JI-PoAs
-
Blueprint for sectoral approaches?

Side Event of JIAG at Carbon Expo
Roland Geres, FutureCamp
Barcelona, June 3rd 2011

Content

- At a Glance: Who we are and why we are engaging
- Overview, key findings, experiences from JI-PoAs in Europe
- Conclusions for sectoral approaches

Who we are and why we are engaging in the discussion

- FutureCamp provides services related to EU-ETS, JI, CDM, footprinting and voluntary markets since 2001
- On JI, we served a lot of activities, many in Germany but also in France, Poland, Lithuania, Romania, Hungary, Bulgaria
- Our services on JI range from „Eligibility Evaluation" to „Verification", from „Consultant only" to „Managing Entity for a JI-PoA"
- Since the beginning we are convinced that a project based mechanism **in addition** to the ETS makes a lot of sense and started to develop first pre-JI-pilots in Germany and Italy as of 2002
- We learned out of experience that JI is a **valuable mean** to
  - Outreach **incentives** of the ETS to non-ETS sectors - bottom-up
  - **Activate** innovative thinking, identify (sometimes unexpected) potentials and find ways to realize those – bottom-up
  - **Contribute** remarkably to supply with credits stemming from domestic reductions
  - **Develop standards, knowledge and procedures and to strengthen benchmarks for later inclusion of sectors/installations under the ETS or other instruments – bottom-up**
  - **This is especially true for PoAs**

We also are part of JIAG

JIAG

- The Joint Implementation Action Group (JIAG) has been established to promote JI as an effective mechanism for reducing greenhouse gas emissions in capped environments
- JIAG aims to contribute to further improving the way JI works in the first commitment period of the Kyoto Protocol and to ensure the continuation of a project-based mechanism in any post-2012 agreement
- Members in 2010 had been:

GC GLOBAL CARBON

GreenStream

CLIMATE FOCUS

CORE CARBON GROUP

carbon TRADE & FINANCE

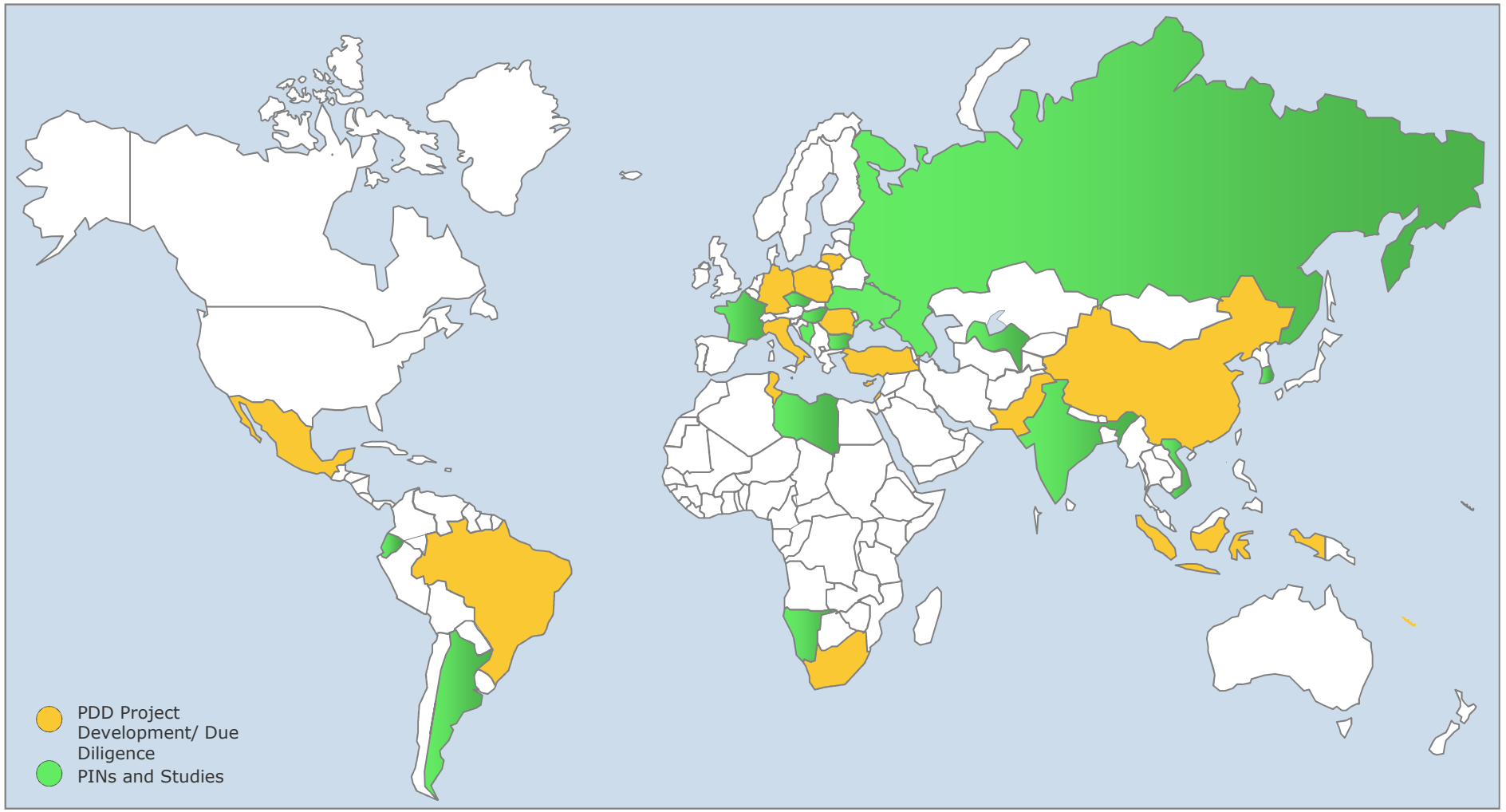
:FutureCamp Climate GmbH

VERTIS

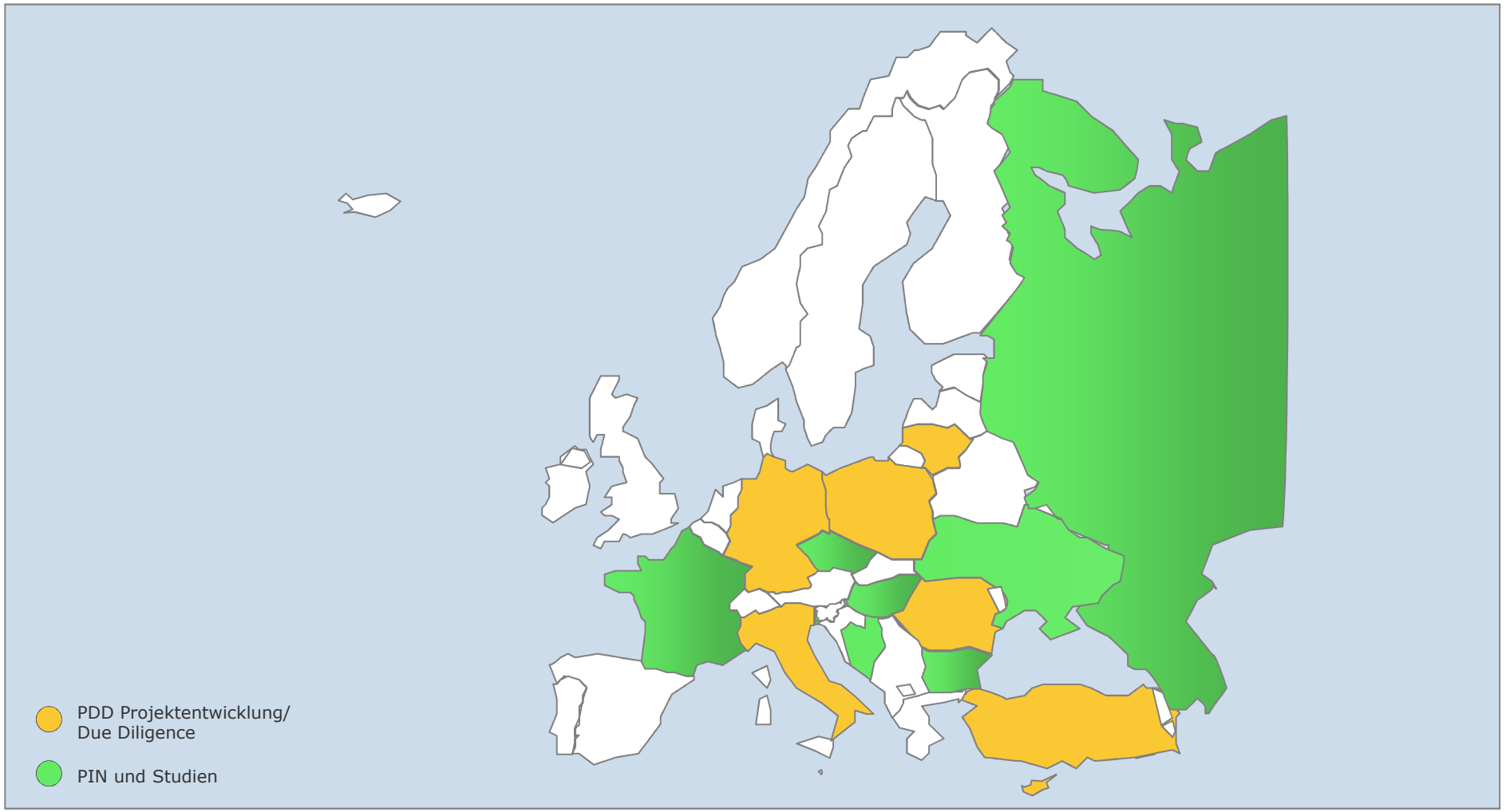
Content

- At a Glance: Who we are and why we are engaging
- Overview, key findings, experiences from JI-PoAs in Europe
- Conclusions for sectoral approaches

Experiences from JI, CDM, VER – International Projects incl. PoAs



Overview: Our JI-experiences in Europe



Programmatic JI-Projects: Example household and transport in Germany

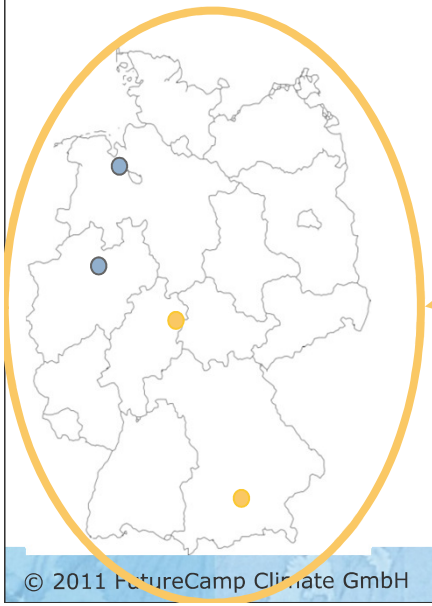
Emissions budget Germany 2008-2012, all GHGs: 974

non-CO_2: 127

CO_2: 847

non- ET: Transport, Households & Others: 348

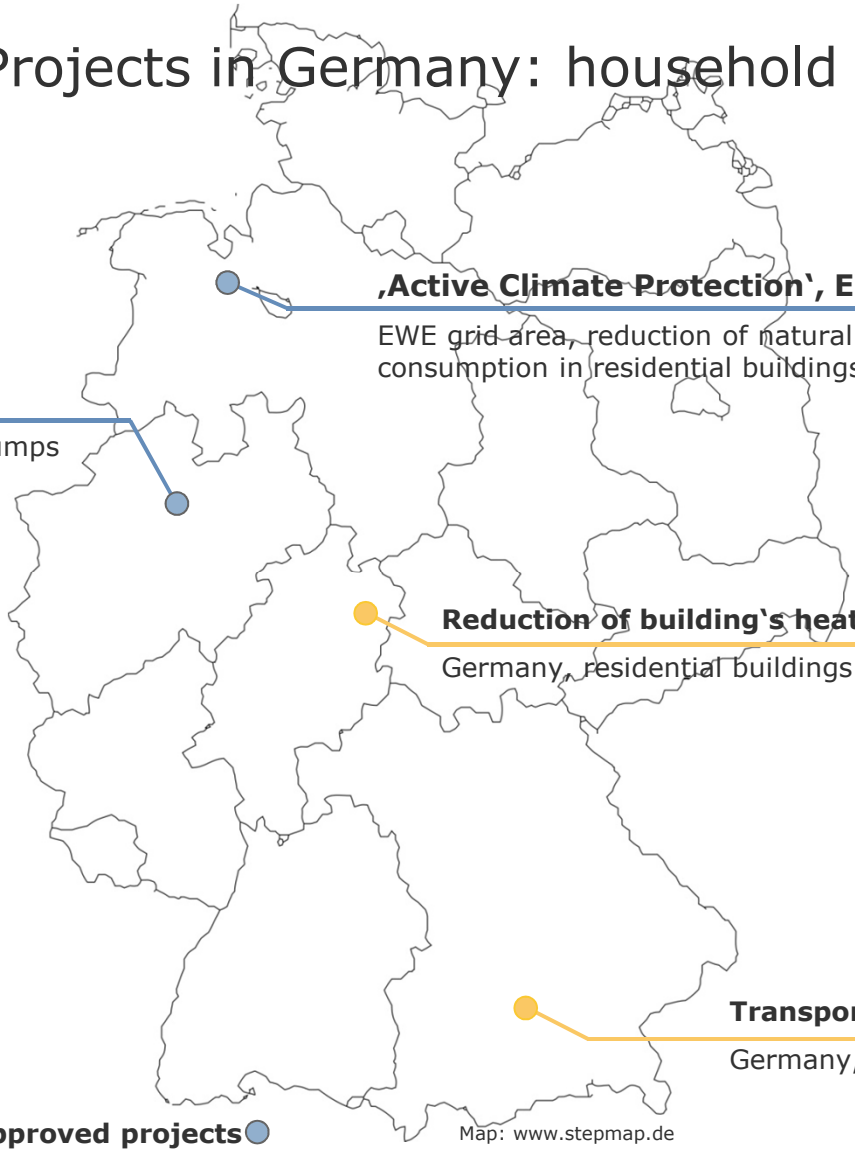
Energy & Industries: 499



non-ET: 46

Emissions Trading: 452

Programmatic JI-Projects in Germany: household and transport



‚Active Climate Protection', EWE

EWE grid area, reduction of natural gas consumption in residential buildings

RWE WWE

NRW, installation of heat pumps

Reduction of building's heat demand (in development)

Germany, residential buildings

Transport project (in development)

Germany, modal shift from road to rail

Endorsed projects **Approved projects**

Map: www.stepmap.de

Programmatic JI-Projects: Example industrial installations

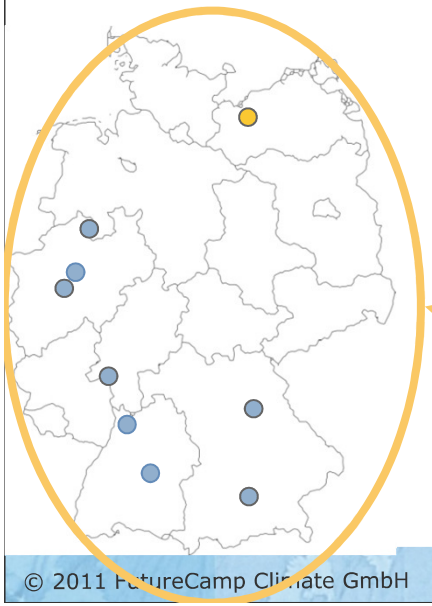
Emissions budget Germany 2008-2012, all GHGs: 974

non-CO_2: 127

CO_2: 847

non- ET: Transport, Households & Others: 348

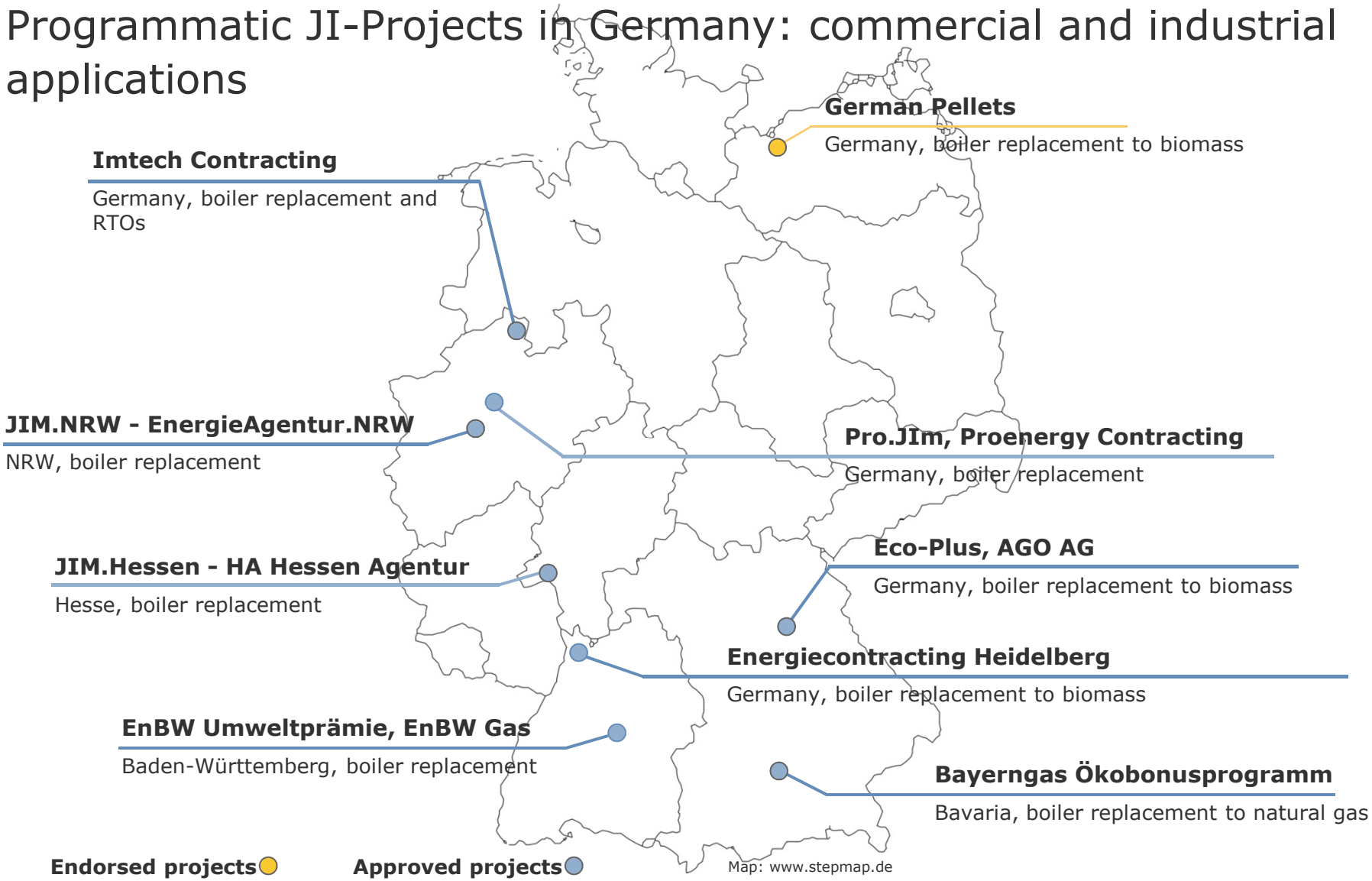
Energy & Industries: 499



non-ET: 46

Emissions Trading: 452

Programmatic JI-Projects in Germany: commercial and industrial applications



German Pellets

Germany, boiler replacement to biomass

Imtech Contracting

Germany, boiler replacement and RTOs

JIM.NRW - EnergieAgentur.NRW

NRW, boiler replacement

Pro.JIm, Proenergy Contracting

Germany, boiler replacement

JIM.Hessen - HA Hessen Agentur

Hesse, boiler replacement

Eco-Plus, AGO AG

Germany, boiler replacement to biomass

Energiecontracting Heidelberg

Germany, boiler replacement to biomass

EnBW Umweltprämie, EnBW Gas

Baden-Württemberg, boiler replacement

Bayerngas Ökobonusprogramm

Bavaria, boiler replacement to natural gas

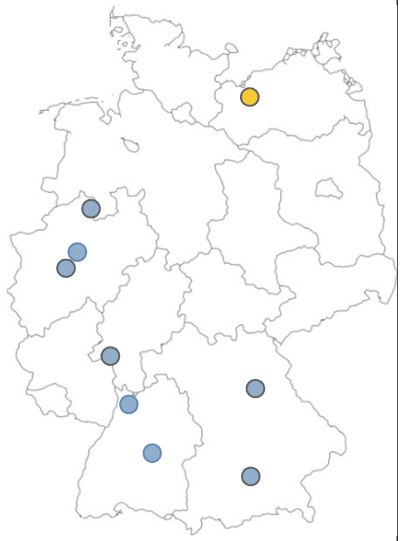
Endorsed projects **Approved projects**

Map: www.stepmap.de

Content

- At a Glance: Who we are and why we are engaging
- Overview, key findings, experiences from JI-PoAs in Europe
- Conclusions for sectoral approaches

Results and experiences: Programmatic JI



- High interest in mechanism, although the scope of projects is limited, mainly due to the ETS (no double counting!)
- Successful „universal" type: E.g. boiler replacement in commercial and industrial installations (e.g. in Germany and Poland)

- Experiences of running programmes:
  - Positive feedback from majority of participants,
  - Standardized and simple monitoring approaches are crucial for successful implementation of PoAs,
  - Via the JI-Projects, useful standards have been developed, e.g.
    - „Dynamized statistical baselines" for a demand side energy efficiciency project (Germany)
    - Use of **standardized existing** technical standards for definition of e.g. baseline efficiency of boilers (Germany, Poland)
    - „**Materiality**": tackling e.g. minor issues with conservative standard factors in order to reduce complexity and costs of monitoring
    - Sampling and desk reviews combined with random sample within the PoAs as important parts of MRV, additional clear contractual obligations for managing entity and participant
    - By the way: JI-projects on N2O-reduction in chemical industry helped to strengthen the benchmark for this type of installations that is used for allocation under the ETS!

Conclusions so far – Lessons Learned for Sectoral Approaches

- JI-PoAs especially for methodological reasons might deliver good blueprints for sectoral approaches like NAMAs – be it „supported" or „credited" or combinations

- CDM-PoAs might contribute to that, especially if more **standardized approaches** will be used CDM-PoAs might grow to sectoral approaches „bottom-up"

- Programme of Activities as a whole:
  - are highly innovative and promising approaches
  - will show their high potential under JI only if crediting period will be extended
  - existing PoAs in the EU will dry out without prolongation of crediting period or introduction of similar mechanisms such as Art. 24a (Domestic Offset Projects)

- **Near term decisions** about future of JI mechanism/DOPs are crucial for development of new projects and for existing PoAs – and crucial to deliver even more lessons learned for the development of sectoral approaches!

- **JI and/or DOPs definitely should be continued and deserve more political attention and initiative!**

Why EU and member states should make use of JI and/or DOPs

Domestic JI or Art. 24a or similar approaches using units under the ESD as an extension of the EU ETS make economic sense …

- Contribute to cost efficient achievement of GHG abatement targets in the EU by sourcing emission reductions in sectors not covered by the ETS
- Additional source of supply to operators in the ETS (not in case of ESD units)
- Allow member states to incentivise emission reductions in non-ETS sectors - without drawing on tight government monetary budgets …

…and are or could be made available by use of JI experiences:

- The JI infrastructure can be retained as basis for similar mechanisms, maybe it even can be used officially; if not, rules can be incorporated into European Law and projects can be governed by national authorities
- Caps for use of credits in ETS sectors can apply to those credits as well
- For ESD: can be done within national legislation – chance to **act** domestically for those who are „**Willing**", if EU-COM continues not to push Art. 24a
- The same is true for continuation of JI: national decision to allow this within its own territory

Overall: Good reasons and options to develop much more **initiative and effort**!

Art. 24 a and Effort Sharing – a new approach for action

- In general, we see 3 options for project based mechanisms in Europe
  - JI – depending on Post 2012-negotiations on UN-level
  - Art. 24a of ETS-Directive
  - ESD, Art. 2 and 3
- Art. 24a Establish measures for **issuing allowances or credits** in respect of **projects administered by Member States** that reduce greenhouse gas emissions **not covered by the Community scheme** in accordance with Article 24a
  - Units could be used by operators under the ETS **and** member states under the ESD
  - Regulatory Effort needed by EU-COM – but no activity yet
- ESD: Establishes „annual emission allocation" for member states in Art. 2 (2) and „EU-internal trading" of those units up to 5% of „AEA" in Art. 3 (4)
  - this is de facto an „European Art. 17" of Kyoto-Protocol (AAU-trades)
  - would enable member states to combine this with projects similar to GIS – open the path for Intra-EU-JI-like-projects between states

Contact

Dr. Roland Geres

FutureCamp Holding GmbH

Aschauer Str. 30

81549 Munich, Germany

Phone +49 (89) 45 22 67 -33

Fax +49 (89) 45 22 67 -11

roland.geres@future-camp.de

www.future-camp.de