How will sectoral crediting work?

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“How will sectoral crediting work?”

“Broad segment of the economy”

Problem:

- Sectoral, not project-based performance
- Entity-level performance not automatically rewarded – depends on sectoral performance ➔ why invest then?

Two routes

- Policy-driven: disconnect incentives from credits
- (Partial) solutions to entity-level crediting
Policy-driven: Disconnect incentives from crediting

- Robust domestic policy frameworks, e.g.
  - Feed-in-tariff+?
  - Remove barriers to co-generation
  - Minimum energy performance standards?
  - PFC emission control in aluminium?
  - Waste use in cement
  - Ethanol blending in gasoline...

- Credit revenues to government
Partial solutions to single project crediting

- Crediting sources in compliance
  - More or less uncertain
- Ensuring crediting with performance reserve
  - Domestic target more stringent than sectoral baseline
- Government liability
  - Guaranteed crediting – government acquires shortfall
Crediting sources in compliance
Ensuring crediting with performance reserve
More practically...

- Which sectors? Which policy environment? What level of ‘host’ government engagement? Which sectoral stakeholders?
- Can single projects deliver sector-wide improvements?
  - Some countries support project-based under the new market mechanism – how do they see this work?
- Which countries/sectors are volunteering?
  - World Bank Partnership for Market Readiness
  - REDD+
- No demand for new credits now
  - Can NAMA finance help develop experience and building blocks for sectoral crediting?