Global DNA Forum

What are the possible ways of addressing net mitigation?

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Net Mitigation - Definition

- Definition is not agreed and consensus seems far away
- Only a question of political decision making
- Based on a transparent debate on a very limited number of technical options would be helpful
- Many questions of essential nature are subject to misleading positioning
  - More than “pure offsetting”
  - Different to own contributions
  - Benefit to the atmosphere
Beyond offsetting

- Offsetting has come under critic from the start KP’s project-based mechanisms
- One reaction was already in Bali to say that new market mechanisms are necessary, which allows for scaling-up
- A historical COP decision to say we need something new at a time CDM just started on the ground
- I just mention this because it has been a joint decision on Annex I and Non Annex I.
- Conclusion: Both want to go beyond offsetting
Different to own contributions?

Meaning of going beyond the offsetting:
not only Annex I countries are buying, but also Non Annex I

- Until today this option is still in debate
- To realize “both” would double ways for own contributions and would be politically handled in the same way by all parties
- Keyword: firewall; allow not for the solutions before 2020

But post2020 it would have a conceptual chance

- Why not inserting a general net mitigation impact a substitute for not having an own contribution which allows for participation in market mechanisms
The CDM have brought not only real emission reduction, but raises awareness on climate change and have built the fundament for climate policy in many developing countries.

The next generation of carbon market mechanisms should allow for broad participation of countries under the Paris Agreement, and has not the right to establish a club of emission traders.

Net mitigation could bring in a serious reason to allow countries without ambitious targets to participate in market mechanisms.
Why not using different rates on net mitigation for different country groups, ranging from 0 to 50% for LDC/LIC, MIC and emerging economies or rich developing countries and / or inscribing a rate in certain project- or programme types, eventually in the standardized baseline (SB)

This would allow for market mechanism as an entry instrument for developing domestic climate policies

I expect this could be developed in the spirit of CBDR, but should not be on the agenda before Paris
Side effect of own contributions

Own contribution will reduce the de facto net emission impact of the CDM

While building robust inventories, reporting and registries all emissions reduction which have been not brought to issuance will show up in the inventories and would be used as domestic effort or trend for fulfilling the international commitment of a country

This side effect has not been considered so far and brings a further reason to table net mitigation for pre2020, because it has nothing to do with the “firewall”
Recently I distinguished 4 categories of net mitigation, which might be sorted under two views:

**Technical aspects often seen as incremental approaches**
- Calculation and measurement
- Crediting periods

**Politically-motivated interventions**
- Historic-genetic approach which places the net decrease in relation to previous regulations
- Keeping back certificates upon issuance for direct set-aside
Conservativeness to ensure environmental integrity

The additional and not certified emission reduction are not parameter for increasing net mitigation

otherwise

From the view of developers and investors it would burden the incentive to utmost outcome of a emission reduction activity, if subtractions are not reasonable at least
Crediting period - a real option 2

- $E + / E -$ 
- Renewing 
- Methodology could include a technical – based period

If we could find a solution on bullet 3, the political controversies on the first are much easy to solve

And

Net mitigation could be easily calculated compared to the former length of the crediting period
Historic-genetic approach

Historic-genetic approach which places the net decrease in relation to previous regulations

A failed option because of a formal definition, that net mitigation means the reduction has to be subject to the actual regulation

Differences between:
Pre2020 > KP
Post2020 > PA 2015
Option 4: “Set aside”

Keeping back certificates upon issuance for direct set-aside or cancellation

To subtract a certain amount of certificates directly at issuance and cancel them has two benefits:

- Transparent benefit to the atmosphere
- Each activity leads to an increase of emission reduction

The use of market mechanisms would increase the ambition of the respective protocol

Not a small side-effect: market mechanism would not water down domestic target, but serve both parties and the atmosphere
Further discussion

Academic work
Appropriate rate has to be considered
Differences on party groups
and/or
on sectors and scopes

UNFCCC negotiations
• Reaching consensus that net mitigation has to be different to own contributions
• And reducing the number of options to transparent ones
• Set aside or methodology-based reduction of the crediting period
THANK YOU FOR YOUR ATTENTION

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