ambassador for the Environment, Switzerland

Gareth Phillips
Chief Climate Change Officer, Sindicatum Carbon Capital

Artur Runge-Metzger
Director for International and Climate Strategy
DG Climate Action, European Commission

Paul Watkinson
Head of International Climate Negotiation Team, France

Event chair:
Miles Austin, Director, CMIA

Durban dreams

Agreement on:

- ✓Fundamental elements of the KP
- ✓Financing mechanisms – AAA international collateral
- ✓How to safeguard these structures?

Implications for a second commitment period

Andre Correa do Lago
Director, Ministry of External Relations, Brazil

Steven Gray
Head of international and UN climate change policy, Climate Change Capital

Franz Perrez
Ambassador for the Environment, Switzerland

Gareth Phillips
Chief Climate Change Officer, Sindicatum Carbon Capital

Artur Runge-Metzger
Director for International and Climate Strategy
DG Climate Action, European Commission

Paul Watkinson
Head of International Climate Negotiation Team, France

Event chair:
Miles Austin, Director, CMIA

Carbon Markets & Investors Association

Sindicatum Carbon Capital

- We develop and produce clean energy and environmental commodities
- Raised a fund of USD300m which has been invested directly into a pipeline of approx 25 projects
- Most projects yield dual revenue streams – power, biodiesel, biomass and CERs

We believe:

- That there is private money which wants to enter this space ($100 trillion assets under management in 2010)
- We can put that money to work to generate pure offsets or, given the right price, a blend of "domestic offsets" and international offsets / CERs

To do this we need:

- A growth plan
- Increased certainty that we can get our money back
- Simpler transaction processes

Carbon Markets & Investors Association

What do we see as important post 2012?

Sectoral trading / crediting / New Mechanisms

- The CDM, despite its challenges, has attracted significant investment into otherwise unattractive sectors and economies
- Well structured mechanisms can attract vastly more investment into selected sectors, bringing new technology and sustainable development benefits
- For example, CMIA has proposed different types of mechanisms which can be applied to different sectors of an economy consistent with different levels of institutional infrastructure

Bilateral mechanisms?

- These do not deliver progress on a global scale, they promote fragmentation and will lead to increased transaction costs
- Prefer a multilateral agreement; bilateral is a very poor second

What do we see as important post 2012?

NAMAs

- Provide a framework to support a wide range of mitigation actions including market-based mechanisms
- NAMAs across multiple countries could provide scale and structure for the Green Climate Fund

Green Climate Fund

- Will rely heavily on private sector finance (think about your pension)
- But needs workable mechanisms with reasonable certainty to succeed.

Carbon Markets & Investors Association

In conclusion

- Deeper cuts in emissions and a long term goal (2050) to allow for growth
- New expanded mechanisms which deliver sufficient certainty for investors to invest and the kind of offsets which compliance buyers can use
- Clear signals to maintain the capacity which we have developed so far (preferably today)

- In short, a second Commitment Period with deeper cuts.

Implications for a second commitment period

Andre Correa do Lago
Director, Ministry of External Relations, Brazil

Steven Gray
Head of international and UN climate change policy, Climate Change Capital

Franz Perrez
Ambassador for the Environment, Switzerland

Gareth Phillips
Chief Climate Change Officer, Sindicatum Carbon Capital

Artur Runge-Metzger
Director for International and Climate Strategy
DG Climate Action, European Commission

Paul Watkinson
Head of International Climate Negotiation Team, France

Event chair:
Miles Austin, Director, CMIA