

Egyptian Designated National Authority (DNA)



Egypt Views on Possible Ways for Addressing Net Mitigation



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EB-CDM-DNA

<u>Outline</u>

- What is Net Mitigation?
- At which level we address here (CDM only or all other tracks)
- Based on Definition, Is it present, applied?
- Is there shortage? Ways to address shortage.
- Other Parties views on Net Mitigation
- How to go beyond offsetting?
- Supply and demand equation

What is Net Mitigation?

- Emission reduction which is additional to what would happen in case of absence of such activity, (Similar to additionality).
- So, any emission reduction is net mitigation.
- ER for Caps, offsetting, Emission trading schemes,....
- What is Important is to ensure that this ER is MRVed

At which level we address here (CDM or all other tracks)

- Here, we are discussing CDM.
- Is it applied (based on the definition)?
- The answer is Yes, How?
- Already applied conservative approaches in CDM methodologies.
- MRV, verification rules.
- Emission reduction achieved (pre-registration and after the end of the crediting period), that need to be MRVed (not conditional to be credited).

Is there shortage? Ways to address shortage

- Yes, there is shortage such as over issuance of CERs, more than the real achieved ER.
- The question now, who is responsible for such mistake? (DOE / EB / PP)
- The main responsibility is on DOE in coordination with EB.
- So this can be solved via the issue of the liability of DOE for excess CERs issuance (whether to buy CERs from the market to be put in advance to cancel an equal amount to excess issuance, or through any other solution without punishing PP who paid fees to DOEs to do this job).
- So, this is an issue of MRV to make sure that it is a real ER (1 CER = 1 Ton CO2e)

Other Parties views on Net Mitigation

- To deduct a certain percentage of CERs !! Why??? On what basis???
- Is it real MRVed ER or not?? This should be the question
- If it is a real ER, so you will cancel not only ER but also money, investment, efforts, time....
- This deduction at which level? And for whom?
- At issuance stage / at selling stage.
- On the buyer / seller / both?
- Is it equitable approach (fair) !!!!
- Why do you want to delete ER?? Various answers
- To go beyond offsetting !!
- To decrease supply side !!

How to go beyond offsetting?

- Contribute effectively to the global goal of ER for 2℃ target.
- To achieve that, we need every effort (ER), to be taken into account, not to deny some of it.
- ex. Some CDM projects start achieving ER before registration and after end of crediting period, so this is an additional contribution to the atmosphere (achieved by developing countries).

Supply and demand equation (Do we deal with ER or pure market approach)

Supply



- The problem is not due to high supply because it is a positive indication for ER (to meet 2 ℃)
- So the problem is due to low demand???
 Due to low ambition level of 2nd CP of KP (even the call for revisiting Commitment SBSTA/SBI 40, not effective).
- What are practical solution for this complicated situation?
- Non conventional solutions (ex. Allow the use of CERs by developing country parties that are parties to KP to fulfill any mitigation actions under any future regime).

As CERs reflects a domestic ER achieved in developing countries, so under the current situation (low demand) they can not sell CERs, so it is fair to benefit from it.

- This will increase a mond on CERs through reducing supply.

Conclusion

- There is no need to have net mitigation within the CDM M & P (No added value).
- We need to address the main issue which is achieving ER for the global goal.
- CDM reform is necessary, with the objective to facilitate access of developing countries (CDM should continue)



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