



CEPS Task Force

The CDM and Future Flexible Mechanisms Post-2012

20 November 2008

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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