CEPS Task Force

The CDM and Future Flexible Mechanisms Post-2012

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Two Views

The time of the CDM is coming to an end

OR

The CDM should be expanded
(tens of thousands of projects should be registered every year)
Why drawing to an end?
Why expanded?
A Middle View: Part I

• Advanced developing countries may take on some form of target, even economy-wide targets, in the near future.
  – That being said, it is going to take a while.
  – Let’s not damage on the market in the meantime.
• Intermediate steps toward an economy-wide target could cover only certain sectors of advanced developing country economies, leaving other sectors open to continued CDM activity.
• Even once a sector (or even a full economy) is covered by a target, that does not eliminate the possibility of credit-producing projects along the lines of (or exactly like) JI.
• There will be plenty of countries that take a target at a much later date, or never.
A Middle View: Part II

• This is the right time to consider the relationship between supply and demand over the long-term.
• We should make use of the latest financial flow modelling and do more.
  – How much additional global CER supply can we expect from the development of programmatic CDM or sectoral/policy crediting?
  – When should we be expecting non-EU compliance demand?
  – What is the real relationship between acceptance of offsets and willingness to take on tougher caps?
  – In what year/at what level of supply do we run out of developed country demand? What happens then? Is that the end of the use of the markets to find low-cost emission reductions around the globe?
MOMENTUM
LEVERAGE
FUNDAMENTALS