ENB on the side

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Events convened on Saturday, 6 December 2003

The REEEP – a global partnership for accelerating renewable energy and energy efficiency

Presented by the UK delegation

Aloisia Wörgetter, Federal Ministry of Foreign Affairs of Austria, identifies the need for multi-stakeholder cooperation to create market conditions favorable to renewable energy and energy efficient technologies.

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Aloisia Wörgetter, Federal Ministry of Foreign Affairs of Austria, identified a number of barriers to market penetration by renewable energy and energy efficient services, including: the high-cost of technologies; weak and inconsistent policies; and lack of capacity and financial resources. She outlined elements of the Renewable Energy and Energy Efficiency Partnership's (REEEP) strategy, including capacity building, information diffusion, strengthened regional networks. She said that REEEP aims to reinforce the Kyoto Protocol Mechanisms by piloting, and supporting national and regional financing facilities and collaborating with other energy and climate-related initiatives.

Liam Salter, WWF International, introduced the Gold Standard as a quality methodology for the Clean Development Mechanism (CDM) and Joint Implementation (JI) projects designed to deliver benefits to host countries. Stressing that the Gold Standard is an incentive-based, voluntary measure, he said the Standard is consistent with CDM procedures and focuses on renewable energy and energy efficiency projects. He described the Gold Standard as the only transparent and free "off-the-shelf" methodology for CDM project developers and stressed that use of the Standard does not substantially inflate transaction costs and should reduce the chances of project rejection by the Executive Board. He concluded that the Standard strengthens the role of renewable energy and energy efficient projects in CDM projects.

Kirsty Hamilton, policy consultant, discussed the nexus between policy and finance, and stressed the need for greater integration of these aspects when developing policies for renewable energy. She considered ways to reduce the perceived risk of renewable energy in the financial sector and identified poor communication between financers, policy makers and project developers as an impediment to accessing financial resources.

Njeri Wamukonya, UNEP, discussed ways to raise the profile of energy efficiency in the CDM and identified barriers to project development, including lack of access to finance, and unavailable methodologies. She suggested that REEEP can assist projects by providing investment, fund raising, and marketing projects. Wamukonya also identified as valuable the development of methodologies for the Executive Board and project developers.

Discussion: Participants identified the need for REEEP to assist in building sustainable development and poverty eradication issues into CDM projects. A participant noted that the development of Project Design Documents for Joint Implementation (JI) in Central and Eastern Europe was problematic for municipalities lacking capacity. Salter stressed that the Gold Standard can be applied to the development of JI as well as CDM projects, and noted the need for sustainable development in Central and Eastern Europe (CEE).

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Justice in adaptation to climate change

Presented by the Foundation for International Environmental Law and Development (FIELD)

Paul Baer, University of California-Berkeley, notes the unsolved issue of how to distribute costs to fund adaptation activities.

Steve Schneider, Stanford University, presented global warming scenarios for up to 2100, and noted that climate policies implemented today will do little to reduce greenhouse gas concentrations in the atmosphere. He outlined climate change impacts, including increased risks to threatened systems and extreme climate events, and drew attention to the distribution and aggregation of impacts. He noted that vulnerabilities to climate change are valued in terms of quality of life, market impacts, and loss of biodiversity and human life.

Jouni Paavola, University of East Anglia, drew attention to the ethical dilemma between investing in mitigation versus adaptation. He said the ethical implications of adaptation projects are determined by international climate change policies, national policies, and the interaction between these different levels of decision-making processes. Paavola concluded that adaptation efforts should prioritize the most vulnerable individuals; many adaptive responses accentuate vulnerability and inequality; and negotiations on post-Kyoto mitigation targets for developing countries should be tied to financial assistance for adaptation.

Regarding funding for adaptation, Paul Baer, University of California-Berkeley, said contributions could be proportional to responsibility for past emissions, and allocation of funds to developing countries could be made on a per capita basis. He said these two approaches would lead to net payments from the North to the South, but also identifies net liability of wealthy classes in the South.

Saleemul Huq, International Institute for Environment and Development, said countries can be classified as vulnerable to climate change on the basis of geographical location, level of poverty, and climate change negative impacts. He noted the importance of the Least Developed Countries Fund in financing National Adaptation Programme of Actions (NAPAs), which aims at ensuring stakeholder participation, and addressing poverty and gender issues. Huq highlighted the importance of cooperation with governments and NGOs to ensure fairness when elaborating successful NAPAs.

M. J. Mace, FIELD, summarized how equity and justice are included in the Convention, which makes distinctions among Parties, and differentiates between Parties' responsibilities. Regarding developing countries, she said there is a need to: identify particular vulnerability issues; prioritize adaptation activities; address disparities in institutional capacity; and ensure adequacy and predictability in the flow of adaptation funds.

Suraje Dessai, Tyndall Centre for Climate Change Research, said adaptation is a high priority for the climate regime, particular under the Marrakesh Accords and the Delhi Declaration. He noted a number of unresolved issues that require further research, including: the nature and extent of responsibility for climate change impacts; ways to share the burden of financing adaptation among developed countries; and how to distribute funds for adaptive activities among developing countries.

More information:

http://www.field.org.uk/climatenrg_overview.php
http://www.iied.org/climate_change
http://www.tyndall.ac.the UK/research/theme3/website_v03
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Developing post-2012 policy scenarios

Presented by the Fridtjof Nansen Institute

Henrik Hasselknippe, Fridtjof Nansen Institute, announced that a report on post-2012 policy scenarios will be published in 2004. He said the report would consider the various regimes emerging from a variety of scenarios. A panel then presented the scenarios.

Hanh Hong Dang, Hamburg Institute for International Economics (HWWA), explained that the "graduation and deepening" model is based on an extension of the existing UNFCCC and Kyoto Protocol frameworks. She indicated that each country's commitments would be based on a graduation index, reflecting ability to pay and emissions per capita, and graduation thresholds. She identified the need for further modeling of impacts on global emissions and market prices, the inclusion of other gases, and estimates of sinks and CDM use.

Presenting the market convergence scenario, Kristian Tangen, Fridtjof Nansen Institute, noted that the market convergence scenario entails a bottom-up process that could be executed if the Kyoto Protocol fails. He said such a scenario would link emission trading markets, and provide feedback to UNFCCC and Kyoto Protocol processes. He highlighted differences between the market convergence scenario and the Kyoto regime, including negotiations between a small group of members and a sectoral approach to reporting and caps.

Taishi Sugiyama, Central Research Institute of Electric Power Industry (CRIEPI), described the "orchestra of treaties" scenario, and noted the potential stalemate in negotiations for the second commitment period because of adversarial negotiating styles, distrust, loopholes, low carbon prices, and weak incentives for technological change.

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Taishi Sugiyama, CRIEPI, presents an alternative to the current climate change regime.

Developing post-2012 policy scenarios

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He proposed an alternative regime based on the recognition of sovereignty concerns, avoidance of conflicts, enhanced cooperation and long-term technological change. He outlined possible regimes including: cap and trade, a zero emission technology treaty, the climate-wise development treaty and the UNFCCC.

Jiahua Pan, Chinese Academy of Social Sciences, described a scenario based on commitment to human development goals combined with low greenhouse gas emissions, noting that carbon emissions should not be viewed as the ultimate goal of a future regime. Stating that this regime would prioritize the satisfaction of basic human needs, he said it would entail voluntary goals, where both developed and developing countries could make commitments, and progressive taxation on carbon could be used as a mechanism. Pan noted that this voluntary approach would be more viable than the Kyoto Protocol in the long-run.

Kevin Baumert, World Resources Institute, expressed hope that a US Congressional bill would be formulated to establish a cap and trade system for greenhouse gas emissions in the US. He noted that if smaller regimes were established, large emitters could become more multilaterally engaged in the future.

Discussion: Participants questioned whether political will was taken into consideration when developing the scenarios and noted that the exchange of ideas on this subject was helpful.

More information:
http://www.fni.no/post2012.html
http://www.hwwa.de/climate.htm
http:// www.cait.wri.org

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Technology transfer, industrial energy efficiency and carbon financing in Eastern Europe and Central Asia

Presented by the UN Industrial Development Organization (UNIDO)

Herwig Dürr, Federal Ministry for Economic Affairs and Labour of Austria, highlighted Austria's role in the transfer of renewable energy and climate-friendly technologies to all parts of the world, especially Eastern Europe and Central Asia. He stated that JI and CDM projects are important tools for technology transfer.

Discussing the role of project-based mechanisms in enhancing industrial energy efficiency, Helmut Hojesky, said advantages include the creation of new markets and high-quality projects in CEE and Central Asia, and increased flexibility, cost savings and technology development. He also identified barriers, including lack of financing, low energy prices, and weak regulation. He noted that the EU draft "Linkage" Directive will open up joint implementationn (JI) and CDM projects to companies under the EU emission trading scheme.

Shigetaka Seki, Climate Technology Initiative (CTI), explained that CTI is a multilateral initiative that aims to foster international cooperation for the development and diffusion of climate-friendly and environmentally sound technologies. Drawing attention to the Industry Joint Seminar on Technology Diffusion in CEE and Central Asia held in October 2003, Seki outlined the Seminar's findings, including: the enormous potential for implementing energy efficiency improvements and using renewable energy; the barriers to technology transfer; the need for capacity and institutional building; and the importance of bilateral and multilateral cooperation.

Marina Ploutakhina, UNIDO, drew attention to the Expert Group Meeting (EGM) on Industrial Energy Efficiency and Carbon Financing held in October 2003. She explained that the main objective of the EGM was to identify how carbon financing could accelerate the uptake of energy efficiency technologies and systems in the industrial sector. She noted that the EGM discussed: energy efficiency in industry; opportunities for the CDM and JI to promote the implementation of energy efficiency projects; national delivery mechanisms; barriers faced by JI projects in Eastern Europe; the carbon market and carbon financing; and recent developments in the international climate change negotiations pertaining to the CDM and JI.

Peter Pembleton, UNIDO, noted that although funds are available, some countries find it difficult to access financial resources for energy efficiency projects. He recommended, *inter alia*, reflecting the true costs of energy in pricing policies; establishing funding mechanisms, such as carbon funds; and addressing climate change in national and sectoral development plans and policies, with an emphasis on sustainable development concerns.

Marina Ploutakhina, UNIDO, stresses that bundling is a key success factor to enable implementation of small-scale energy efficiency CDM and JI projects.

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2E Carbon Access: A CDM small-scale project facility

Presented by E&Co

Duncan Marsh, UNF, observes that access to financing is critical to spurring the adoption of clean technologies.

Mark Stuart, EcoSecurities, highlighted the importance of cost effective emission reductions combined with sustainable development. Explaining that the Kyoto Protocol needs to produce tangible results, he said 2E Carbon Access helps project developers obtain capital from Kyoto markets and makes projects viable.

Annika Lundgren, EcoSecurities, noted that small-scale energy projects face significant barriers, the largest of which is access to finance, and explained that 2E Carbon Access offers one-stop access to all the services required to access carbon finance. She stated that 2E Carbon Access identifies, prepares and supplies high-quality, investment ready, small-scale energy projects to buyers of certified emission reductions (CERs).

Veronique Bovée, EcoSecurities, explained that the services provided by EcoSecurities include advisory services, such as policy analysis and baselines, and transactional services, which include tendering and financial advice. Noting the challenges faced by small-scale projects, Bovée highlighted complex baseline and monitoring procedures and a lack of buyer interest in CERs from small-scale projects.

Marina Stadthagen Icaza, Ministry of Environment and Natural Resources of Nicaragua, described Nicaragua's designated national authority (DNA). She explained that the DNA's roles include: providing technical assistance to project developers; helping project developers identify investors and financial resources; and coordinating the national approval process. Icaza identified obstacles to developing renewable energy projects in Nicaragua, including high interest rates and poor access to financing.

Bikash Pandey, Winrock International, provided an overview of small-scale renewable energy technology projects in Nepal, noting that the country had not yet ratified the Kyoto Protocol. He explained that Nepal has high potential for renewable energy technologies, such as biogas, micro-hydro and solar home systems.

Duncan Marsh, United Nations Foundation (UNF), described the UNF as a foundation supported by private contributions with the mission to support the UN and promote a more peaceful, prosperous and just world. He noted that the UNF has partnered with E&Co on a number of projects under the Rural Energy Enterprise Development project. Marsh explained that this initiative is one of a number of projects aimed at improving access to financing for small-scale projects.

Discussion: Participants raised questions related to transaction costs, Gold Standard, projects in Africa, and the complicated process of obtaining host-country approval. They also requested more information on E&Co's investment guidelines and internal rates of return.

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Capturing co-benefits: Local actions with global results

Presented by the Midwest Research Institute and National Renewable Energy Laboratory (NREL)

Leo Meyer, IPCC, notes that there are ample opportunities for capturing co-benefits of greenhouse gas reduction policies in Working Group III's fourth assessment of IPCC.

Jeannie Renné, NREL, explained that many countries struggle to balance: economic development; short-term needs such as air quality and public health; and long-term risk reductions notably, global climate change. Noting that practical approaches are necessary to support sustainable development, she highlighted the importance of linking local and global environments and integrated measures to address air quality, public health and climate change.

Mark Heil, US Environmental Protection Agency (EPA), described the EPA's Integrated Environmental Strategies Programme, noting that it aims to: build lasting capacity for multidisciplinary analysis; provide stakeholders with quantitative estimates of co-benefits; identify cost-effective strategies to improve air quality and reduce greenhouse gases; and engage policymakers in the development of effective implementation.

Leo Meyer, Intergovernmental Panel on Climate change (IPCC), outlined IPCC Working Group III's contribution to the IPCC Fourth Assessment Report. He highlighted chapters including those on: issues related to mitigation in the long-term context, specific mitigation options in the short and medium term, and mitigation from a cross-sectoral perspective.

Christin Woerlen, Global Environment Facility, highlighted a GEF study that examined the nature and role of local benefits in GEF programme areas. She noted that the GEF funds programmes and projects that are country-driven, based on national priorities and designed to support sustainable development.

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Capturing co-benefits

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Woerlen noted that the study found that GEF programme areas aim to provide local benefits in areas including employment, income, empowerment and education.

Julia Martinez Fernández, Ministry of Environment and Natural Resources of Mexico, explained the co-benefits of greenhouse gas reduction policies in Mexico City. She highlighted a 2002 study on the co-control of urban air pollutants and greenhouse gases in Mexico City, which aimed to develop and analyze policies addressing local air pollution and climate change in an integrated manner.

Jan Corfec-Morlot, OECD, emphasized that in solving climate change issues, there is a need to integrate initiatives into environmental and development strategies. She recommended mitigation efforts such as reducing greenhouse gases and providing clean technologies. She also highlighted a new study on China relating to greenhouse gas reduction strategies that have health and agricultural benefits.

Discussion: Participants discussed guidelines that can be used to assess the co-benefits of greenhouse gas reduction policies. They also considered how to measure damage to human health in financial terms.

More information:
http://www.ipcc.ch
http://www.oecd.org/env/cc
http://www.rivm.nl/env/int/ipcc
http://www.ine.gob.mx/dgicurg/cclimatico/cocontrolenred.html

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New NSS and summary of the outcomes

Presented by the Delegation of Switzerland

Liu Deshun, Tsinghua University, said that a National Strategy Study (NSS) in China had delivered a number of outcomes, including a better understanding of CDM methodology, consideration of local circumstance, and local capacity building. He concluded that uncertainties prevail regarding the carbon market and related prices.

Luis Santos, Ministry of the Environment of Uruguay, noted that valuable outputs of an NSS include the development of methodological guidelines for CDM projects, strengthened institutional capacity for the approval of CDM projects, and training and public awareness to enable CDM projects.

José Sanhueza, Chile, presented the results of an NSS in Chile and highlighted opportunities for implementation of no-regret measures in the energy generation, industry, mining, transportation, residential, commercial and public sectors. He highlighted the possibility for greater emission credits in the forestry sector.

Marcela Main, Chile, noted that her government is building capacity, developing a project portfolio, and establishing a network of contacts. She said that her government intended to use existing institutional arrangements to validate projects, based on Environmental Impact Assessments and compliance with environmental legislation.

N. Yuvaraj Dinesh Babu, The Energy and Resources Institute, said that CDM projects in India are geographically well distributed and cover a range of sectors. He noted that the establishment of Designated National Authorities is in its early phases and said that his organization focuses on capacity building, partnerships and "learning by doing."

Javier Blanco, Ministry of the Environment of Colombia, considered ways to build capacity in his country's DNA and identified the need for information and institutional structures to establish a market for CDM projects in Colombia.

Xeudu Lu, Ministry of Science and Technology of China, noted the need for local capacity building and for CDM project developers to consider local circumstances.

Ivan Mojík, Ministry of the Environment of the Slovak Republic, said that the choice of strategies for funding is dependent on country-specific conditions. He noted that transaction costs limited his country's participation in project development.

Sergio Jáuregui Ocampo, Ministry for Sustainable Development of Bolivia, noted that awareness raising in local communities is vital for stakeholder participation in project development. He identified specific capacity building concerns for small countries.

Discussion: Participants considered whether the need to justify project additionality generates perverse incentives to delay investment in projects to reduce carbon emissions. Ocampo said that the development of CDM projects is a long-term process requiring capacity building, sound legal and institutional frameworks and social validation.

Marcela Main, Chile, notes that her government hopes to develop synergies between environmental protection and economic development.

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Natural gas, the better choice also in transport

Presented by the International Gas Union (IGU)

Jorge Doumanian, Gas Natural Ban S.A, highligts the benefits of natural gas vehicles.

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http://www.wgc2006.nl
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Peter Storm, IGU, highlighted the importance of natural gas in reducing greenhouse gas emissions in the transport sector. He noted that IGU assists in transferring natural gas technologies to developing countries.

Jeffrey Seisler, European Natural Gas Vehicle Associaton (ENGVA), said ENGVA's mission is to develop a sustainable and profitable market for natural gas vehicles (NGV) throughout Europe. He observed that natural gas is safe, less polluting and cheaper than petrol and diesel.

On behalf of R. Yagnik, GAIL India Limited, Jeffrey Seisler, said that New Delhi is experiencing a large increase in vehicle usage, and that this is negatively affecting the city's air quality and human health. He said New Delhi's authorities had responded to these problems by promoting the use of natural gas by private vehicles, taxis and public buses.

Flavio Mariani, Eni Gas and Power Division, outlined trends in the use of NGV in Europe. He said the use of NGVs has expanded due to the low price, high safety level, and low emissions associated with natural gas.

Jorge Doumanian, Gas Natural Ban S.A, described an NGV Programme in Argentina, which promotes the development of a long-term policy to convert vehicle engines to run on natural gas. He noted that the programme developed a clean, cost-efficient and reliable NGV system.

Noting the European Commission's target of increasing the number of NGVs by 2020 and Bolivia's plan to increase NGVs by 2008, Bert Panman, IGU, said the natural gas market is growing and stressed that supplies of natural gas are adequate to meet increased demand. He concluded that increasing the use of natural gas will assist in mitigating greenhouse gas emissions.

Constructive dispute over different additionality concepts of the CDM

Presented by the Swiss Federal Institute of Technology of the Hamburg Institute for International Economics

Steve Thorne, SouthSouth North, says that small-scale interpretations of baseline methodologies are slow.

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Christoph Sutter, Swiss Federal Institute of Technology, noted the broad range of views on additionality, one of which advocates considering only environmental additionality. He said that the range of definitions leads to confusion over the CDM.

Steve Thorne, SouthSouth North, discussed additionality and Executive Board decisions. Thorne noted that: baselines and additionality are linked; the CDM Executive Board interprets the definition of additionality in terms of both environmental and financial benefits; additionality tests are not robust; and clarification is required on how Official Development Assistance can be used in the CDM.

Martina Jung, Hamburg Institute for International Economics, said that the different additionality tests proposed by the Executive Board have significantly different consequences. She stressed that validators have a high-level responsibility in assessing whether a test is valid, and noted that public comments play an important role in this process.

Mahua Acharya, World Business Council for Sustainable Development (WBCSD), explained the Greenhouse Gas Protocol initiative led by the World Resources Institute and WBCSD. She noted that it includes corporate accounting and reporting standards, and concluded by stating that the long-term implications of integrating the CDM into an overall business strategy must be understood in order to determine whether projects are business-as-usual and therefore non-additional.

Ben Pearson, CDM Watch, said that non-additional projects do not reduce greenhouse gas emissions, and noted that the differentiation between projects and non-projects is now being explored by the CDM Executive Board.

Discussion: Participants questioned whether project sustainability should be defined by each country, how the supply and demand for the CDM could be balanced, and suggested that work on CDM projects be put on hold until prices for CDM credits become clear.