

Update on the ADP process, INDCs, international mechanisms and other forms of support

Caribbean Regional Workshop on INDCs and their Integration of Market Mechanisms, St George's, Grenada, 15 September 2015



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Overview

- ADP and the road to Paris
- State of play
 - CDM
 - Post-2020 mechanisms
 - Issues in climate finance
 - Possible integration of support
- Status of INDC submissions



ADP and the road to Paris



ADP building a basis for a new text

June session sought to understand content and form

Co-chairs tabled the 24 July negotiating text

- Part 1 – potential content of the Paris Agreement
- Part 2 – potential content of an accompanying decision
- Part 3 – text that could belong to the Paris Agreement or decision

Latest September ADP session

- Considerable progress in all aspects of the negotiations
- Constructive negotiations, with key Parties moving beyond previous positions towards other Parties and positions
- Beginning to reveal a possible balance across the issues



Some key overall issues

Focus on Convention objective (Article 2)

Possible reference to a limitation of temperature increase

Possible reference to CBDR/RC in light of different national circumstances and special circumstances of the particularly vulnerable

Possible ways to differentiate

- Self-differentiation, nuanced by “modulators”, with a cycle for enhancing contributions over time
- Reference to Convention and Article 4 on enhancing implementation
- Two categories of developed and developing countries

Transparency framework can see Parties evolving, with support



A right to use markets / mechanisms

Many Parties stressed that **the right to use markets** be included in the Paris Agreement

Many Parties, particularly developed country Parties, consider they do not need permission to cooperate through markets

Many Parties support development of rules

- To govern accounting
- To avoid double counting
- To uphold environmental integrity by ensuring internationally transferred mitigation outcomes are real, permanent, additional and verified



A centralized mechanism

Many Parties, particularly developing country Parties want a **centralized mechanism** included in the Paris Agreement

- Governed under the UNFCCC
- Accessible to all Parties
- Building on what has been built under the CDM

Views diverge on the kind of mechanism it would be

- Reformed CDM
- Joint Mitigation and Adaptation (non-market)
- REDD+ crediting, etc

Many Parties want principles in Paris: contribution to sustainable development, share of proceeds for adaptation, net mitigation, etc



Next steps in the ADP

Co-Chairs received a broad mandate to produce a non-paper in the first week of October

Parties know it will be the basis for the real negotiations in the October ADP session

Markets and non-markets, accounting and mechanisms are political issues (not technical)

The potential role of existing mechanisms (like the CDM) is part of that political package



Transitioning value from Kyoto mechanisms

Can a central crediting mechanism maintain and build the mitigation effort started by the Kyoto mechanisms?

A possible procedural route

- Develop new mechanism and registries/ITL based on Kyoto rules
- Allow existing mitigation activities to migrate to a new post-2020 mechanism established under the Paris Agreement
- Allow (some) pre-2020 credits to help meet post-2020 NDC
- A new work programme on a new mechanism would most likely imply the closure of current SB mandates in Paris



Possible post-Paris work programme elements

Various work elements have been raised

- Criteria/process for recognizing nationally-issued units
- Modalities and procedures for a new central crediting mechanism, starting from the CDM and maybe other existing mechanisms
- Participation/eligibility criteria
- Accounting rules (unitization, transfers)
- Tracking infrastructure (registries, transaction log)
- Provisions for early action

Clarity of tasks will impact on effectiveness of post-Paris work



State of play



SBSTA discussions on Convention mechanisms

Convention mechanisms

- Framework for various approaches
- Non-market mechanisms
- New market-based mechanism (defined in Durban COP)

Slow but reasonable progress made in defining issues

- FVA and NMM discussions have informed the ADP
- No further substantive work until political progress in Paris
- Expect work to continue post-Paris through a new work programme



SBI discussions on the Kyoto mechanisms

CDM modalities and procedures review

- Ongoing negotiations but still in early stages
- Change proposals contained in a co-chairs note
- Parties expected to re-engage in change discussions after Paris

Jl guidelines review

- Ongoing negotiations now well advanced
- Draft revised guidelines with few remaining issues
- Focus now on how a new Jl may fit in the post-2020 regime
- Parties expected to re-engage in change discussions after Paris



Revived interest in the MRV of the CDM

Mature mechanism with a proven track record

- Over 7,700 registered projects and programmes of activities
- 280+ POAs with 1,800+ component project activities
- 200 GW of installed renewable energy capacity
- 1.5 billion CERs issued and US\$215 billion investment

It's available now!

- Credibility – real, measureable, additional
- Comparability across all opportunities and instruments
- Universal applicability through global legitimacy and recognition
- Familiarity of governments, institutions and the private sector

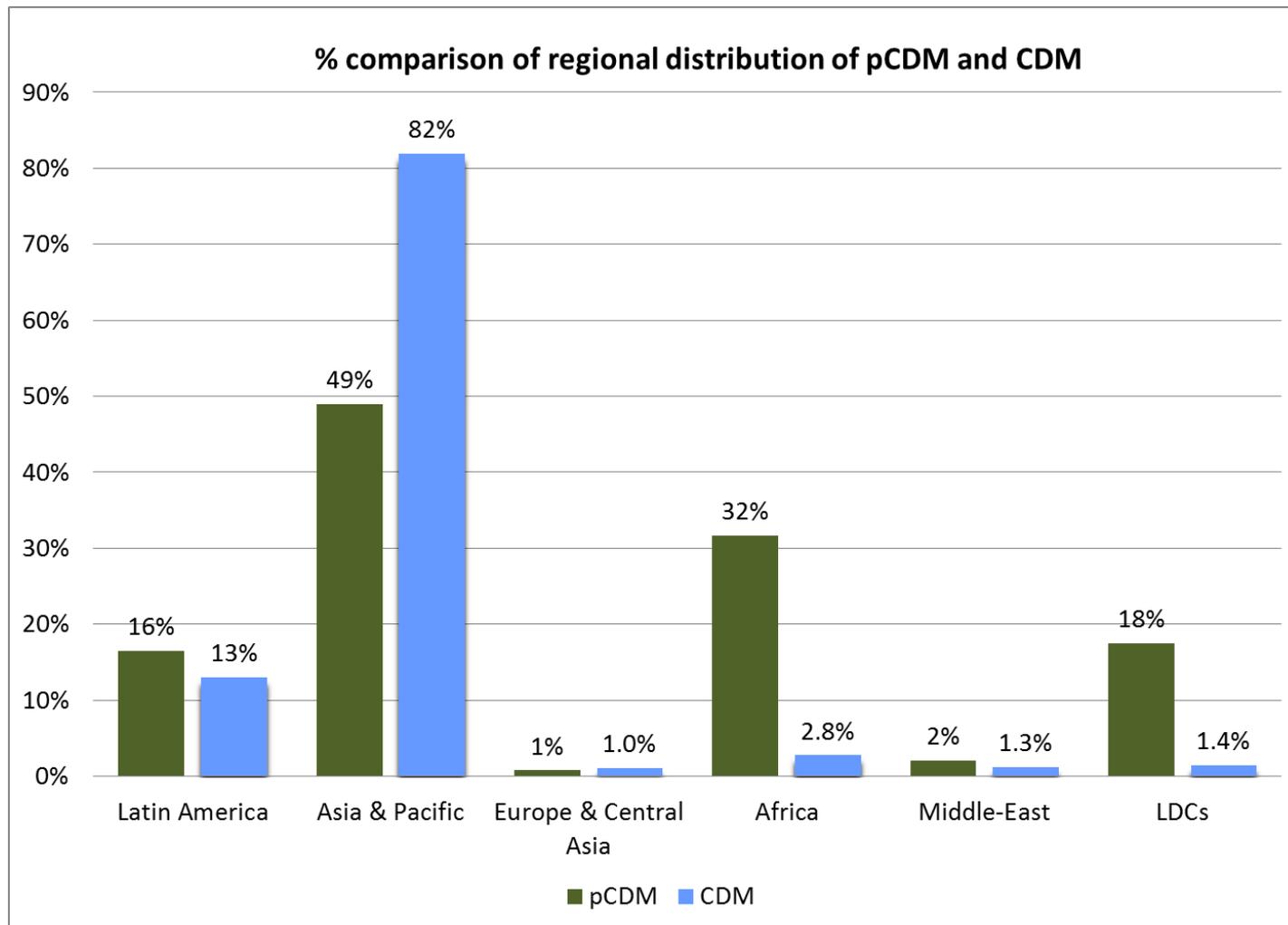


Building blocks of a simpler, more inclusive CDM

- Programmes of activities
- Standardized baselines
- Positive lists for additionality
- Default emission factors
- Integration of suppressed demand



Realignment of regional distribution through POAs



Integration of the CDM with other programmes

Not just about individual instruments anymore (like under the KP); rather about how they can work together and complement each other

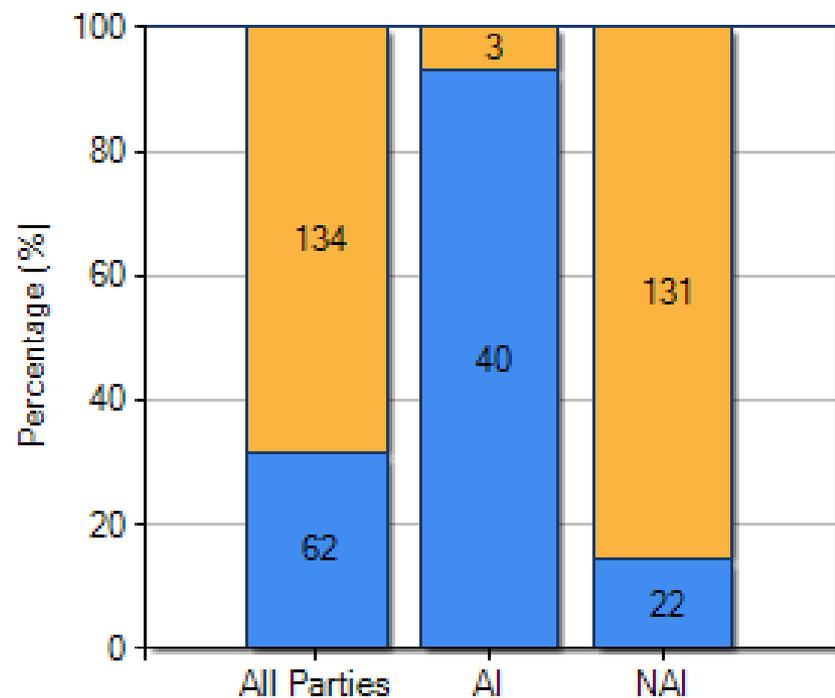
- Link countries together
- Link mechanisms together
- Link CDM to domestic policy instruments (taxes, trading)
- Link CDM/JI to new forms of climate finance –
role for CDM in providing activities and MRV to GCF



Status of INDC submissions



Share of Parties having communicated their INDCs

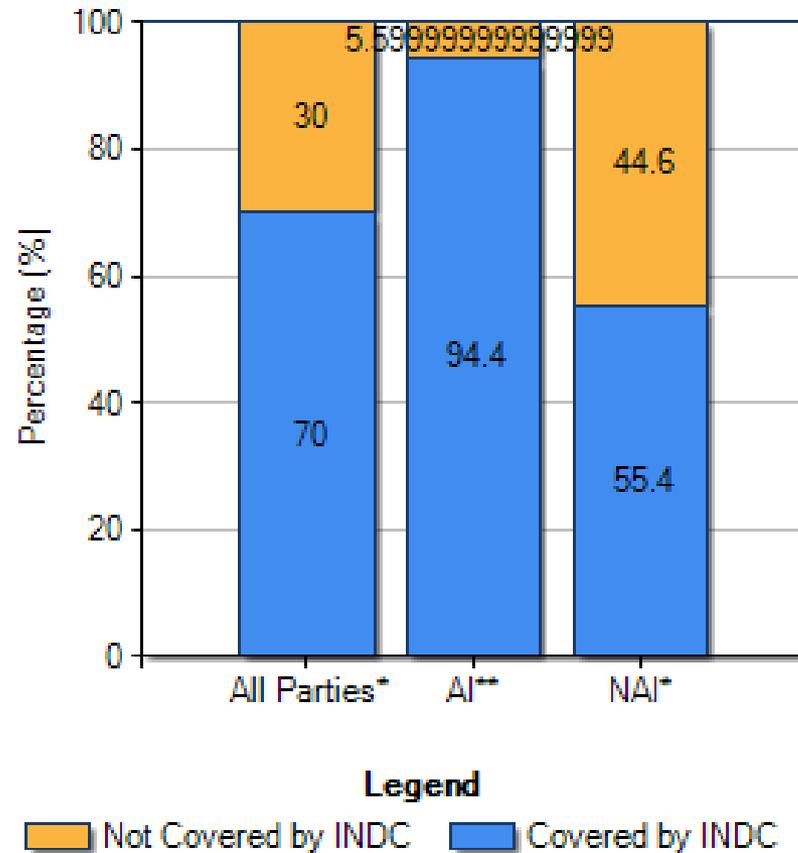


Legend

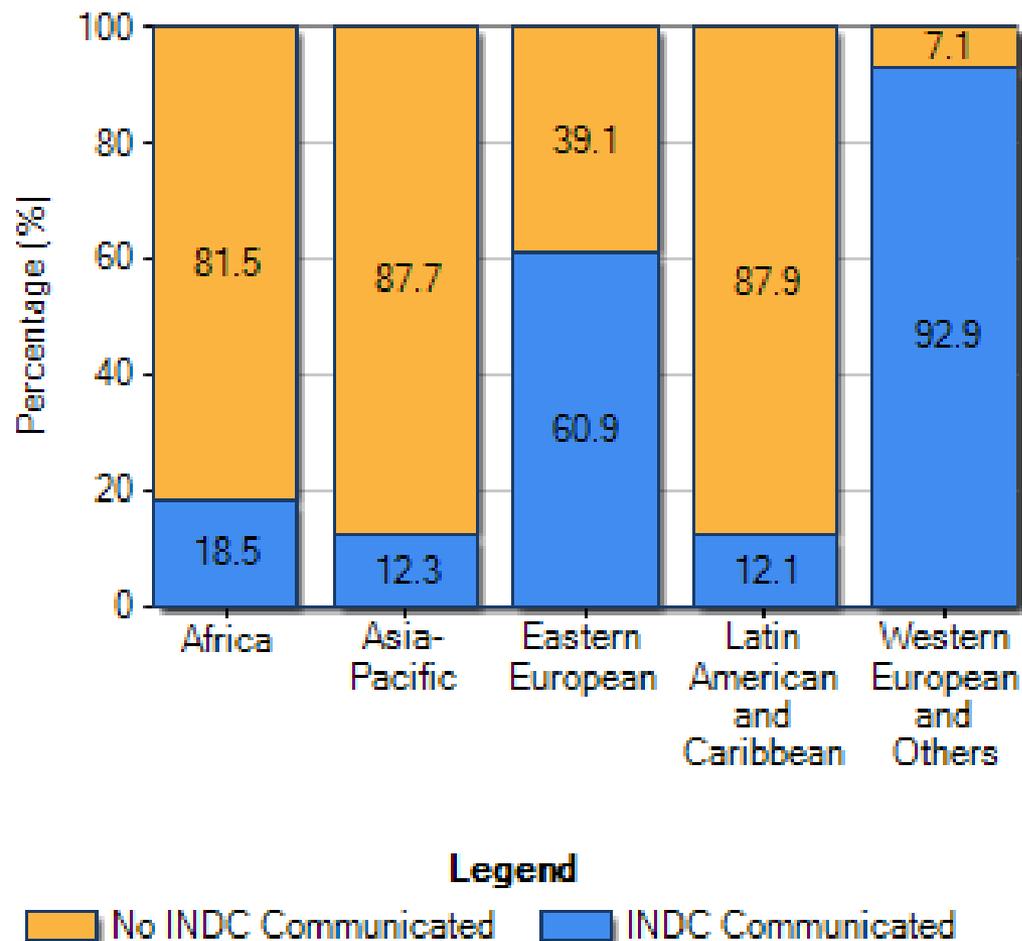
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Share of emissions covered by INDCs



Region participation of INDC submissions



2. Are INDCs quantifiable ?

- 26/29 provide enough information to *estimate* target-year or target-period emissions (all absolute, 10/11 BAU, 1/2 GDP, 0/1 per capita)
- Varying information provided on BAU baselines: some provide information on model and assumptions; only Morocco mentions potential updating of the baseline.
- GDP data sources/projections not provided.

As at
end-August 2015

 ***Will need greater clarity on non-absolute GHG targets to be able to quantify for markets accounting.***

3. Coverage (sectors/gases)?

- Most INDCs cover all major sources of emissions (sectors and gases): near economy-wide coverage.
- There does not seem to be any obvious attempt by developing countries to leave sectors outside the INDC to allow for easier participation as a seller of credits.
- China's INDC specified as CO₂, but actions in CH₄ and F-gases described: needs clarification.

As at
end-August 2015



Generation of credits/units will mostly fall within (rather than outside) INDCs.

4. Intention to use international markets?

Yes	Possible	No	No information
Switzerland* Liechtenstein* Ethiopia@ Republic of Korea* New Zealand* Japan*^ @	Norway* Mexico^ @ Canada* Morocco^ Iceland* Singapore Kenya @ Monaco Macedonia	European Union* United States* Gabon Russian Federation Andorra Marshall Islands Benin Australia	Serbia China*^ Trinidad and Tobago Djibouti DRC Dominican Republic
6/29	9/29	8/29	6/29

* Existing ETS (national or subnational)

^ PMR participants

@ JCM partners

Access to markets = condition of INDC

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end-August 2015