



A Special Report on Selected Side Events at the twenty-sixth sessions of the Subsidiary Bodies (SB 26) of the United Nations Framework Convention on Climate Change (UNFCCC)

Published by the International Institute for Sustainable Development (IISD)

Online at <http://www.iisd.ca/climate/sb26/enbots/>

Issue #7 | UNFCCC SB 26 | 7-18 May 2007 | Bonn, Germany | Wednesday, 16 May 2007

Events convened on Tuesday, 15 May 2007

The impacts of CCS and the CDM on the future climate regime

Presented by the Wuppertal Institute for Climate, Environment and Energy



Rie Watanabe, Wuppertal Institute, Germany, says that agreeing on any conclusion regarding CCS under the CDM without directly discussing outstanding issues is dangerous.

Rie Watanabe, Wuppertal Institute, Germany, recalled that MOP2 invited parties to take a decision on new methodologies for CCS under the CDM at MOP4. She highlighted the importance of examining the pros and cons of inclusion of CCS in the CDM.

Heleen de Coninck, Energy Research Centre, Netherlands, noted the lack of data on CCS, and underlined that early opportunities can be found in capture-ready sources such as gas processing, refineries, hydrogen and ammonia.

José Miguez, Ministry of Science and Technology, Brazil, outlined CCS efforts in Brazil, said the legitimacy of CCS as a mitigation option is yet to be proved, and emphasized that CCS is not an alternative under CDM. He pointed out the challenges of establishing a liability framework in case of seepage, and stressed that ocean storage creates further complexity and raises concerns on environmental integrity.

Lambert Schneider, Oeko Institute, Germany, stressed that CCS does not pave the way to a low-carbon economy, and noted that businesses support CCS as a hope to continue a fossil-fuel dependent economy.

Gabriela von Goerne, Greenpeace, stressed that CCS does not contribute to sustainable development and is a vehicle to build new coal power plants. She said it is better to focus on renewable energy and energy efficiency, and stressed that CCS activities will transfer the burden of taking care of storage sites to future generations.

Wolfgang Dirschauer, Vattenfall Europe, outlined the reality of electricity generation, of which 66% is generated by fossil fuel, and said CCS is not a silver bullet to solve the climate problem but is the best option to reduce GHG emissions from coal. Dirschauer stressed CCS challenges, such as price risks, liability problems and the need for a regulatory framework, but noted they can all be overcome.

More information:

<http://www.wupperinst.org>

<http://www.ecn.nl>

<http://www.mct.gov.br>

<http://www.oeko.de>

<http://www.greenpeace.org>

<http://www.vattenfall.com>

Contacts:

Rie Watanabe

<rie.watanabe@wupperinst.org>

Heleen de Coninck <deconinck@ecn.nl>

José Miguez <miguez@mct.gov.br>

Lambert Schneider <l.schneider@oeko.de>

Gabriela von Goerne

<gabriela.goerne@greenpeace.de>

Wolfgang Dirschauer

<wolfgang.dirschauer@vattenfall.de>

The *Earth Negotiations Bulletin on the Side* (ENBOTS) © <enb@iisd.org> is a special publication of the International Institute for Sustainable Development (IISD). This issue has been written by Karen Alvarenga, Ph.D. and Amber Moreen, Ph.D. The photographer is Leila Mead. The Digital Editor is Diego Noguera. The Editor is Soledad Aguilar <soledad@iisd.org> and the Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. Funding for ENBOTS at this meeting has been provided by the donors who support the *Earth Negotiations Bulletin*. The Sustaining Donors of the *Bulletin* are the United Kingdom (through the Department for International Development - DFID), the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), the Government of Canada (through CIDA), the Danish Ministry of Foreign Affairs, the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ), the Netherlands Ministry of Foreign Affairs, the European Commission (DG-ENV) and the Italian Ministry for the Environment and Territory General Directorate for Nature Protection. General Support for the *Bulletin* during 2007 is provided by the Swiss Federal Office for the Environment (FOEN), the Norwegian Ministry of Foreign Affairs and the Ministry of Environment, the Government of Australia, the Austrian Federal Ministry for the Environment, the Ministry of Environment of Sweden, the New Zealand Ministry of Foreign Affairs and Trade, SWAN International, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES) and the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI). The opinions expressed in ENBOTS are those of the authors and do not necessarily reflect the views of IISD and other donors. Excerpts from ENBOTS may be used in non-commercial publications with appropriate academic citation. Electronic versions of issues of ENBOTS from SB 26 can be found on the Linkages website at <http://www.iisd.ca/climate/sb26/enbots/>. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 212 East 47th St. #21F, New York, NY 10017, USA. The ENBOTS Team at SB 26 can be contacted by e-mail at <karen@iisd.org>.

Programme of activities and energy efficiency: Opportunities and challenges

Presented by UNFCCC Secretariat

Grant Kirkman, UNFCCC Secretariat, noted the importance of a simplified approach to the CDM Executive Board Guidance (EB Guidance) on Programme of Activities (PoA), and underscored the EB-28 meeting, which provided the basic guiding principles for the registration of project activities under a PoA as a single CDM project activity, and may be revised as the body of knowledge on project activities expands.

Sudhir Sharma, UNFCCC Secretariat, explained that COP/MOP2 decided that a local, regional, or national policy cannot be considered as a CDM project, but that project activities under a PoA can be registered as a single CDM project, provided that approved baseline and monitoring methodologies are used that, *inter alia*: define the appropriate boundary; avoid double counting; and account for leakage. He presented the EB Guidance on PoA as a collection of voluntary coordinated actions. Sharma said PoA constitutes individual CDM project activities (CPAs), and highlighted the role of the coordinating agent in designing and coordinating PoA implementation. He said that CPAs are similar project activities that apply the same approved baseline and monitoring methodology, and may involve one type of technology or a set of interrelated measures in the same type of facility, installation or land.

Lambert Schneider, Oeko Institute, noted numerous methodologies on energy efficiency supply and demand. He stressed some methodological challenges to developing sound methodologies for energy efficiency, including distinguishing the effect of the CDM project from all other factors that affect energy efficiency, such as energy prices, load variations, measurement accuracy, and operation and maintenance practices. Schneider pointed out how these challenges can be addressed with existing methodologies by using intensity-based indicators, representative sampling and dynamic baselines.

Klaus Oppermann, World Bank, spoke on CDM programs on energy efficiency demand, including: CDM on individual investment programs; incentive programs for accelerated replacement of old equipment; and market transformation programs. He cited examples of the India accelerated chiller replacement program and the Ghana air conditioner (AC) labeling program. He noted the use of control groups is a promising alternative to an *ex ante* baseline, if market data from a similar country or region can be used. He noted that this alternative is difficult to implement if a control group needs to be artificially created.



Lambert Schneider, Oeko Institute, points out that the baseline efficiency of a CDM project can change over time.



Sudhir Sharma, UNFCCC Secretariat, outlines the documentation needed for registering a PoA, including eligibility criteria, and monitoring methodology.

More information:

<http://www.unfccc.int>
<http://www.oeko.de>
<http://www.worldbank.org>

Contacts:

Grant Kirkman <gkirkman@unfccc.int>
 Sudhir Sharma <ssharma@unfccc.int>
 Lambert Schneider <l.schneider@oeko.de>
 Klaus Oppermann
 <koppermann@worldbank.org>

The EU's climate change and energy strategy: Limiting global climate change to 2°C

Presented by the European Community (EC)

Artur Runge-Metzger, EC, discussed the EU's international ambitions to limit climate change to 2°C compared to pre-industrial levels, saying that this objective comes from the desire to minimize risks of, e.g., species extinction, increased water stress, and flooding. Noting that meeting this goal will require a global emissions peak by 2015, Runge-Metzger said that this objective calls for, e.g.: common but differentiated responsibility; developed countries to take the lead; near-term reduced growth of emissions and improved access to finance in developing countries; international research and technological cooperation; action to halt deforestation; and adaptation measures integrated into investment decisions. Highlighting that the blueprint is technically and economically feasible, he said the benefits of limiting climate change outweigh the implied costs, and that the difficulty of transitioning to a low-carbon economy increases over time.

Jean-Arnold Vinois, EC, discussed energy as the major challenge that must be met in order to achieve the 2°C objective. Noting that the energy sector represents 80% of the EU's GHG emissions, he said that the energy policy must reconcile objectives of competitiveness, sustainable development, and the security of supply. He emphasized the need to invest heavily in the infrastructure supporting electricity generation and distribution in the near-term, underscoring the need for a stable and predictable framework to support investment. He discussed the importance of establishing a competitive internal EU electricity market, and expressed concern with increased dependency on imports. Noting the agreement reached by the European Council on an energy policy for Europe, he discussed the related action plan, highlighting the importance of: facilitating an open internal market that allows free access to the transmission grid; enhancing the effectiveness of national regulators; and promoting solidarity. He said the action plan emphasizes energy efficiency as the priority to reduce emissions while increasing energy security, and discussed the agencies, directives and campaigns working towards implementation. He said the goal of achieving 20% renewables in the energy mix by 2020 was the most ambitious target, and outlined the EU's ambition to have all plants fitted with carbon capture and storage (CCS) by 2020. He also discussed technology, nuclear energy and the EU's external energy policy.

In the ensuing discussion, participants and presenters considered: estimated savings and incremental costs; investment in renewables as an insurance premium; investment in R&D; subsidization of, e.g., coal; and allocation of carbon credits.



Artur Runge-Metzger, EC, discusses the EU's international ambitions to limit climate change to 2°C compared to pre-industrial levels.



Jean-Arnold Vinois, EC, discusses the European Council's recent adoption of an energy policy for Europe.

More information:

http://ec.europa.eu/environment/climat/future_action.htm
http://ec.europa.eu/energy/energy_policy/index_en.htm

Contacts:

Artur Runge-Metzger
 <artur.runge-metzger@ec.europa.eu>
 Jean-Arnold Vinois
 <jean-arnold.vinois@ec.europa.eu>

The role of technologies in a post-2012 framework

Presented by the World Business Council for Sustainable Development

Raymond Leban, Conservatoire National Des Arts et Metiers, emphasized that the massive electricity sector investment needs provide a unique opportunity to invest in new technologies.

Gail Kendall, CLP Group, focused on end-use efficiency, diversification of the fuel mix, and acceleration of R&D. On efficiency, she said the barriers include lack of information and clear incentives. On R&D, she discussed, e.g., the need for advances in carbon capture and storage (CCS) and electricity storage.

Yoshiharu Tachibana, Tokyo Electric Power Company (Tepco), discussed technology transfer in the Asia-Pacific Region, emphasizing the need to encourage investment in more efficient coal power plants. He outlined peer review activity and said improved investment conditions are needed to facilitate technology transfer.

Dolf Gielen, International Energy Agency (IEA), focused on energy efficiency, discussing different demand systems' relative potential for efficiency improvements and the diversity of approaches needed. He noted the significant potential of industrial co-generation and underscored, *inter alia*, the need for a credible carbon price.

Sanjeev Kumar, WWF, emphasized the need to address coal in a carbon-constrained environment. He encouraged, *inter alia*, balancing demand- and supply-side solutions. Kumar said that CCS and natural gas should be considered medium-term bridging solutions. He encouraged considering carbon capture and carbon storage as separate issues, emphasized the importance of monitoring, and called for a robust regulatory framework, including on carbon storage liability.

On renewables, Kendall said the main barrier is cost and that non-hydrological renewables are currently being driven by government policies.

Tachibana encouraged consideration of hydropower and nuclear energy.

Oluf Ulseth, Statkraft, discussed the need for long-term policy predictability and consistency to: enable innovation, unleash the potential of technology, and facilitate investment.

Participants discussed the meaning of "long-term" for business, CCS, and allocation of credits.



Gail Kendall, CLP, presents the key components of "Powering a Sustainable Future: An agenda for concerted action."



Dolf Gielen, International Energy Agency, notes that lighting constitutes approximately 19% of electricity demand worldwide but has much room for improved efficiency.

More information:

<http://www.asiapacificpartnership.org/>

<http://www.wbcd.org>

Contacts:

Raymond Leban <rleban@cnam.fr>

Gail Kendall <kendall@clp.com.hk>

Yoshiharu Tachibana

<tachibana.yoshiharu@tepcoco.jp>

Dolf Gielen <dolf.gielen@iea.org>

Sanjeev Kumar <skumar@wwfepo.org>

Oluf Ulseth <oluf.ulseth@statkraft.com>



IISD Reporting Services brings you **ME A Bulletin**, a publication that provides updated information focused on the activities of key multilateral environmental agreements (MEAs) and their secretariats. It contains details of new reports, announcements, meetings (both large and small), implementation activities and other news.

The publication was made possible with support from UNEP's Division of Environmental Law and Conventions (DELIC), and is prepared by a team of experts who also work on ENB and Linkages Update.

To receive further issues of ME A Bulletin, visit
<http://www.iisd.ca/email/mea-l.htm>