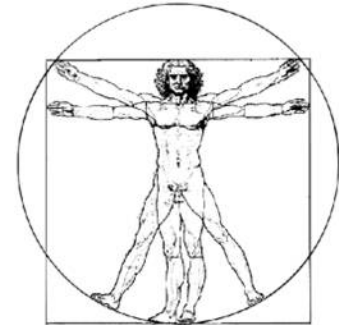


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Transition from the Kyoto mechanisms

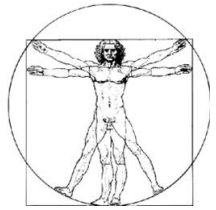
A crunch issue in the negotiations of market approaches to cooperation under Article 6 of the Paris Agreement

Aglaja Espelage

Perspectives Climate Group GmbH

for sustained capacity building in support of international climate change negotiations
pour un renforcement durable des capacités en appui aux négociations internationales
sur les changements climatiques

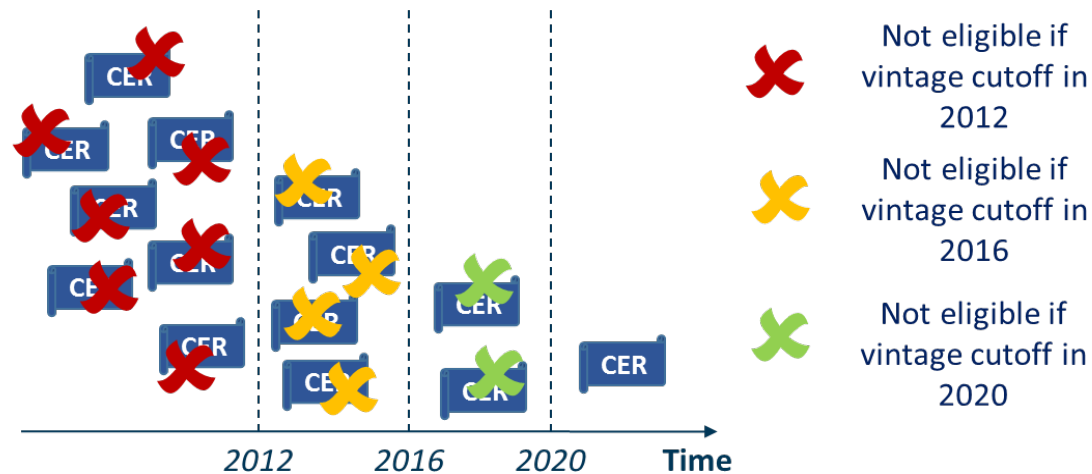
Transition from the Kyoto mechanisms



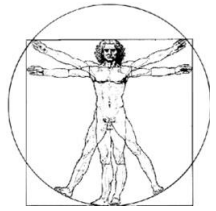
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Discussion of the transition of JI and CDM

- Transition of units (CERs and ERUs)
 - Concern of „hot air“ and oversupply of units
 - Advocates for transition: restore trust of investors
 - Compromise:
 - vintage restrictions
 - Geographic restrictions (e.g. LDCs and SIDS)



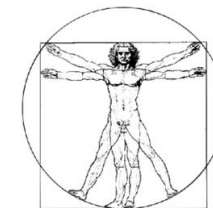
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- Transition of activities
 - Concern to limit incentives for new activities and raising ambition in NDCs
 - Advocates: not risk discontinuation of activities
 - Compromise:
 - re-assessment of additionality and host country approval ? (in an expedited process?)
 - Chronical cut-off dates (based on registration or start of activity)
 - Exclusion of certain activity types
 - Limited to small-scale activities

Transition from the Kyoto mechanisms

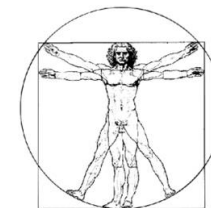


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Possible pathways analysed

| Pathway | Cut-off on registration date | Limitation on project type/ technology | Limitation on Host Countries |
|---------|--|---|------------------------------|
| A | No cut off-date | All types eligible | All countries eligible |
| B | Only CDM activities with registration date on or after 1 January 2013 | Exclusions of: - Industrial gases (HFC and N ₂ O adipic acid) - Large hydro (above 15 MW) | All countries eligible |
| C | Only CDM activities with registration date on or after 5 November 2016 | Exclusions of: - Industrial gases (HFC and N ₂ O adipic acid) - Large hydro (above 15 MW) - Projects involving “clean” coal/EE on coal for industrial applications - Reforestation and afforestation | Only LDCs and SIDS eligible |

Transition from the Kyoto mechanisms

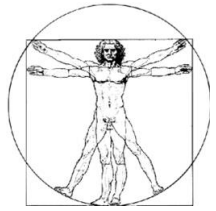


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Impact of restrictions on the CDM transition

| | A | B | C |
|--|---------------|------------|------------|
| Projects | | | |
| Number of projects | 7 805 | 583 | 7 |
| CERs already issued (million CERs) | 1 963 | 5,2 | 0,25 |
| Potential CERs from projects post-2020 (million CERs) | 6 912 | 255 | 5,1 |
| Potential CERs from projects pre- and post-2020 (million CERs) | 14 485 | 554 | 8,2 |
| Programmes of Activity (PoAs) | | | |
| Number of PoAs | 319 | 109 | 11 |
| CERs already issued - PoAs (million CERs) | 17,2 | 3,4 | 0,02 |
| Potential CERs from PoAs post-2020 (million CERs) | 630 | 250 | 101 |
| Potential CERs from PoAs pre- and post-2020 (million CERs) | 975 | 332 | 119 |
| Total | | | |
| Total potential CERs post-2020 (million CERs) | 7 543 | 505 | 106 |
| Total potential CERs pre- and post-2020 (million CERs) | 15 445 | 885 | 128 |

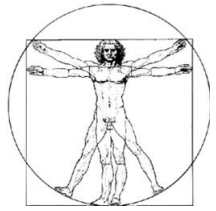
Transition from the Kyoto mechanisms



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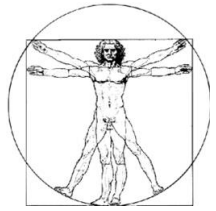
- Transition of baseline and monitoring methodologies (CDM)
 - Concern that methodologies do not reflect PA regime (NDCs) and are not in line with a BAT emissions scenario
 - Advocates: developing methodologies takes a long time, methodologies were reformed and capacities were built
 - Compromise:
 - revision of methodologies in a work programme in the coming decade, replace by new methodologies over time
 - Exclusion of certain methodology types

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- Transition of accreditation standards and procedures (CDM)
 - Concern that they do not respect the responsibilities of host countries (NDC implementation)
 - Advocates: facilitate rapid operationalization of mechanism, preserve institutional continuation in host countries
 - Compromise:
 - transition of standards and procedures but revision in the first years of implementation
 - Expedited or grandfathered accreditation of DOEs



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Thank You!

Questions/ comments:

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