AWG-LCA: Various Approaches
State of play – outcome from SB36 / Bonn

CEPS Carbon Market Forum
Brussels, Belgium, 5 July 2012
The mandate

• In decision 2/CP.17, agreed in Durban in December 2011, the Conference of Parties “emphasize[d] that various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries, must meet standards that deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort, and achieve a net decrease and/or avoidance of greenhouse gas emissions (paragraph 79).

• AWG-LCA to conduct a work programme to consider a framework for such approaches

• Parties, “define[d] a new market-based mechanism…” and “requested the AWG-LCA to conduct a work programme to elaborate modalities and procedures
Two weeks negotiation session

But in reality only one week for AWG-LCA

Two workshops

Two informal sessions on Various approaches (1,5 + 1 hour)
Workshop on Framework for various approaches

• 32 submissions received before the workshop (14 from parties, 2 from IGO and 16 from NGO).
  • General considerations (Japan, UAE, Bolivia)
  • Design and implementation (CEPS, EDF, IPS, Coalition of rain forest nations)
  • Managing risks (NZ, Grenada, CAN)

• Discussions:
  • Governance / Access to mechs / financing, incl private sector engagement
  • Relation to other mechs / a ton is a ton / double counting / registry / MRV & ICA/IRA / fast start model/ role of forests
Workshop on New Market based Mechanism

- 32 submissions received before the workshop (13 from parties, 3 from IGO and 16 from NGO).
  - Models for discussion (EU, China, Ecuador, IETA)
  - Technical elements (OECD, AOSIS, Dominican Rep, CCAP)
  - Challenges for implementation (Japan, Bolivia, CMIA, KfW)

- Discussions:
  - Scale up (net) mitigation, role of UNFCCC & hosts, link with CDM & NAMA, Conditions for operationalization, need to retain know-how and confidence in markets.
  - Baselines & additionality, types of sources to emissions, risk reduction, prompt start, Mitigation ambition to drive demand
Informal sessions on Various Approaches

A few highlights

- Most parties eager to “get down to work”.
- Some parties wish higher level issues - structure of discussions and scope of mechanisms – to be discussed first.
- Statements that the world outside UNFCCC moves ahead with or without UNFCCC – better get on board now (don’t try!)
- All agree that “a workshop is not a work programme”
- In second session the facilitator presented a list of 25 elements that could be used to structure discussions.
- Recognition of that there are political and technical issues. Both need to be addressed.
- Agreement on the need for focused discussions.
Various Approaches: Outcomes

• A positive step: Parties are talking specifics

• A clarification: NMM and FVA will remain married under Various approaches. The parties want to see parallel progress on both issues

• Some decisions:
  • Focused discussions / workshop to continue discussions
  • Technical paper to focus discussions
  • Additional submissions

• A learning: Tight agenda!
Various Approaches: What’s next?

- 6 July: Deadline for submissions
- Mid August: Technical paper
- 28 August – 5 September: AWG-LCA Bangkok
- 26 Nov – 7 Dec: COP 18 in Doha
- 2013: SBSTA or SBI
Moving on…