



Assessing priorities for global action on the eve of the Nairobi climate change talks

**Monday, 30 October 2006, 10:00 – 12:00
International Environment House II, ground floor**

With the Kyoto Protocol targets coming into effect in 2008, the world's governments will meet in Nairobi from 6 to 17 November to discuss the need for future commitments under both the Protocol and its parent agreement, the UN Climate Change Convention. Key themes shaping the discussions will include market-based mechanisms, the respective roles of developed and developing countries and the need to transition to a clean energy economy. Today's roundtable will explore the current state of play in the climate talks and how different stakeholders can contribute to finding real solutions.

Agenda

9.30 Coffee

10.00 Welcome and introduction by the moderator, Annie Roncerel, Senior Programme Coordinator, Climate Change Programme, United Nations Institute for Training and Research (UNITAR)

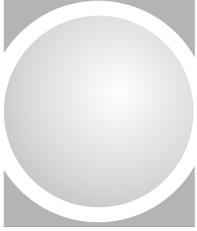
Presentations by the panel members:

- José Romero, Senior Scientific Adviser, International Affairs Division, Federal Office for the Environment of the Swiss Confederation
- Edwin Aalders, Director, International Emissions Trading Association (IETA)
- Martin Hiller, Communications Manager, Climate Change Programme, WWF International
- Adam Kirkman, Programme Manager, Energy and Climate, World Business Council for Sustainable Development (WBCSD)
- Lisa Petrovic, Project Manager, Climate Change, UNEP Finance Initiative

11.00 Discussion with panelists and participants

11.50 Wrap-up by the moderator

12.00 End



Speaker biographies

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Edwin Aalders holds an engineering degree in Tropical Forestry and an M.Sc. in Forestry and Land-uses from Oxford University. He joined SGS in 1992, where worked on the development of a new inspection and certification programmes, and later in charge of the Climate Change Programme and lead auditor in the validation of GHG projects under various programmes developed during that time. In 2004, he joined IETA as Managing Director responsible for activities on CDM, JI, voluntary standards, and monitoring & reporting activities under the EU ETS. He is member of the Review & Assessment team of the JISC and the CDM Roster of Experts.

Martin Hiller heads up the communications activities of WWF's global climate change programme. He steers policy and business-related communications and campaigns and acts as a spokesperson on climate change issues. He has an extensive background in environmental campaigning at the grassroots and international levels. Amongst other activities, he designed WWF's first European campaigns.

Adam Kirkman is Program Manager, Energy and Climate at the World Business Council for Sustainable Development in Geneva. Prior to joining WBCSD he led Ernst & Young's Environment and Sustainability practice in Sydney, Australia, serving both public and private sector clients. Mr. Kirkman's expertise includes energy and climate policy, emissions trading, GHG verification, business and carbon risk management.

Lisa Petrovic joined the UNEP Finance Initiative in February 2004 where she manages the Climate Change Working Group and the North American Taskforce. She focuses on the Kyoto Protocol's flexible mechanisms, particularly emissions trading and the CDM and the role of the private financial sector. Prior to joining UNEP Ms Petrovic worked as a management consultant with the UK-based consultancy Datamonitor, where she focused on the energy and utilities sector.

José Romero has served with the Swiss Federal Office for the Environment since 1996 as the Swiss Focal Point for the Climate Change Convention and its Kyoto Protocol as well as for the Intergovernmental Panel on Climate Change. He previously worked as senior scientist at the World Radiation Center/Physical-Meteorological Observatory in Davos. Mr. Romero has a PhD in physics from the University of Lausanne.

Annie Roncerel joined UNITAR in April 2001. She previously served with UNDP as a Senior Programme Manager in its Energy and Atmosphere Programme and as Lead Officer for its Climate Change Programme. As Global Environment Facility Advisor to the UNDP Regional Bureau for Europe and CIS, she developed and monitored the implementation of a large GEF project portfolio related to climate change, international waters and biodiversity in this region.

**United Nations Framework Convention on Climate Change
Kyoto Protocol**

**COP 12 and COP/MOP 2
in Nairobi**

**Dr. José Romero
International Affairs Division
Federal Office for the Environment
Berne, Switzerland
jose.romero@bafu.admin.ch**



Swiss Confederation
Federal Office for the Environment FOEN

Geneva Environment Network
30 October 2006

Content

1. Commitments of Parties under the Convention and the Kyoto Protocol
2. Issues at stake
3. What could be achieved in Nairobi?



Commitments of Parties under the Convention and the Kyoto Protocol

Countries have common but differentiated responsibilities

- **Annex I Parties** (industrialised countries): they have to
 - take the lead in combating climate change
 - reduce their greenhouse gas emissions under the Kyoto Protocol
 - provide financial and technical assistance to developing countries
- **Non-Annex I Parties** (developing countries): they
 - are allowed to increase their greenhouse gas emissions for their development
 - may participate to projects under the Clean Development Mechanism of the Kyoto Protocol



Issues at stake

1. **The future of the international climate regime:** which emissions reduction objectives and how to involve the USA and Australia, as well as China, India, Brazil and others in emission reduction efforts (post-2012 regime)
2. **Adaptation to climate change:** how to ensure sufficient and predictable funding to assist developing countries to adapt
3. **Assistance to developing countries (technology transfer and funding):** which mechanisms are efficient and how to involve the private sector
4. **The Clean Development Mechanism (CDM):** how to ensure a distribution of projects in all continents



What could be achieved in Nairobi?

1. **Plan of work for the negotiations on post-2012 emissions reduction commitments:** agreement on next steps for the negotiation process; other concrete actions to reduce emissions by big emitters (USA, Australia, China, India, Brazil and others)
2. **Adaptation:** adoption of a list of concrete actions; agreement on the rules for the Adaptation Fund; launch discussions at the policy level on mechanisms for adaptation
3. **Technology transfer:** strengthen action in specific sectors
4. **The Clean Development Mechanism:** foster activities in African and other countries that have not yet CDM projects



Thank you for your attention



Glaciar Perito Moreno (Argentina)

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Overview of the Market today

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*- Environment House
30 October 2006*

*Edwin Aalders
Director IETA*

EU ETS

- **First Market Mechanism fully operational**
 - 12 000 installations
 - CO2 emission only
 - 25 Members states
- **First year cycle now fully completed**
 - **EU ETS: 362 Mt, €7.2 billion**
 - OTC and exchange: 262 Mt €5.4 billion
 - Bilateral: 100 Mt, €1.8 billion
- **Despite big price drop in May EU ETS has demonstrated that Market Mechanism work**

CDM

- **Operational since 2003 and since has seen**
 - **Project registered: 379**
 - **CERs issued: 16,794,051**
 - **Projects rejected: 5**
 - **Methodologies approved:**
 - **Large Scale: 37**
 - **Small Scale: 21**
 - **Consolidated: 10**
- **Following the start of the EU ETS rapidly grown with countries like India, Brazil & China leading**

IETAs position on CDM into COP/MOP 2

- **Progress has been accomplished, we are moving in the right direction, but significant problems remain that if un-addressed could discourage broad participation and erode the progress that has been made.**
- **IETA encourage Parties to have contact group on the CDM EB report during COP/MOP2**
- **Main areas of concern:**
 - **Transparency of CDM EB & Meth Panel**
 - **Governance of the CDM**
 - **Follow up on the COP/MOP1 Decision**

JI

- **Track 1**
- **Track 2**
 - **Formally launched last week during JISC05**
 - **First projects to be submitted by AIE**
 - **All DOEs provisionally accredited till formally accredited by JISC**
 - **Over 200 projects expected in next 2 years**



**For more Information
International Emissions Trading Association**

www.ieta.org

**Edwin Aalders
aalders@ieta.org**

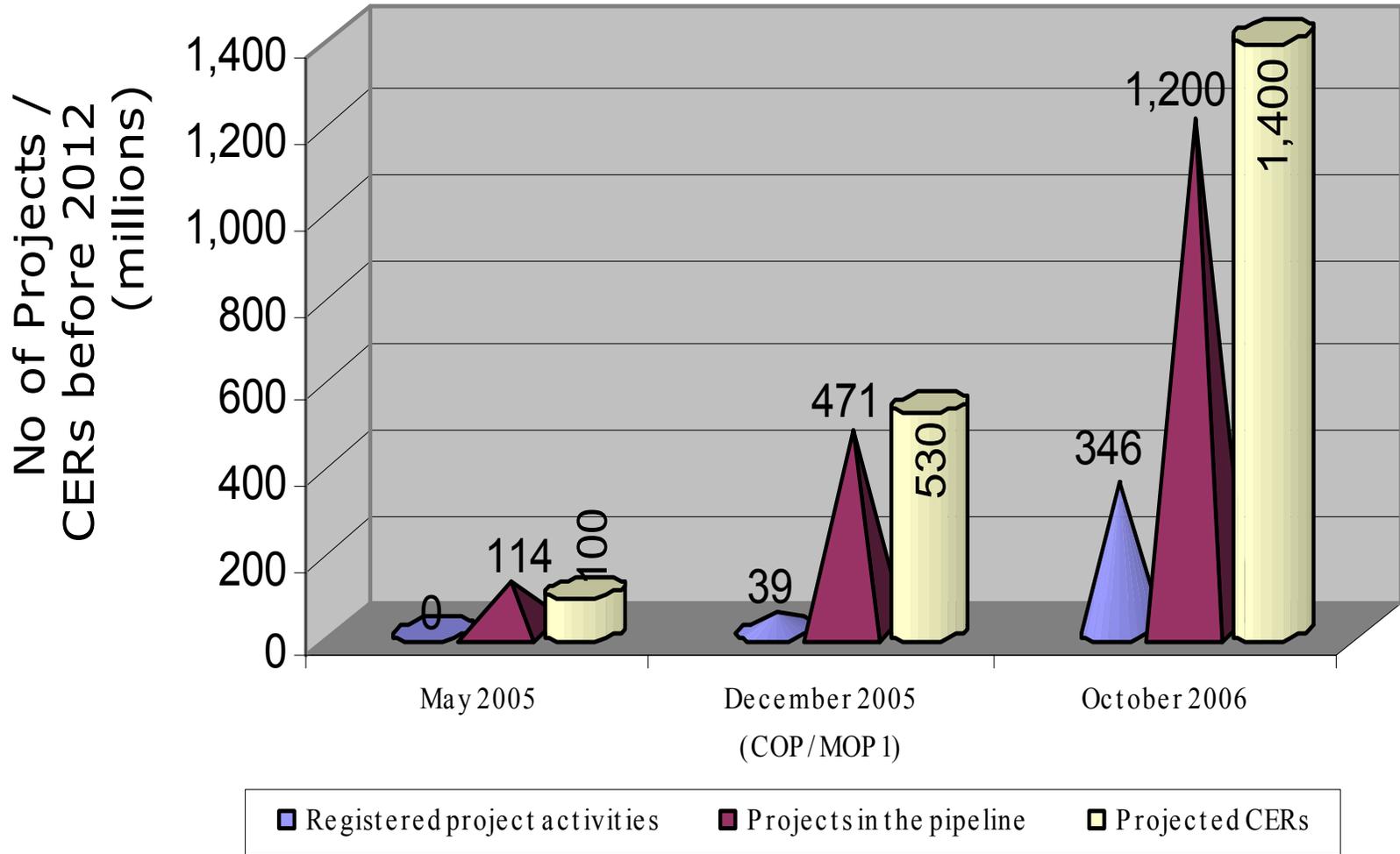


**CARBON EXPO
2007**

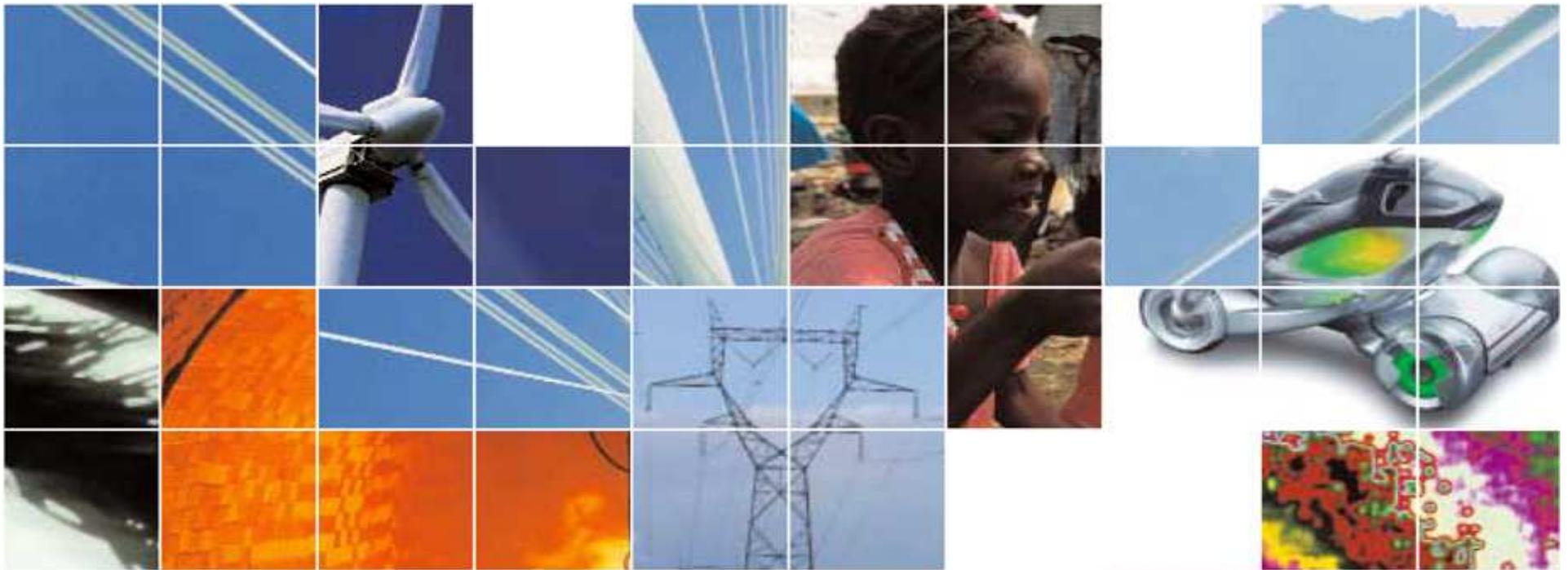
May 2-4

www.carbonexpo.com

Progress on key issues | CDM – explosion of activities



Assessing priorities for global action



Adam Kirkman, Program Manager Energy and Climate WBCSD

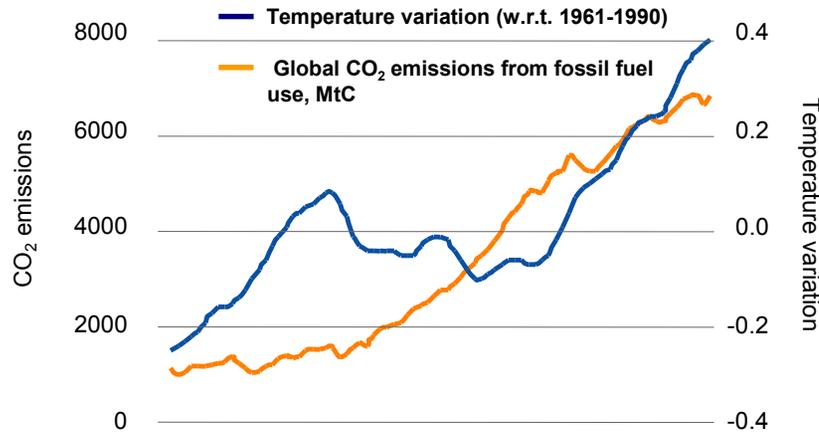
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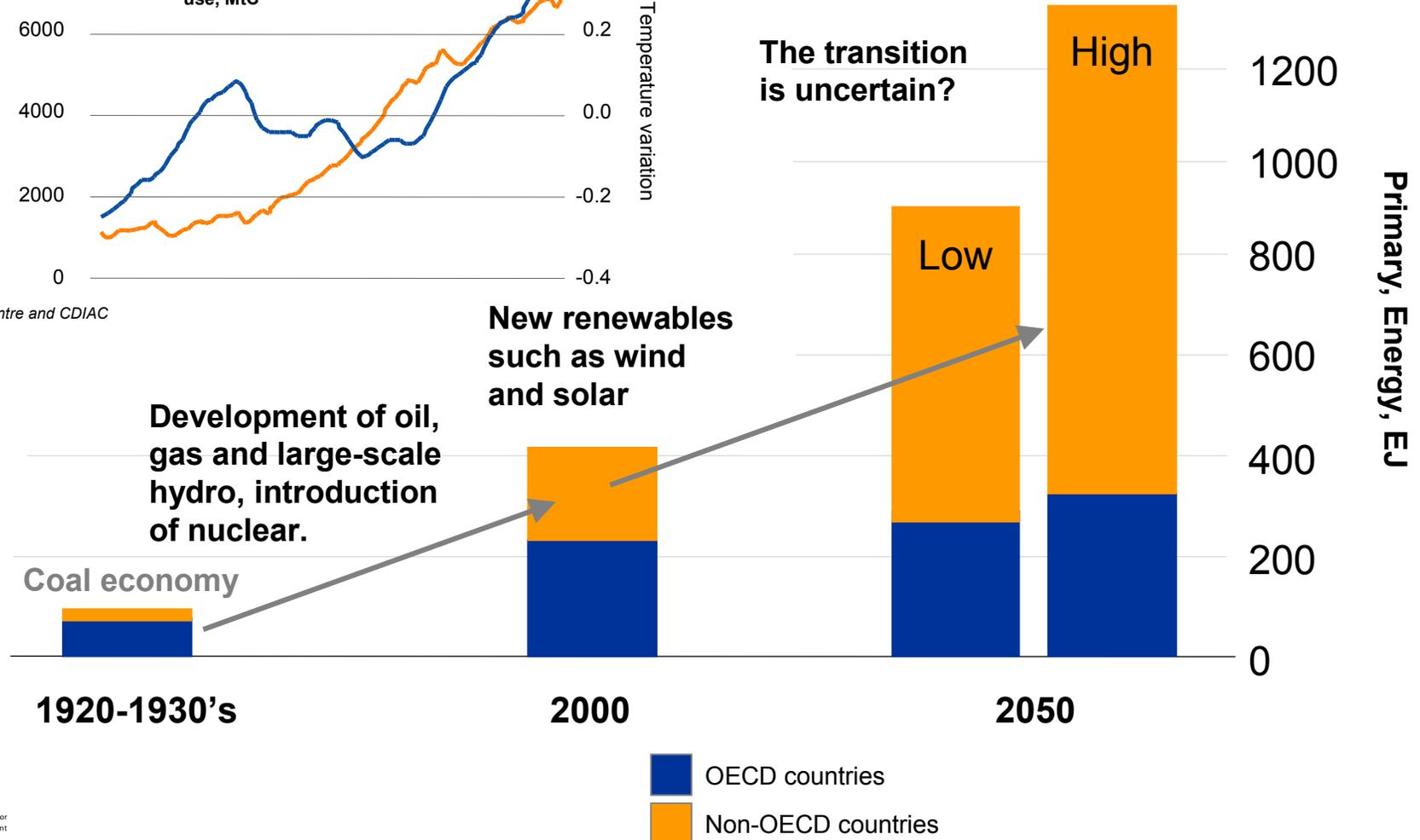
World Business Council for
Sustainable Development



How will our energy system develop?



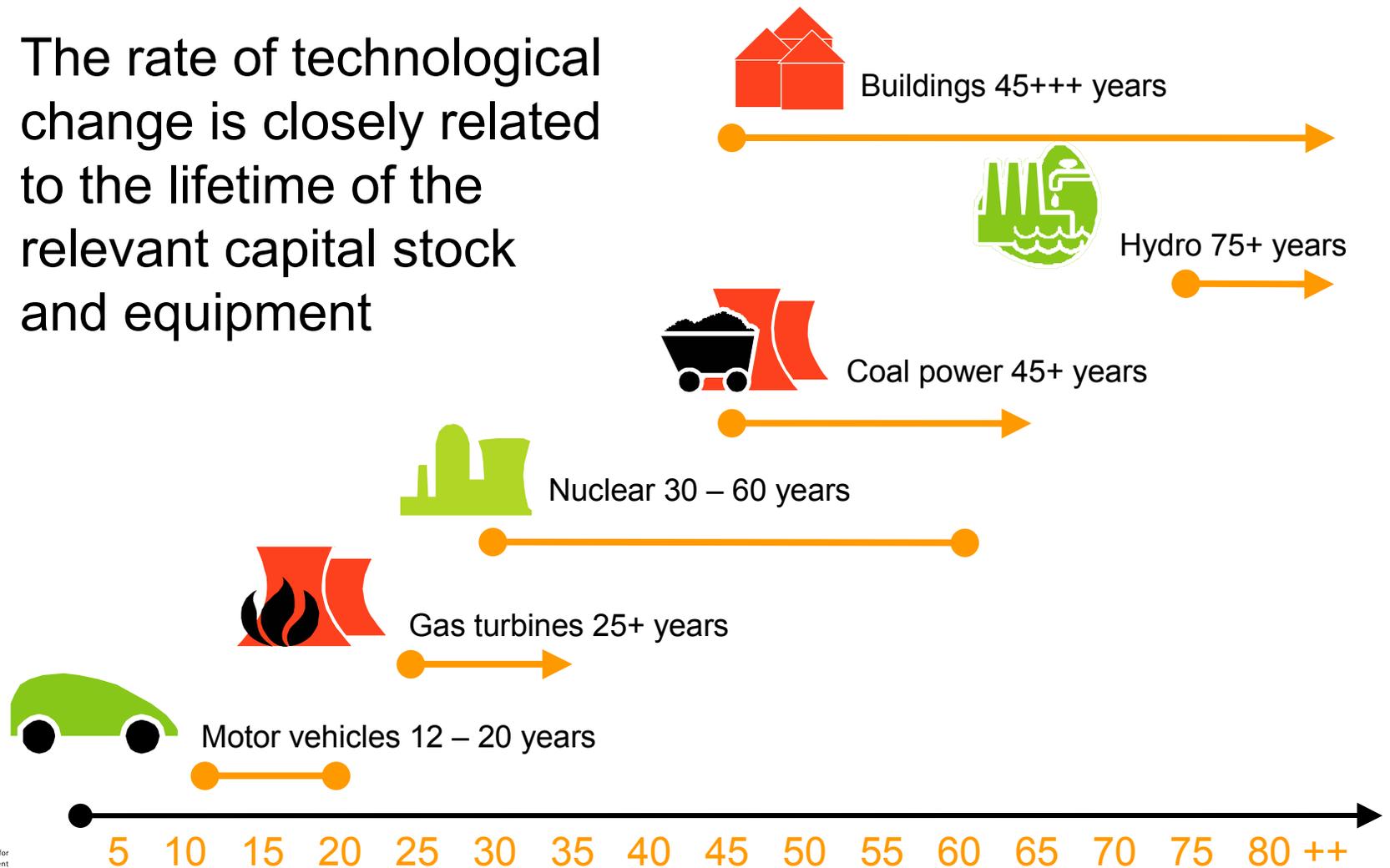
Source: Hadley Centre and CDIAC





The lifetime of energy infrastructure

The rate of technological change is closely related to the lifetime of the relevant capital stock and equipment





The focus

- Must be on improving energy efficiency of global economy and managing emissions from energy we use:
 - ✓ Increased societal awareness to drive energy efficiency along entire value chain
 - ✓ Better utilization of low emission energy technologies (e.g. wind, hybrid vehicles, co-generation, hydro electricity, nuclear) now
 - ✓ Development and deployment of advanced low-carbon technologies (e.g. hydrogen CCS, next generation nuclear power) over the next two decades
 - ✓ Improved energy efficiency in power generation, mobility, manufacturing, buildings, goods and services



What is needed?

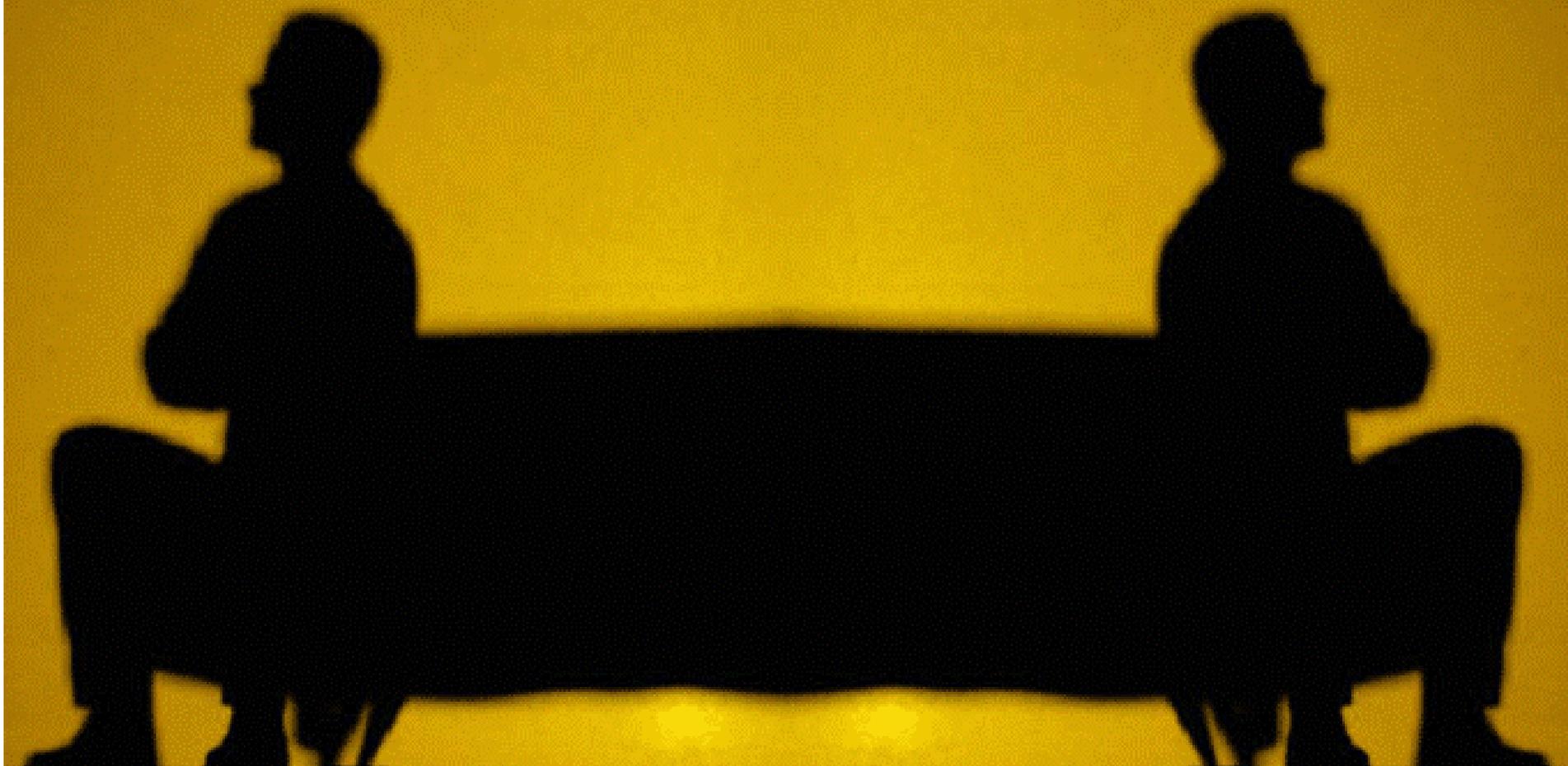
- Business needs to articulate its requirements clearly....
-Governments need to provide clear signals of where we are headed
- Under right conditions, and given the right tools, technologies can develop and be deployed quickly – leading ultimately to a fall in emissions



What is needed?

- The largest public private partnership in history
- Include both developed and developing economies
- Impatience to define “post 2012” conditions
- Business needs greater predictability to invest in low-carbon energy projects
- For many technologies to take their place in market a long-term value for carbon is needed
- In cases, such as CCS, there is no genuine business case without it

What we don't want . . .





Future framework – Key features?

- Kyoto Protocol – ‘top down’
- Energy policy develops ‘bottom up’ - set at national level against backdrop of financial, security and environmental signals
- Climate change policy framework must recognize the sovereign nature of energy policy decisions but, at the same time, provide context within which such decisions are taken
- Future framework must also provide the tools to optimize GHG emissions management and direct capital towards low and zero GHG emissions technologies.



Future framework – Key features?

- Harness ideas from current approaches and build on existing GHG reduction markets
- By 2010 a quantifiable long-term 50-year goal - some kind of carbon pathway by which to gauge disparate efforts
- A strong emphasis on technology development through partnerships and incentives
- An international carbon currency
- Mitigation tools for long-term market risk and secure benefits for large-scale projects



Future framework – Key features?

- Revise existing framework so it builds progressively (bottom up) from local, national, sectoral or regional programmes
- Consider industry sectoral participation across multiple facilities or technology platforms
- Progressive inclusion of all countries – developing and developed
- International frameworks must also deal with issues such as deforestation and adaptation to climate change
- Numerous schemes with carbon as their basis - EU-ETS, RGGI, California auto standards, global sectoral agreements etc
- Accreditation processes to link disparate efforts - e.g. Is it a real contribution to the agreed pathway?



for a living planet

Expectations for Nairobi

Martin Hiller

30 Oct 2006

Environment House Geneva





South Pacific







The limits to adaptating

- World already warmed by 0.8°C
- Committed to at least another 0.4°C
- Temp rise must be kept below **2°C**
 - Average global temperature
 - Compared to pre-industrial times
- EU commitment





Window of opportunity

CO2 emissions must peak
in 10 to 15 years





KYOTO PLUS

Much deeper emission cuts
Continuity of carbon regime

2006
Nairobi



2007
Mandate



2008
Decision

Analysis and
lessons learned

Negotiations,
intersessionals





Nairobi on KYOTO PLUS

Clear work plan for 2007 and 2008

Decision to get Mandate

Scope of analyses needed

Intersessional meetings





Adaptation

Getting Adaptation Fund operational
5-y work programme in place

Increase funding for adaptation under KYOTO PLUS





Thank you

www.panda.org/climate

