



The CDM and Future Flexible Mechanisms Post-2012

Prospectus for a CEPS Task Force

A project of the CEPS Programme on

Energy, Climate Change and Sustainable development

http://www.ceps.be/Article.php?article_id=12

1st meeting: 20 November 2008

2nd meeting: January 2009

3rd meeting: February 2009

Final meeting: March/April 2009

Followed by launch of Report

Dates for all meeting will be confirmed at the first meeting.

Chair: **Ulrika Raab**, Senior Advisor, Swedish Energy Agency; Member of the CDM Executive Board

Rapporteurs: **Noriko Fujiwara**, Research Fellow and Head of Climate Change, CEPS
Christian Egenhofer, Senior Fellow, CEPS
Anton Georgiev, Research Fellow, CEPS

1 Introduction

The CDM has been a great success to build up the institutional framework for a carbon market in developing countries, including monitoring, reporting and verification and provide a carbon signal in these countries. It has also leveraged considerable investment in developing countries. At the same time, there have been a number of concerns such as environmental effects, transaction costs, and uneven distribution of the benefits between countries but also a real or perceived lack of technology transfer. In addition, increasingly questions are raised about the future of the CDM or any other post-2012 flexible mechanism if designed as off-setting mechanism for Annex-1 emissions.

There is agreement that flexible mechanisms will continue in the post-2012 period. And there are many ideas to adapt and modify the existing flexible mechanisms in line with the post-2012 GHG reduction requirements. Proposals include, for example, sector-based approaches such as the ‘no-lose targets’ for developing countries, carbon finance approaches, sustainable development policies & measures, worldwide, binding sectoral targets and mechanisms to focus on technology, avoided deforestation (REDD) or adaptation. Significant work is undertaken on how different instruments could work and fit into a post- 2012 architecture.

2 Proposed Focus of the CEPS Task Force

Against this background this new CEPS Task Force will

- take stock of the current “flexible instrument” discussion in the EU, UN and among stakeholders;
- identify a number of principles that the CDM and future flexible mechanisms will need to meet; and
- test some of the concrete ideas that have been put forward,
- To make concrete and actionable recommendations to the EU, its members states and to the UN.

Ultimate, it is up to the members of the CEPS Task Force to set the final terms of reference. However CEPS proposed to focus on the one hand on the review the existing CDM and assess what future an improved CDM in the post-2012 period should have. On the other hand, the Task Force should identify possible new “Post-2012 flexible mechanisms”.

3 How will the Task Force work?

CEPS Task Forces constitute a unique forum of representatives from business and industry, various Directorate Generals from the European Commission (e.g. DG Environment, DG Enterprise, DG TREN, DG Development or DG ECFIN), member states, Members and staff of the European Parliament, NGOs and other stakeholders to discuss highly topical issues in a multi-stakeholder setting. Objective of a task force is

- to create a *process* where controversial issues can be mulled over in open but structured discussions, and
- To publish an authoritative analysis leading to policy recommendations.¹

¹ CEPS will produce an (operational) *synthesis report for each meeting*. At the end of the Task Force, CEPS will publish and circulate among EU and member state policy circles policy recommendations together with a

Previous recent CEPS Task Forces on climate change and energy

The Revision of the EU ETS: a CEPS Task Force Report for the discussion of the Commission's proposal in the European Parliament and Council, Forthcoming (Chair: Ulrika Raab, Swedish Energy Agency and CDM Executive Board)

Energy Policy for Europe: identifying the European added-value, CEPS Task Force Report, 2008 (Chair: Knud Pedersen, Dong Energy)

Global Sectoral industry approaches to climate change: the way forward, (Chair: Björn Stigson, WBCSD), CEPS Task Force Report 2008

Making the most of the G8+5 climate change process, CEPS Task Force Report, 2008 (Chair: Gunnar Still, ThyssenKrupp)

Shaping the Global Arena: Preparing the EU Emissions Trading Scheme for the Post-2012 Period, CEPS Task Force Report No. 61 March 2007 (Chair: Dan Gagnier, Alcan)

Reviewing the EU Emissions Trading scheme, Part II, CEPS Task Force Report, March 2006 (Chairs: David Hone, Shell and Lasse Nord, Hydro)

Reviewing the EU Emissions Trading scheme, Part I, CEPS Task Force Report no. 57, July 2005 (Chairs: David Hone, Shell and Lasse Nord, Hydro)

Market Stimulation of Renewable Electricity in Europe, CEPS Task Force Report No. 56, October 2005 (Chair: Antonio Pflüger, IEA)

Towards a Global Climate Regime, CEPS Task Force report No. 55, May 2005 (Chairs: Bo Kjellén, Former Swedish Chief climate negotiator, Charles Nicholson, BP & David Hone, Shell)

Business Consequences of the EU Emissions Trading Scheme, CEPS Task Force Report No. 53, February 2005 (Chair: Yngve Stade, StoraEnso).

Completion of the EU Emissions Trading Scheme in the Emerging Global Climate Regime, CEPS Task Force Report No. 49, March 2004 (Chair: Charles Nicholson);

Rethinking the EU Regulatory Strategy for the Internal Energy Market, CEPS Task Force Report No. 52, December 2004 (Chair: Dag Klackenberg, Vattenfall).

For copies, please see the CEPS shop (www.ceps.eu) or contact Christian.Egenhofer@ceps.eu.

For further questions, please contact either Christian Egenhofer (Christian.egenhofer@ceps.eu) or Staffan Jerneck (staffan.jerneck@ceps.eu).

4 Conditions for Participation

The CEPS Task Force is principally designed for CEPS Corporate Members but participation is open to non-members as well, albeit at a higher fee.

background paper, which will also be formally published in the CEPS Task Force Report publication series. The Background Report will be based on discussions in the meetings supplemented by research carried out by the rapporteurs.

The fee covers participation of one or several representatives of the registered institution in all workshops, documentation, lunches and three copies of all reports produced. If participants wish, CEPS will mail additional copies of the final report to persons identified by participants.

Participation fee for CEPS Corporate Members:	EUR 1.000
Participation fee for non-members or sponsorship ² :	EUR 5.000

Participation is free for government officials and all invited guests.

For conditions, please contact Staffan.jerneck@ceps.eu at +32 2 229 3910.

To register, please use the **Registration Form** in the Appendix of this document.

5 Agenda for first meetings

This section provides an outline for the first two meetings to give an indication of the scope of CEPS Task Force.³

First meeting
20 November 2008

- **Achievements of the CDM**
- **The CDM in the post-2012 period**
- **Possible new (post-2012) mechanisms**
- **Setting final terms of reference**

Tentative Agenda

(speakers not yet invited or confirmed unless otherwise indicated)

Venue: Big Conference Room, Ground Floor, CEPS Place du Congrès 1, 1000 Brussels; Tel. +32 2 229 3960; www.ceps.eu

10:00 Introduction by the Chair

Ulrika Raab, Senior Advisor, Swedish Energy Agency; Member of the CDM Executive Board (confirmed)

10:10 Introduction of participants

10:15 Introduction to the Task Force on EU ETS: objectives, priorities, timing and the potential contribution of the Task Force to the policy debate

Noriko Fujiwara, CEPS

10:30 SESSION I. Achievements of the CDM; successes and failures

Ulrika Raab, Senior Advisor, Swedish Energy Agency; Member of the CDM Executive Board

² CEPS offers organisations to sponsor individual workshops. This includes participation in all activities of the Task Force.

³ All meetings will be held at CEPS (Place du Congrès 1, B - 1000 Brussels)

Discussion

11:15 **What CDM and flexible mechanisms for the post-2012 period?**

Peter Zapfel, Assistant to the Deputy Director-General, DG Environment,
European Commission (confirmed)

11:35 **Comments:**

Sanjeev Kumar, WWF
Representative from **IETA**
Discussion

13:00 Light lunch at CEPS

14:00 **SESSION II. The scope and shape of new post-2012 flexible mechanisms**

David Hone, Chief Climate Change Advisor, Shell & WBCSD (confirmed)
Stefan Bakker, Energy research Centre Netherlands (ECN)
Richard Folland, JP Morgan
Representative from **Japan** (e.g. METI or Ministry of the Environment)

Comments by **member state** representatives and **stakeholders**

Discussion

16:00 **SESSION III. Agreement of final terms of reference**

Proposal for the final terms of reference and next steps

Introduction by **Noriko Fujiwara**, CEPS

Discussion

16:30 End of first meeting

Second meeting & Third meeting
January & February 2009

Possible themes

- **Key messages from the first meeting**
- **Addressing key challenges of the future CDM (transaction costs, environmental integrity, the limits of off-setting, technology transfer)**
- **Possible new mechanisms (e.g. crediting mechanisms, technology-based mechanisms, carbon finance approaches, REDD-based mechanisms, sector-based mechanisms, SD-PAMs)**

At the fourth and last meeting in March or April 2009, the Task Force will discuss and agree on the final version of the CEPS Task Force Report including Key Messages and Recommendations. A draft will be circulated around two weeks ahead of the meeting for consideration of Task Force members.

Following the final meeting, the revised version will again be circulated for approval by Task Force members.

While Task Force members are expected to agree to the thrust of the report, the key messages and recommendations, this does not mean that every member has to agree on every single word. This will be expressed by the following disclaimer at the beginning of the CEPS report.

The members of the Task Force engaged in extensive debates in the course of several meetings and submitted comments on earlier drafts of this report. Its contents contain the general tone and direction of the discussion, but its recommendations do not necessarily reflect a full common position agreed among all members of the Task Force, nor do they necessarily represent the views of the institutions to which the members belong.

- Launch of the report in Brussels (Spring 2009)



Appendix: Registration Form

I wish to participate in the CEPS Task Force on **“The CDM and Future Flexible Mechanisms Post-2012”**

name:.....

title:.....

company:.....

address:.....

.....

Postcode:..... Country:.....

VAT N°

e-mail:.....

0 My company is a corporate member of CEPS and pays therefore 1.000 Euro (+ 21% VAT)

0 My company is not a corporate member of CEPS and pays therefore 5.000 Euro (+ 21% VAT)

0 My company is interested in becoming a corporate member of CEPS
Please send additional information

please return to:

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