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JIAG

JIAG communication to JISC 25

JISC 25

Bonn, 21 – 22 June 2011

Lennard de Klerk

Chair JIAG

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The state of JI



We observe the following developments:

- **Several Host Countries are at risk being suspended to participate in JI (track 1) and AAU (Early Credits/GIS);**
- **Some Host Countries, most notably Russia, are not able to provide the infrastructure to approve projects and/or issue ERUs at a significant scale;**
- **Only three Independent Entities have been accredited;**
- **Last but not least the negotiators seem not to be in hurry to provide clarity on post 2012, neither during the **gap period** and in a new international agreement**

Statements by the EU



*“The Commission believes that JI should be **phased-out** and participating sectors should be covered by cap-and-trade. A continuation of the recognition of credits from JI would slow down such a move because beneficiaries **resist the loss of revenues** from the sale of credits”* (press release on qualitative restrictions, 25 Nov 2010).

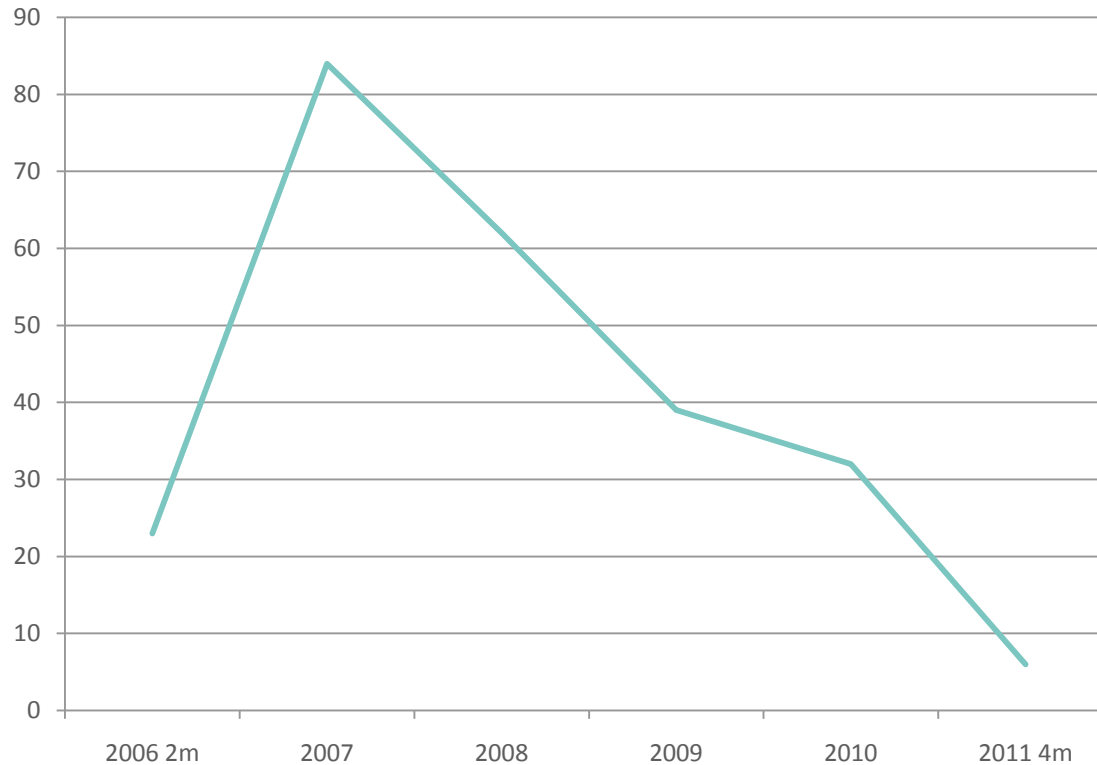
“The EU would like JI to continue” (opening statement during the JI plenary in Cancún, 1 Dec 2010). In the JI contact group the EU **blocked** the JISC True-up proposal.

*“....the Commission will **not launch** a rule development process on Community offsets in the near future”,* (presentation Peter Zapfel, 21 Jan 2011)

JISC proposal on continued issuance



The result is that the private sector (investors and projects developers) is on the retreat. This is shown by new PDDs made public:



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Input on agenda JISC 25

Annex 1: Public availability



JIAG welcomes to requirement for AIEs to report the status of determinations.



We recommend to add the possibility for an AIE to inform that the determination has been completed, but that the project was registered under **Track 1 procedures (without having withdrawn the PDD under Track 2)**

Annex 2: Review procedures



JIAG welcome the including of electronic decision-making process. To ensure a timely processing of a decision we propose:

- Start the decision-making process of a determination **two weeks** after review, similar as for a verification review (instead of three weeks)
- Specify the time the Chair will need to submit a proposed decision following the start of the decision making process (our proposal: **two weeks**)

Furthermore we believe that in any case the overall timing for a review should be limited to **six months**. Hence paragraph 5 needs to be rewritten.

Annex 3: Appraisals



From a principle point of view JIAG believes that **no external experts** should be used for appraisals of determinations and verifications as the JI Guidelines require JISC members to have sufficient expertise to carry out this task.

Should JISC decide to continue and expand the usage of experts JIAG requests that these appraisals are **made public**. These appraisals should be anonymous but also made public if no review is requested. This will improve the **transparency** of the process and will be an useful feedback for the further improvement of JI of all stakeholder.

Annex 4 & 5: Guidance on criteria



JIAG welcomes the inclusion in the guidance of some issues that were addressed earlier on, in particular the explicit reference to the **‘comparable case’** for baseline setting (on top of an existing option for additionality)

We would like to remind the JISC that JIAG provided a proposal for a **full revision** of the guidance in a submission, dated 4 June 2010.

Annex 4 & 5: Guidance on criteria



In JIAG's experience there is reluctance of AIEs to apply and accept '**comparable cases**'. The Guidance is unclear from that respect and JIAG proposes a specification how 'comparable cases' should be interpreted as follows:

A comparable case is a project that encompasses similar sources of GHG emissions and emission reductions are achieved by similar measures, realized in the same country with the starting date within four years before or after the starting date of the positively determined project, that implements a similar type of technology that retains the basic design principles of the technology in positively determined project and has the same scale (i.e. Large scale project or Small scale as defined in the relevant JI guidance). Project participants are required to provide justification that the comparability criteria are met.

Annex 6: Building on the approach of JI



JIAG supports the proposal for **an unified track** as long as this is part of a full revision of the JI Guidelines, in particular:

- The responsibilities between this governing body, the Host Country and the AIE should be **'redistributed'**
- A governing body should consist of representatives of **all** Stakeholders, being Parties, AIEs and Project Developers
- The issuance of ERUs should be under supervision of the UNFCCC in a separate registry

In this context a more balanced view on the pros and cons of T1 and T2 should be presented in annex 6.

Annex 6: Redistribution of tasks



Governing body:

- Supervise **accreditation**, possibly subcontracted to existing accreditation bodies
- Setting **generic** rules for baseline setting and monitoring
- No involvement at project level (i.e. no finalization of determination and verifications)

AIE:

- **Enhanced** role in determining projects and verify reductions

Host Country:

- Approve a project based on national climate strategy

Other tasks (financed from fees):

- **Supervise** issuance of ERUs
- Make **standardized** baselines and emission factors

Further agenda request



Through an unsolicited communication of Global Carbon BV requested a procedure and/or clarification allowing to correct reductions made final through track 2. Such correction procedure/clarification would allow Project Participants to correct under- or overreported reductions in a **subsequent final verification** (and issuance).

Currently Track 2, contrary to Track 1, does not facilitate to make corrections.

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Concluding remarks

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Since Cancún JI is **in a gap**. With the continued deadlock in the negotiations process and statements made by negotiators, the gap is **deepening**.

Suspension of Host Countries and limited approvals and issuances by Host Countries will further reduce the **appetite** to spend money, time and resources to reduce emissions in Annex B countries.

The JISC is urged, beside resubmitting the True-up recommendation to Durban, to advocate the benefits of JI **at every possible occasion**.



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