Net mitigation in the CDM? How that could work?

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MRV instrument vs pricing instrument

CDM M&P

MRV instrument: generation of the carbon unit

KP accounting rules, GCF rules, RBF rules, jurisdiction's rules Pricing instrument: Incentive that gives value; use of the carbon asset

One ton of CO2 reduced



One ton of CO2 recognized one carbon unit issued



Carbon unit transformed into carbon asset

CDM as a MRV tool governed by the CDM regulatory body : CERs are generated following requirements of the CDM M&P and one ton of CO_2 is one ton of CO_2 regardless of (i) its abatement cost, (ii) what the CER will be used for, (iii) the incentive and (iv) the conditions of purchase and sale

The pricing instrument give value to the carbon unit that become a carbon asset: as a commodity, the carbon asset can have different values and can be used for different purpose, e.g. for compliance under the KP or for cancellation under RBF programmes.



Net mitigation

What do we mean by net mitigation in CDM?

"A net decrease and/or avoidance of GHG emissions is achieved if the amount of credits issued and/or used for compliance is lower than the actual emission reductions achieved through the activities."

OR

"Each offset credit issued is associated with more abatement than credited (i.e. that the ratio of actual abatement to credits issued is greater than one)."



Net mitigation

Only meaningful if a net decrease could be assessed against two different reference points:

- (i) from the perspective of an offset instrument or individual offset activity - surplus reductions, which occur when actual emission reductions associated with an offset instrument are greater than the number of credits issued; and
- (ii) from the perspective of global GHG emissions net atmospheric benefit, which occurs when an offset instrument leads to more global emission reductions than countries have pledged to achieve.





- Conservative baselines/standardized baselines
- Shorter Crediting periods
- Negative lists
- Positive lists
- Transitioning from project based to policy based or sector based CPs



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Discounting CERS

- Conservative baselines/standardized baselines
 - Promote default factors from CDM standards/standardized baselines.
 - Specific baseline scenarios are defined and their application to mitigation activities is made obligatory.
 - The difference between the actual baseline
 emissions and the benchmark baseline
 emissions represents the avoided emissions
 which are not rewarded with carbon credits.

sector based CPs



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Discounting CERS

Conservative baselines/standardized baselines

Shorter Crediting periods

- Mitigation activities starting prior to or continuing after the crediting period can lead to emission reductions which are not rewarded with credits.
- Quantification of the actual effects requires the definition of baselines and MRV activities.

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Is addressing uncertainty net mitigation?

The reference level is the true (unknown) level of ER

- Discounting ER to take into account uncertainties?
- Discounting ER to take into account possible unknown over crediting?
- Stringent baseline to address possible false positive mitigation activities?
- Limited crediting periods?

No. This is not net mitigation, being not quantifiable. This is an EI issue relevant to the MRV instrument. Is addressed currently without referring to the concept of net mitigation.



Conclusions

- Net mitigation is not an issue of EI in the sense that it does not question whether the ER recognized has been really achieved. EI issues can be and are addressed without any need for introducing the concept of net mitigation.
- Net mitigation is an issue of additional ambition and burden sharing.



Conclusions

- Whether net mitigation is needed or not is not the issue. The response is obviously yes. The question is how to achieve it.
- A MRV instrument should not aim at crediting less than the ER achieved in the name of net mitigation: for one ton reduced one CER should be credited.
- However, the credits generated could be cancelled or used for other purposes than compliance to commitment, leading to net mitigation.



Thank you for your attention

