



Post-2012 International Climate Policy “Roadmap”

Overarching Issues and Principles for Agreement

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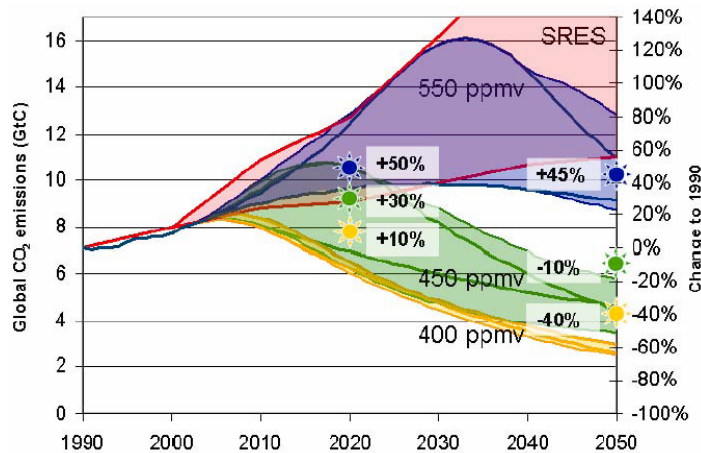
Presentation Outline: Key Overarching Questions

- What is the overall stabilization level for atmospheric carbon dioxide equivalent concentrations that we wish to achieve (e.g., 450/550 ppm CO₂e) and what does that translate into for a global 2020 CO₂e budget?
- How might that 2020 global emissions budget be divided amongst groups of countries to create a package that is politically and economically feasible?
- What international or multilateral structures should be available to assist countries or groups of countries to meet their share of the emissions budget?
- What adaptation actions are supported and how?

⇒ **Could be developed in a bottom-up manner or top-down**
⇒ **Lots of interaction b/t how each of these are answered**



Near-Term Emissions Levels for Stabilization



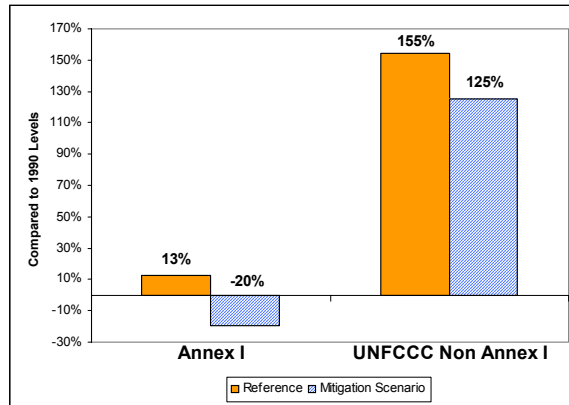
Near-term CO₂ scenarios for stabilization

How are near-term global levels or ranges developed?

- How do we get agreement on the 2020 level?
- What factors shape the agreement on this level; e.g.,
 - » climate science — ultimate global stabilization level and ensuing impacts
 - » economics — costs of meeting each level (or not meeting that level) will vary
 - » political will — when and how deeply the “shared global urgency of the problem” materializes
 - » pace of change — higher emissions levels in 2020 require greater pace of change after 2020 for the same stabilization level
 - Historically, greater than 1% per year sustained cuts in economy-wide emissions have only been from economic recession or upheaval
- How are these factors balanced and integrated?



How is the 2020 level divided?



ECOFYS analysis of CCAP Sectoral Approach for Stabilization at 550 ppm CO₂e



How are near-term global levels or ranges developed?

- Are overarching principles agreed to as the basis for dividing the global level(s) between countries?
- If so, what principles are used and what thresholds determine greater or less share of the global emissions reduction level?
- Are there explicit factors that shape the divisions?
 - » cost of mitigation and impact on economic activity – e.g., harmonization of reduction cost
 - » competitiveness implications (or perceptions) – e.g., similar effort levels in key sectors
 - » political willingness – e.g., who is willing to step forward more aggressively
 - » Equity – e.g., equal emissions per capita, right to basic human development, based upon contribution to climate change
- Alternatively, developed through a more bottom-up approach
 - » country pledges or actions in select sectors.
- If a bottom-up approach, what process might be used to encourage countries to jointly increase their pledges by comparable amounts to approach the global 2020 budget?
- Which developing countries, if any, are asked or agree voluntarily to participate in the next round and which ones stay in their current Kyoto status? How is this decided?



Groupings and Effort Levels for Each?

- Considering the current two groupings (A1 and non-A1) as an example:
- What further efforts are taken by current Annex I countries? Non-Parties to the Protocol?
 - » What effort level by each country?
 - » How does the level of domestic action versus the amount achieved through emissions reductions outside factor into the level?
- What further efforts are taken by current non-Annex I countries
 - » Are certain countries expected to take on a greater share? On what basis?
 - » How much is expected to be done through "unilateral" actions (financed domestically) versus financed through the international carbon market?
 - » Should all developing country targets be no-lose voluntary targets?
- Are certain sectors (e.g., forestry) expected to take on a certain portion of the effort?
 - » On what basis is the share divided?
- What are the implications if a country doesn't take an explicit share or meet its agreed level?
- What happens if a sector doesn't meet its envisioned reduction level?



Structural Actions to Meet the Emissions Levels?

- Is only one type of mitigation approach available for each country grouping?
 - » e.g., the BASIC proposal suggests that Annex I countries have a choice of three different types of approaches
 - » e.g., the South-North Dialogue defines certain types of efforts for some groups and allows a defined choice for others?
- If choices are allowed, how is comparability between different measures ensured?
- Over what timeframes are the structures implemented by each country/group?



Types of Actions by Each?

- Considering the two current groupings (A1 and non-A1) as an example:
- Which approaches for A1?
 - » Economy-wide further binding emissions limits (e.g., deepening “Kyoto”)
 - » Economy-wide intensity targets
 - » Technology-based
 - » Carbon taxes
 - » Pledge and review
- Which approaches for non-A1?
 - » Absolute Growth targets
 - » Economy-wide intensity targets
 - » “No lose” Sectoral approaches (e.g., for electricity and major industries, passenger vehicles, and land-use change)
 - » Sustainable Development Policies and Measures (SD-PAMs)
 - » Evolution of the Clean Development Mechanism (e.g., sectoral, programmatic, and CDM discounting)



Alternatives to the Single International Treaty Approach?

- Focus so far has been on approaches w/i a next phase of a single international treaty, either under the UNFCCC or its Kyoto Protocol.
- Two alternatives to this approach:
 - » Building out from the European Union’s Emissions Trading System (EUETS)
 - » Linking Sub-national Programs to an International Program
- Building from EU ETS, e.g.,
 - » Other developed countries link based upon comparability of emissions reductions post-2012
 - » major developing countries propose creation of an advanced CDM, sectoral, or SD-PAMS program that could be recognized and linked to the EUETS
- Sub-national (e.g., US and Australian state) programs link to international program through similar mechanisms



What adaptation actions are supported and how?

- Need for adaptation is inevitable as some level of impacts is projected no matter what level of stabilization is ultimately achieved
- What fundamental building blocks (e.g., impacts modeling, V&As) are necessary for a country to develop and implement adaptation responses?
 - » How are these built over time?
- What level of financing, technical assistance, policy support, etc. is provided internationally for adaptation?
 - » Where does this financing come from?
 - » Who pays and how much? :
- What specific adaptation actions are supported internationally?
 - » How are these actions supported internationally?
 - » Some proposals for adaptation include:
 - “Mainstreaming” adaptation
 - Linking adaptation and mitigation options
 - Insurance-based
 - Others?



Negotiation Process?

- Parties have continued to stress that the UNFCCC is the only forum for negotiating the international response to climate change
 - » number of other avenues have been pursued for mobilizing support for or taking action on specific aspects
 - e.g., G8 Dialogue on Climate Change, Clean Energy, and Sustainable Development, the World Bank Clean Energy Investment Framework, World Conference on Disaster Reduction
- How does negotiation within the UNFCCC unfold?
 - » Is negotiation on specific aspects (e.g., mitigation or adaptation) amongst all countries or some subset?
- How are the efforts of these other forums brought into and used to shape the UNFCCC negotiations?
 - » What role is there for bilateral agreements?
 - » If some aspects of the international response are implemented outside the UNFCCC, how do we ensure that produce the desired result?



Key Principles for the International Agreement

- global emissions budget for 2020 that can reasonably preserve potential to achieve stabilization of long term atmospheric concentrations at a level sufficient to prevent “dangerous anthropogenic interference with the climate system”
- based on “common but differentiated responsibilities and respective capabilities”
- developed country leadership and more stringent commitments for 2020 as part of the global emissions budget
- individual national commitments developed from both a top-down and bottom-up analytic perspective
- encouragement for unilateral actions by developing countries to reduce GHGs and promote sustainable development



Key Principles for the International Agreement (2)

- a focus on GHG reduction strategies for internationally competitive industries with a goal of creating a level international playing field
- new technology financing to encourage innovation
- harnessing of international financial institution (IFI) and private sector investment flows to meet clean energy and climate goals
- incentives to remove financial and policy barriers to deployment of clean energy
- strategy to assess vulnerability to climate change and to prioritize, finance, and implement adaptation measures



Future Actions Dialogue Next Steps

- Future Actions Dialogue will work over the next 2 years to develop a common understanding of where consensus may lie on each element of the post-2012 int'l package
- Accomplished through:
 - **Working groups:**
 - Emissions Reduction Objectives (February – December 2007).
 - Structure of Mitigation Options (July 2007 – July 2008).
 - Passenger Vehicle Sectoral Approach (January 2007 – June 2007).
 - Emissions from Deforestation (March 2007 – November 2008)
 - Adaptation (February 2007 – December 2008)
 - » **Dialogue Meetings**
 - January 7-9 – Rio de Janeiro, Brazil
 - July 2-6
 - February 2008
 - July 2008
 - October 2008 (if necessary)

