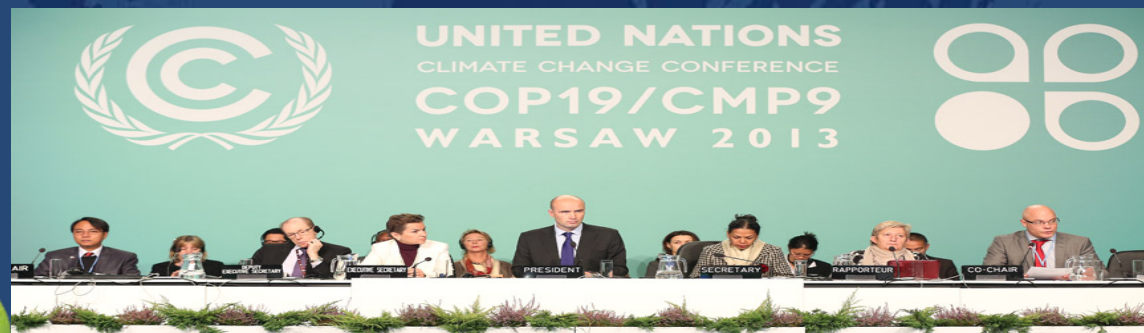


Implications of COP 19 at WARSAW on the future prospects of Carbon markets



TGO Seminar on Post COP19 /CMP9 – future prospects of carbon markets

at Rattanakosin Lounge, The Sukosol Hotel,
Bangkok

19 December 2013 , Bangkok

By Sambit Nayak

Emergent Ventures International Pte Ltd



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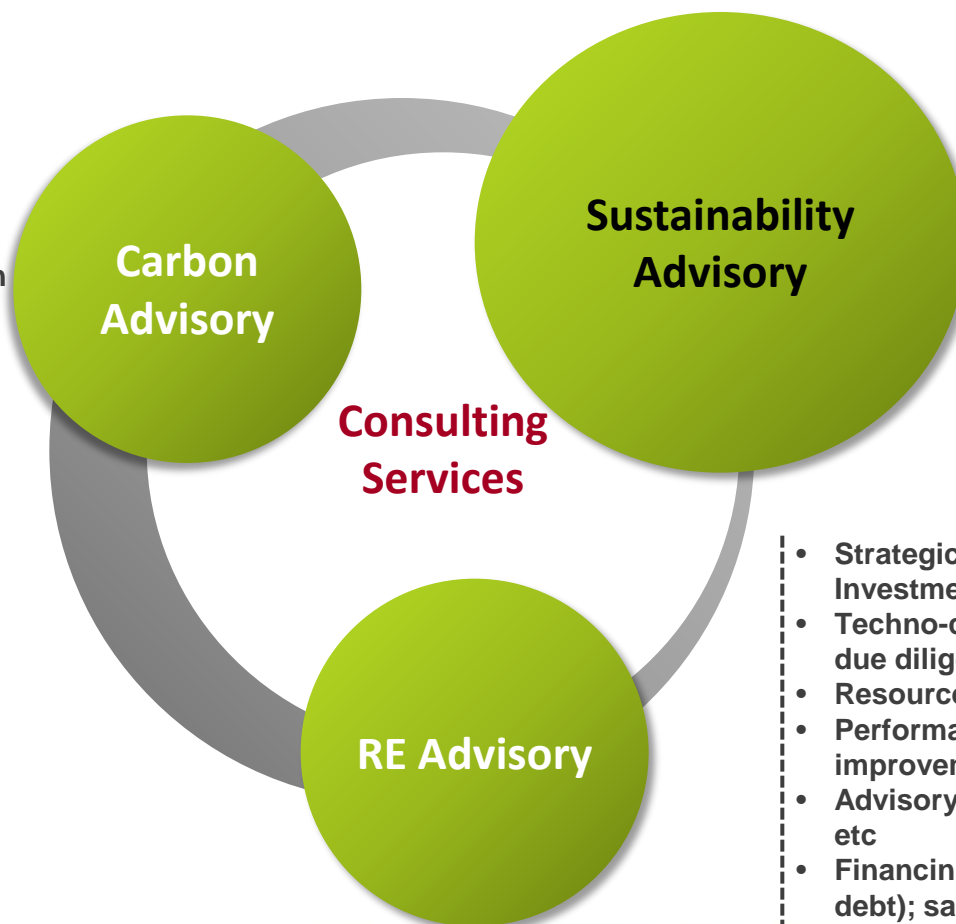


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About Emergent Ventures International (EVI)

Our consulting services focus on most critical issues and opportunities in carbon, sustainability and Renewables. We have strong functional expertise and are known to deliver high value solutions to our clients.

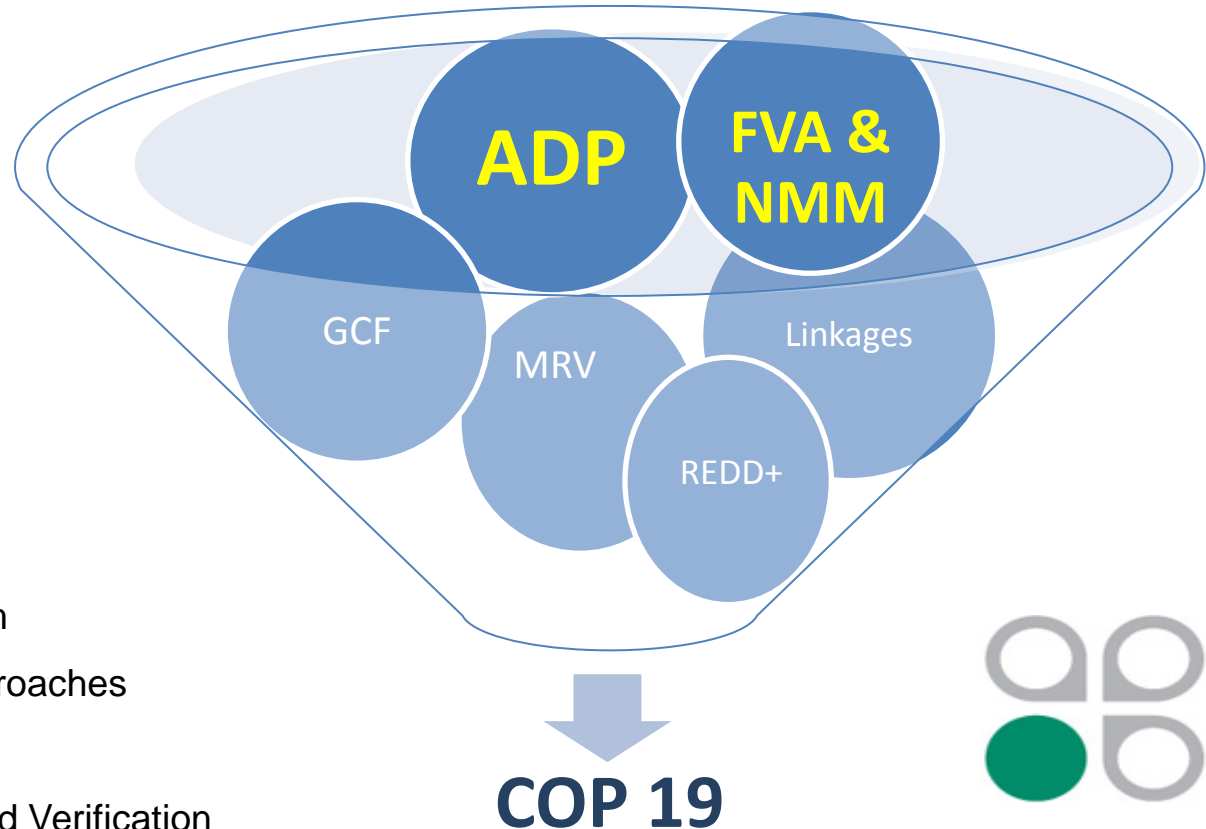
- CDM / VCM Registration and Issuance
- Monetization of Carbon Credits
- Carbon Mapping and Management
- Renewable Energy Certificates



- Carbon Foot-printing
- Sustainability Disclosure & Management
- Sustainability/ GHG management plans
- Policy Research & Advisory
- Sustainability Risk Advisory
- Ozone Depletion Substances management
- National mitigation and adaptation actions

- Strategic Advisory on RE Investments and/ or Procurement
- Techno-commercial assessments, due diligence
- Resource Assessment
- Performance Diagnostic and improvement
- Advisory on regulation, permitting etc
- Financing Arrangements (equity, debt); sale of assets
- Trading of RE power; contracting

Key points Covered in COP 19 (WARSAW)



ADP - Advancing Durban Platform

FVA - Framework for Various Approaches

NMM - New Market Mechanism

MRV - Measurement Reporting and Verification

GCF - Green Climate Fund

REDD+ - Reduced Emission from Deforestation and
Forest Degradation (Plus)



UNITED NATIONS
CLIMATE CHANGE CONFERENCE
COP19/CMP9
WARSAW 2013

DUBAN PLATFORM FOR ENHANCED ACTION (ADP)



COP17/CMP7
UNITED NATIONS
CLIMATE CHANGE CONFERENCE 2011
DURBAN, SOUTH AFRICA

DUBAN PLATFORM FOR ENHANCED ACTION **(ADP)**

In 2012, **ADP** adopted
Agenda , initiating the
work under 2 work streams

WORK STREAM 1:
the 2015 Agreement

WORK STREAM 2:
pre 2020 Ambitions



**An Ad Hoc Working Group on the
Durban Platform for Enhanced Action
(ADP) was established as a subsidiary
body in December 2011.**

DUBAN PLATFORM FOR ENHANCED ACTION (ADP)

WORK STREAM 1: the 2015 Agreement

- Implementation of the voluntary “pledge and review” **agreements through to 2020**, which were previously initiated at COP 15 and COP 16.
- **Extension of the Kyoto Protocol** for a second commitment period until 2020 without the US, Russia, Japan and Canada
- The Durban Platform for Enhanced Action — a negotiation track that aims to **agree on the targets and scope of a new future climate regime by 2015, applicable to all parties from 2020**

DUBAN PLATFORM FOR ENHANCED ACTION (ADP)

WORK STREAM 2: pre 2020 Ambitions

The ADP requested the secretariat to prepare a **technical paper** on mitigation benefits of **actions, initiatives and options** to enhance mitigation ambition compiling information in the submissions made by Parties and accredited observer organizations.

- ❑ Parties would present their **intended commitments ahead of Paris** to give one another the opportunity to assess their adequacy and fairness. In seeking to define that pre-Paris process, the parties' aim in Warsaw was ostensibly procedural, but the debate was heavily freighted with substantive implications.
- ❑ China and other large developing countries proposed an explicit **differentiation between intended “commitments” from developed countries and intended “actions” from developing countries.**
- ❑ EU preferred “**proposed,**” rather than “***intended,***” commitments, to leave open the possibility that national proposals would be revised before being inscribed in the new agreement.
- ❑ Convention urges all parties to the Kyoto Protocol to ratify and implement the Doha Amendment.

- ❑ **“Hybrid Approach”** -Countries would define the content of their individual mitigation commitments unilaterally, subject to international rules to ensure the transparency of national commitments and to track their implementation.
- ❑ Initiate or intensify domestic preparations for their ***intended nationally determined contributions***, and to communicate them “well in advance” of the Paris meeting—adding, parenthetically, “by the first quarter of 2015 by those Parties ready to do so.”
- ❑ Resolves to enhance ambition in the pre-2020 period in order to ensure the highest possible mitigation efforts under the Convention by all parties;

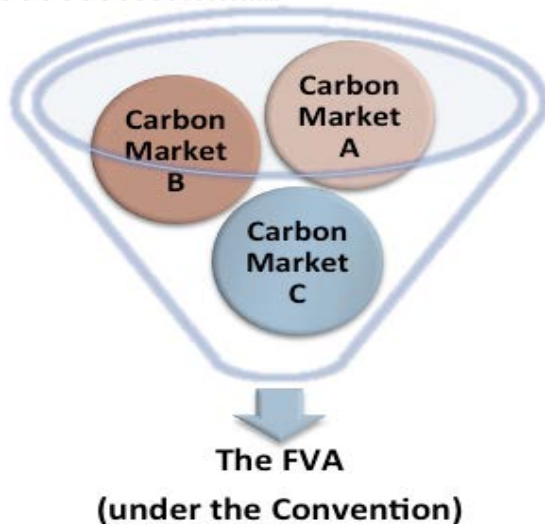
Conclusion

- ADP keeps the hope Alive !
- Though the face of the market may not remain same due to the Hybrid approach !

- **FRAMEWORK FOR VARIOUS APPROACHES (FVA)**
- **NON MARKET BASED APPROACHES (NMA)**
- **NEW MARKET MECHANISM (NMM)**

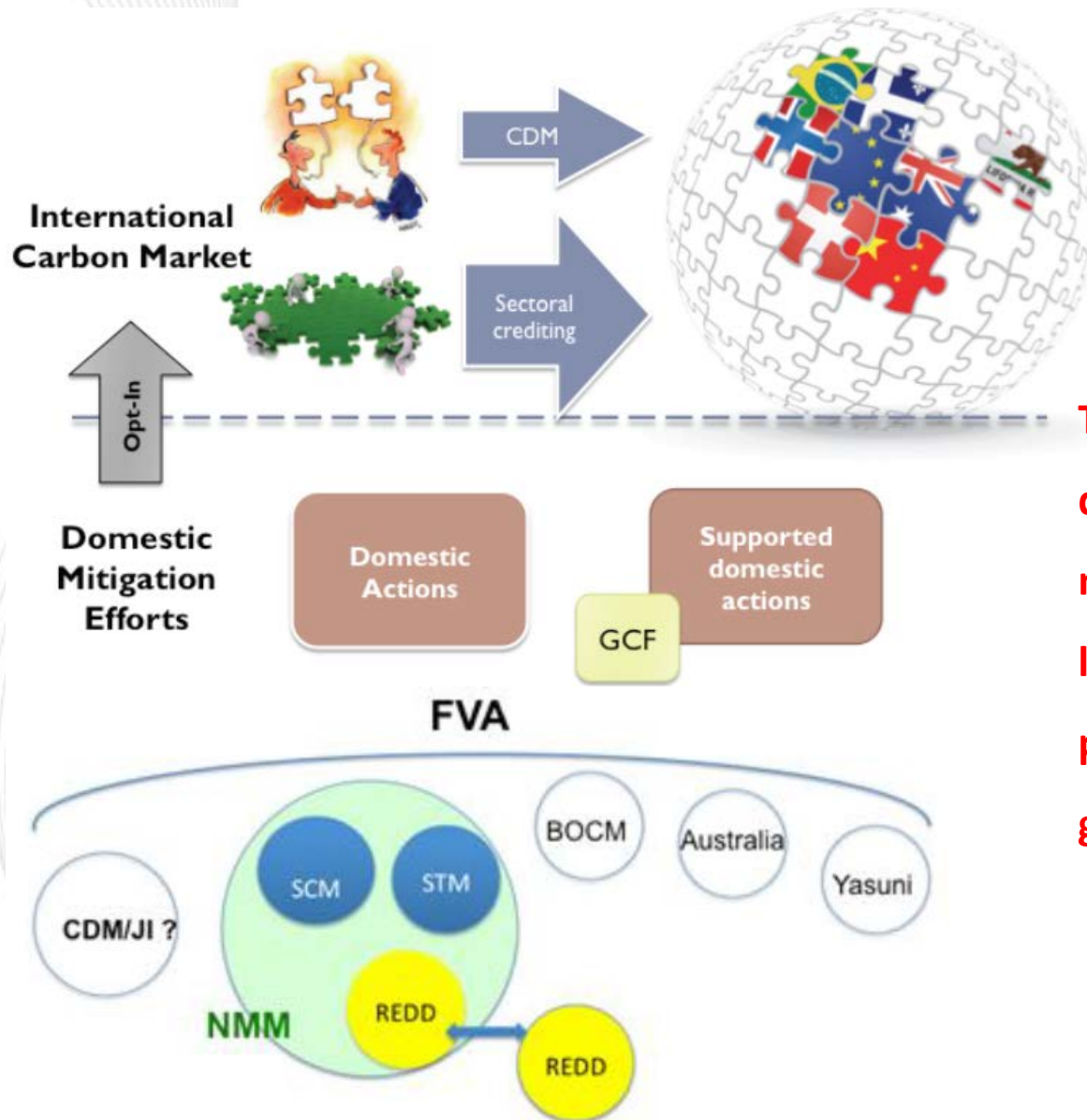


- ❑ **No single solution or standard framework** can be applied for the many domestic mitigation actions emerging around the world.
- ❑ **Functions and the overall architecture and flow are indicative**, but some steps could be eliminated, or amalgamated, in order to simplify the process.
- ❑ Framework for Various Approaches (FVA) is a **set of components and rules that will ensure that all approaches used for mitigation will meet certain standards, especially from an environmental integrity point of view.**



- ❑ The purpose of the FVA should be to serve as the **carrier for linked carbon markets.**
- ❑ The FVA should act as a basic framework with **a broad, flexible scope** that provides structure to emerging carbon markets.
- ❑ It should ensure environmental integrity for market and non--market approaches alike.

FRAMEWORK FOR VARIOUS APPROACHES (FVA)



The FVA can allow Parties to decide whether to include a national, sub-national or sector level approach in multilateral participation in developing a global carbon market.

New Market Mechanism (NMM)

- ## Non Market Based Approaches (NMA)

- Feed-in Tariffs
Perverse Subsidies
NAMA
Renewable Energy
NWP
Brazilian Amazon Fund
Capacity Building
Energy Efficiency Standards
Technology Transfer Grants
Green Investment Funds
REDD+
Adaptation
Eco-labels
Concession Loans
Loss and Damage
Finance
NAPs
Joint Mitigation Incentives

FRAMEWORK FOR VARIOUS APPROACHES **/ NEW MARKET MECHANISM in COP 19**

❑ In COP 18 at **Doha**, efforts toward establishing a ***new market mechanism under the UNFCCC were started*** under a broader work programme on a Framework for Various Approaches, which also takes in non-market approaches.

❑ The FVA discussions in COP 19 have been difficult, in part because **some parties are ideologically opposed to market-based approaches**. Some groups hoped to make progress in Warsaw in elaborating an FVA that would facilitate the linking of market and non-market approaches.

No Decisions made on FVA/NMM in COP 19.

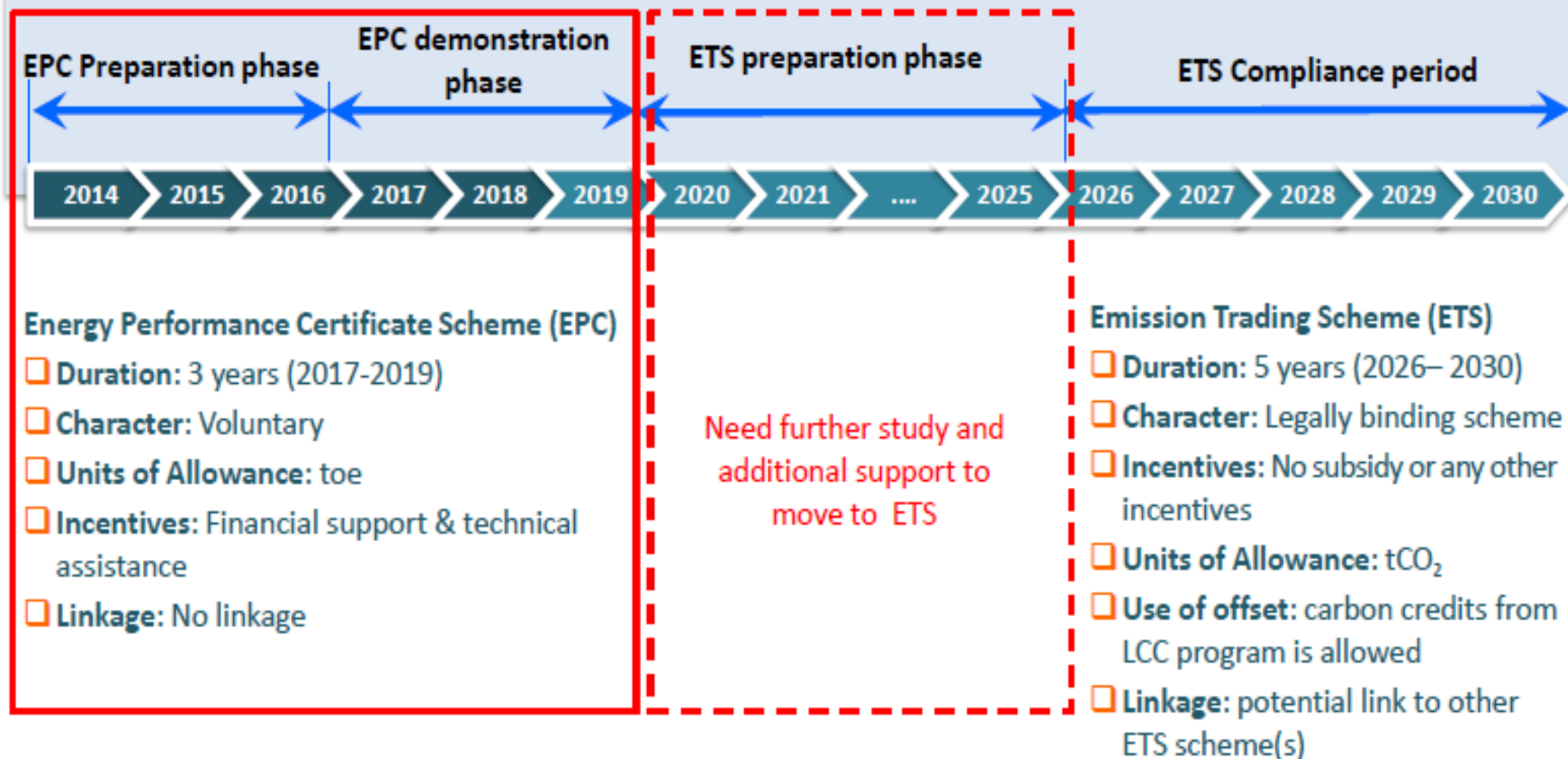
The issues will be taken up again in Next COP.

❑ Polish presidency had been informed by the Like-Minded Developing Countries, of which India and China are key members, that they would not permit such a mechanism to be put in place before commitments of the developed countries are put forth and are sufficiently high to show their seriousness.

Source: <http://www.thehindu.com/sci-tech/energy-and-environment/developing-worlds-firm-no-to-marketbased-mechanism/article5339877.ece>

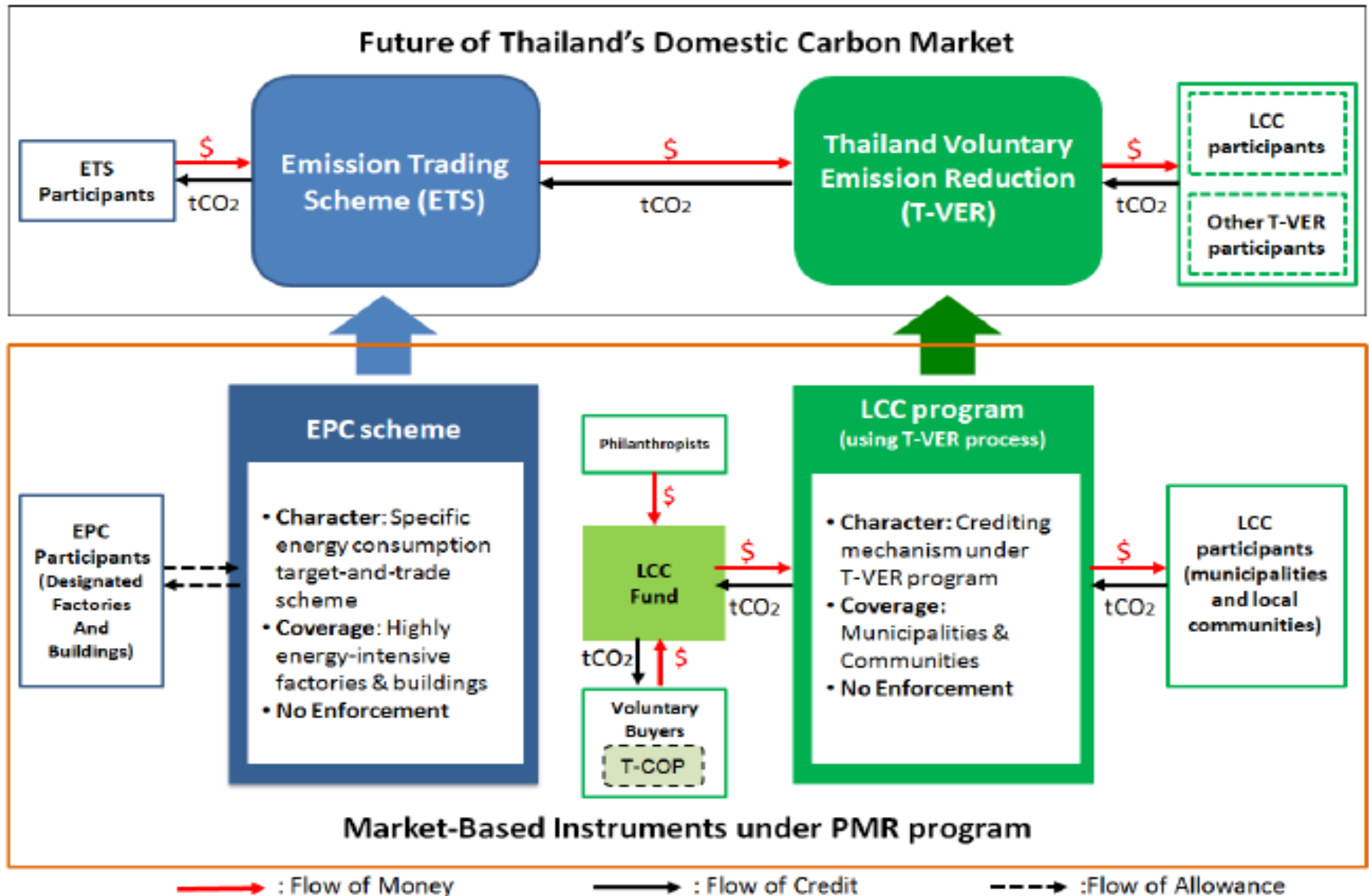
New market mechanisms	Description	Status	Private sector involvement
Bilateral offsetting crediting mechanism	Agreement between a country with international emissions reduction targets and developing countries without such a target. The scheme will have similar objectives to the CDM, yet with a simplified administrative process and on a larger scale.	Japan currently funding pilot projects.	As with CDM, the private sector has a similar role to play through investments in return for offsets.
REDD+	Mechanism to stop global deforestation by offering developing countries financial incentives to preserve forests in return for carbon credits.	COP 16 in Cancún delivered an international agreement on the formation of the REDD mechanism. However, the design has not been established. Mechanism currently only operational in the voluntary carbon market.	Key issue in the design is finance. Public finance will not be adequate for this kind of funding, which means that much depends on the private sector. At present mainly financials are involved in the carbon market forestry sector, financing projects in return for carbon credits for speculative or CSR purposes.
Sectoral crediting mechanisms	Design not established, however common idea is to credit emissions reductions achieved on aggregate in a specific sector below a certain predefined baseline. The scope could either be on sectors within one country or across sectors internationally.	Subject to design and negotiations.	As with CDM, the private sector has a role to play through investments in return for offsets.
Sectoral trading mechanisms	(Developing) country committing to legally binding emissions reduction targets for specific sectors under the UNFCCC umbrella. Rules and requirements would be comparable to an ETS.	Subject to design and negotiations.	Companies would be subject to a compliance regime such as through an ETS.
NAMAs	Very broad definition for voluntary emission reduction measures undertaken by developing countries that meet the needs of their specific national circumstances. They are expected to be one of the main vehicles for mitigation action in developing countries under a future climate agreement, and can take the form of policies or actions implemented at national, regional or local levels. NAMAs can be project-based (like the CDM), sectoral, or nationwide (for instance as an ETS). Possible inclusion of carbon crediting mechanisms.	Scope and design unclear.	As funding is essential, and public finance is limited, the private sector has an important role to play. Potential to present vast opportunities for companies.

Emission Trading Scheme will be built on a basis of EPC



Under PMR program

Thailand towards the future Domestic carbon market under PMR



Other Decisions at COP 19

COP19/CMP9 day 9, 19.11.2013

19 / 11 / 2013



- ❑ As part of the *Copenhagen and Cancún agreements*, *developed countries* pledged **\$30 billion** in climate finance from 2010 through 2012 (the “fast start” period) and to mobilize **\$100 billion a year in public and private finance** for developing countries by 2020.
- ❑ Developing countries, concerned by a lack of progress in ramping up finance, pushed in Warsaw for an interim goal of **\$70 billion by 2016**, *but developed countries refused*.
- ❑ Developed countries did agree to begin submitting new biennial reports outlining their strategies for scaling up climate finance. And to ensure continued high-level attention to the issue, the COP decided to convene a ***biennial ministerial dialogue on climate finance running from 2014 to 2020***.
- ❑ The COP also concluded arrangements with, and provided initial guidance to, the new ***Green Climate Fund launched in Cancún***.

MEASUREMENT, REPORTING AND VERIFICATION at COP 19

- ❑ A key component of the Cancún Agreements was a new set of transparency mechanisms to strengthen the reporting and review of parties' implementation efforts.
- ❑ These include new biennial reports and processes of ***international assessment and review for developed countries (IAR)*** and ***international consultations and analysis (ICA)*** for developing countries.
- ❑ In Warsaw, parties put the final pieces in place, agreeing on the ***composition, modalities, and procedures of the teams of technical experts (TTEs)*** that will ***analyze developing countries' biennial reports under ICA.***
- ❑ The TTEs will aim to have a ***majority of experts from developing countries***; each will be led by one ***developing country expert and one developed country expert, serving in their individual capacities.***

- ❑ Parties made further progress on REDD+, a set of issues relating to deforestation and other emissions-generating forest practices.
- ❑ Of particular note was the ***adoption of guidelines for forest countries to develop “reference levels”*** against which their efforts to reduce deforestation will be measured, ***a key step toward qualifying for increased funding.***
- ❑ Norway, the UK, and the United States pledged a total of **\$280** million for REDD+ efforts.

ขอบคุณครับ...

Thank You...

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