

SB 26 HIGHLIGHTS: TUESDAY, 15 MAY 2007

On Tuesday, the AWG held an evening session to hear general statements, discuss “mitigation potentials and ranges of the emission reduction objectives of Annex I parties,” and review its work programme, methods of work and schedule of future sessions. Contact groups and informal consultations under the SBSTA and SBI continued on a variety of issues, including: the Adaptation Fund; the budget; deforestation; IPCC guidelines for national greenhouse gas inventories; privileges and immunities; and technology transfer. In addition, two in-session workshops were held on mitigation, the first focusing on energy efficiency, the second on power generation.

AWG

The AWG reconvened on Tuesday evening, with parties making general statements. AOSIS, LDCs, INDIA and INDONESIA reiterated calls for deep and ambitious commitments from Annex I parties. The EU emphasized the availability of low or no-cost mitigation options, and noted the need for a strong price signal to inform investment decisions. The RUSSIAN FEDERATION underscored considering national circumstances.

JAPAN stressed the need for a common understanding of factors and criteria to evaluate mitigation potential on a sectoral basis, as well as fairness in burden sharing. NEW ZEALAND noted new plans to target public sector emissions and develop an emissions trading scheme. He stated that Annex I parties’ actions “cannot be divorced” from the broader global analysis. ICELAND noted many parties’ declarations of long-term targets and praised these national voluntary actions as building blocks for a future regime.

SAUDI ARABIA said any future arrangement should take into account the impacts of Annex I parties’ targets on developing countries. BANGLADESH noted climate change’s potential to cause large-scale displacement of people.

The US, UK, European and Australian BUSINESS COUNCILS FOR SUSTAINABLE ENERGY supported a legally-binding multilateral regime after 2012, urging agreement in Bali on a new negotiating round that would reach agreement on a framework in 2009. CLIMATE ACTION NETWORK supported developing criteria for some countries that are economically-ready to join Annex B, suggesting Saudi Arabia, Singapore and Republic of Korea as candidates.

ANALYSIS OF MITIGATION POTENTIALS AND REVIEW OF WORK PROGRAMME: AWG Chair Charles introduced the agenda item on mitigation potentials and ranges of Annex I emissions objectives, and the item on the work programme and schedule of

future sessions. He proposed, and parties agreed to, a contact group that would start work on Wednesday at 1:30 pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND: Draft SBI conclusions were discussed during informal consultations and a contact group. The contact group meeting worked through the text paragraph-by-paragraph. TUVALU expressed disappointment that his proposal for a special funding window for SIDS was not reflected. However, delegates agreed to TUVALU’s proposal to indicate that the draft COP/MOP decision would be completed, “*inter alia*,” with elements on institutional arrangements. Similar wording was also added to a paragraph on continuing deliberations at SB 27. The contact group then completed its work.

BUDGET: During a morning contact group, the Secretariat distributed a note on the records management system and a table outlining a reduction scenario of US\$1,754,900. Stressing the increasing workload, UNFCCC Executive Secretary Yvo de Boer identified cost-cutting measures already undertaken, and explained that any further cuts would affect the Secretariat’s substantive activities. The G-77/CHINA and CANADA expressed their support for the proposed budget, with the G-77/CHINA identifying some areas where they might show flexibility. The US reiterated its support for zero nominal growth but said he could also show some flexibility. The EU and the RUSSIAN FEDERATION indicated that they would not block a consensus. Chair Dovland noted a possible consensus on cuts identified in the first two lines of the table, amounting to US\$650,000.

DEFORESTATION: During informal consultations, Co-Chair Rosland conveyed a message from SBSTA Chair Kumarsingh reminding parties of the need to stick to the mandate that was carefully worded at COP 11. Delegates then proceeded with their line-by-line consideration of the Co-Chairs’ draft COP decision. Discussion focused on, *inter alia*, national reference emissions levels, the use of guidelines for reporting, a possible annex with indicative modalities, and generally whether to be more specific or to continue an exploration of a range of actions. Discussions will continue on Wednesday in a small drafting group facilitated by Thelma Krug (Brazil).

IPCC GUIDELINES FOR NATIONAL GREENHOUSE GAS INVENTORIES: During informal consultations, parties accepted text noting the importance of continuous improvement of greenhouse gas inventories and paragraphs regarding harvested wood products. Parties agreed to delete a paragraph referring to the 2008 IPCC workshop on the IPCC 2006 guidelines. Regarding methodological issues, delegates compromised by agreeing to recognize that there are methodological issues, without highlighting specifics. In the final contact group session

in the afternoon, the revised text was approved with minor editorial changes.

PRIVILEGES AND IMMUNITIES: In the contact group, parties approved the Chair's draft conclusions after agreeing to revised text initially proposed by the EU on the need for an effective, legally-sound, long-term solution, including review procedures. A paragraph referring to holding a workshop to further the work on privileges and immunities was deleted on budgetary and procedural grounds. Provision was made to incorporate Brazil's suggestion to refer to formal declarations by public and private legal entities and the establishment of a special review committee in document FCCC/SBI/2007/MISC.4, as an addendum. There was also discussion concerning a Brazilian suggestion for a paragraph requesting the Executive Secretary to include resource requirements for activities in the programme budget for the biennium 2008-2009. Nigeria, for the G-77/CHINA, drew attention to budgetary cuts, which would have an impact on the implementation of decisions on privileges and immunities. Chair Watkinson stressed that budgetary issues should be raised explicitly within the budget contact group. This paragraph was then deleted.

TECHNOLOGY TRANSFER: On Tuesday morning, informal negotiations resumed, with parties considering text on the functions of the constituted body in the terms of reference. However, agreement could not be reached. Regarding membership, developing countries suggested removing the reference to resource persons from the Climate Technology Initiative among the list of examples of organizations. The Co-Chairs suggested that the draft terms of reference for the constituted body be forwarded as they are to Bali, but one developed country indicated that it may not support this, noting that forwarding text from SB 25 in Nairobi had not resulted in agreement in Bonn at SB 26.

In the afternoon, delegates reached agreement on most of the paragraphs of the draft SBSTA conclusions. Outstanding issues include the welcoming of informal initiatives by Japan and China in facilitating dialogue and the continuance of the pilot project on networking between the UNFCCC technology information clearing house and regional and national technology information centers.

WORKSHOP ON MITIGATION: ENERGY EFFICIENCY

On Tuesday morning, an in-session workshop was held on energy efficiency, including industry, and residential and commercial end use. The workshop, which had been requested by SBSTA 23, was facilitated by SBSTA Vice-Chair Ermira Fida (Albania).

Laura Cozzi, International Energy Agency, presented the World Energy Outlook 2006. She explained that baseline scenarios will involve a dramatic increase in global primary energy demand by 2030, particularly in China and India, and that urgent action is required given that these countries will "lock in" their investment within the next decade in energy infrastructure that will last for 60 years.

Yang Hongwei, China, presented on energy conservation and energy efficiency improvement in China. He outlined measures such as the country's Five-Year Plan of Social Economic Development, which includes a target of 20% improvement in energy efficiency per unit of GDP by 2010 from 2005 levels.

Jens Schuberth, Germany, highlighted energy efficiency policies in Germany and stressed the importance of concentrating decision-making on energy efficiency within one department at the national level. Jean-Pierre Tabet, France, presented on the white certificate scheme in France, whereby energy suppliers have to meet an energy savings target or pay a penalty.

Mark Toorenburg, Oxxio, the Netherlands, presented a case study on how to roll-out new LED lighting technology, noting that this technology is ten times more efficient than a traditional bulb and will last 50 times longer. José Romero, Switzerland, reported on the Swiss energy model and outlined actions at the national and canton level.

Artur Runge-Metzger and Jean-Arnold Vinois, European Commission, discussed the EU's policy package integrating climate and energy policies, noting the EU's goals for 2020, and its energy efficiency action plan. Gunnel Horm, Sweden, talked about Sweden's climate investment programme, which involves a holistic, results-oriented and bottom-up process.

Toshiyuki Shirai, Japan, estimated that 60% of global mitigation potential is in energy efficiency, and highlighted the role of sectoral approaches and international cooperation.

During the subsequent discussion, delegates addressed international energy efficiency agreements. Shirai highlighted Japan's focus on the Asian region and Vinois explained that such agreements could cover a range of issues, but that finding a common understanding would be a gradual process.

WORKSHOP ON MITIGATION: POWER GENERATION

This in-session workshop on mitigation took place on Tuesday afternoon, and focused on power generation, including clean fossil fuels and renewable energy.

Jean-Arnold Vinois, European Commission, discussed the EU's target of a 20% market share for renewables by 2020, as well as work on carbon capture and storage (CCS). Zhang Hongwei, China, indicated that *per capita* electricity use in China remains low, and outlined China's national policies and measures, including hydro, wind, thermal and nuclear power development. Matthew Webb, UK, and Li Gao, China, presented on the new zero emissions coal initiative, which includes the construction and operation of a CCS demonstration project in China between 2010-2014.

Kai Sipilä, Finland, presented plans to increase the proportion of biofuel by as much as 30% in future blended fuels. Bart Stoffer, US, presented on investments in low and zero emissions technology. Mariana Kasprzyk, Uruguay, presented on national experiences with electricity generation from biogas released from landfills, emphasizing co-benefits with the waste sector. Bryan Hannegan, US, identified various technological challenges, including increasing grid efficiency and sending the right price signals to consumers.

Christoph Erdmenger, Germany, demonstrated how his country will reduce its emissions by moving increasingly from coal to gas and renewables. Klaus Radunsky, Austria, presented a case study of a biomass power plant in Vienna. Bengt Johansson, Sweden, reflected on measures to decrease fossil fuel dependency for heat and electricity generation in Sweden, noting the impact of a carbon tax introduced in 1991.

In the ensuing discussion, INDIA stressed the need for technology transfer, and said all energy sources should be considered, including advanced fossil fuel technologies and nuclear. SAUDI ARABIA said that technologies employed should be cost-effective, efficient, reliable, socially acceptable, and based on a suite of environmental criteria, including biodiversity and noise pollution, rather than on emissions alone.

IN THE CORRIDORS

Some delegates were detecting an increase in energy levels on Tuesday, with discussions on mitigation and the evening AWG session eliciting comments. While some delegations were praising the "positive" and "useful" discussions on mitigation over the past two days, others were suggesting that the talk in the round-table and in-session workshops must now translate into a shift in parties' positions. "How many workshops does it take for us to convert to energy-efficient light bulbs?" asked one.

Meanwhile, perplexity persisted in the deforestation discussions, with several delegates describing the situation as "a mess." One esoterically-inclined participant felt the discussions were in danger of moving "away from text to philosophy," posing the question: "If a delegate falls over in a forest and nobody hears, has he really fallen?"