



CLIMATEFOCUS



CORE
CARBON
GROUP



VERTIS



:FutureCamp
Climate GmbH

GreenStream

JIAG

Experience with the verification procedure

Options for a future operation of JI

JI roundtable and JISC 22

Bonn, 14 - 16 June 2010

Lennard de Klerk

Chair JIAG

- 1. Introduction**
- 2. Merging Track 1 & Track 2**
- 3. Issuance of ERUs**
- 4. Additionality**
- 5. Governance of JI**
- 6. Providing certainty inside and outside the EU**



JIAG has made several suggestion how to design JI in a post-2012 regime.



Two papers were published before CMP4 in Poznan and CMP5 in Copenhagen

JIAG welcome the mandate given by CMP5 of the JISC to propose suggestions for the future operation of JI in a post-2012 regime

Merging Track 1 and Track 2



Some observations:

- The JISC guidance for baseline setting and monitoring has become the '**de facto**' standard for JI, including Track 1 projects.
- Furthermore Host Country Track 1 regulations all require PDD, determination, monitoring and verification.
- Hence we believe there is **no need for two separate tracks** or at least should be aligned, taking the best of 'both worlds.'

Minimum requirements should be set, being:

- A baseline should be set presenting the most plausible scenario **in absence** of the project;
- The baseline and monitoring plan should be determined by an AIE;
- Reductions should be monitored and verified by an AIE.

Issuance of ERUs



Project Developers see a political risk in the issuance of ERUs (compared to the CDM).



JIAG proposed that, after the Host Country approved the project, the equivalent amount of AAUs is **set aside** in a registry of the JISC.

After verification the AAUs will be **automatically** converted into ERUs and transferred upon instructions of the Focal Point appointed by the Project Participants.

Should no reductions have been generated the AAUs will be returned to the Host Country.

No additionality in JI



JIAG believes that additionality can and should be taken out as a requirement.

Environmental integrity is guaranteed as for each issued ERU an AAU is cancelled.

It is up to the Host Country to use JI as a **policy instrument** to reduce emissions and promote investments in energy efficiency, technology transfer and sustainable development.

(Currently **JI Track 1** can be seen as policy instrument)

As a service JISC can provide guidance for those Host Countries that, on a voluntary basis, would like to have an additionality test



The continuation of the JISC is essential to:

- **Accredit** Independent Entities
- Set **generic** guidance on baseline setting and monitoring



Members of the JISC should have practitioners on board, for example:

- One third representing Parties
- One third representing AIEs
- One third representing Project Participants

Providing certainty **within** the EU



The conclusion and entry into force of a new international agreement will take 3-5 years. To provide some to investors in JI projects **within the EU**, the Commission can do the following:

- Enact on Article 24a of the ETS directive allowing for non-ETS domestic offsets;
- Article 24a reads: *....measures for issuing allowances or credits in respect of projects administered by Member States that reduce greenhouse gas emissions not covered by the Community scheme may be adopted.*”

We **strongly** advice the European Commission to use the JI as blueprint for the non-ETS domestic offsets!

Providing certainty **with** EU neighbours



To provide some certainty to investors in JI projects **outside** the EU, the Commission can do the following:

- Conclude Bilateral agreements with neighbouring countries recognizing reductions from JI projects;
- The directive read that in case an int'l agreement **is not concluded by 31 December 2009**: *.....through agreements with third countries. Such agreements could enable projects to **continue to be recognised** in the Community scheme that generated ERUs until 2012 but are not longer able to do so under the Kyoto framework.*

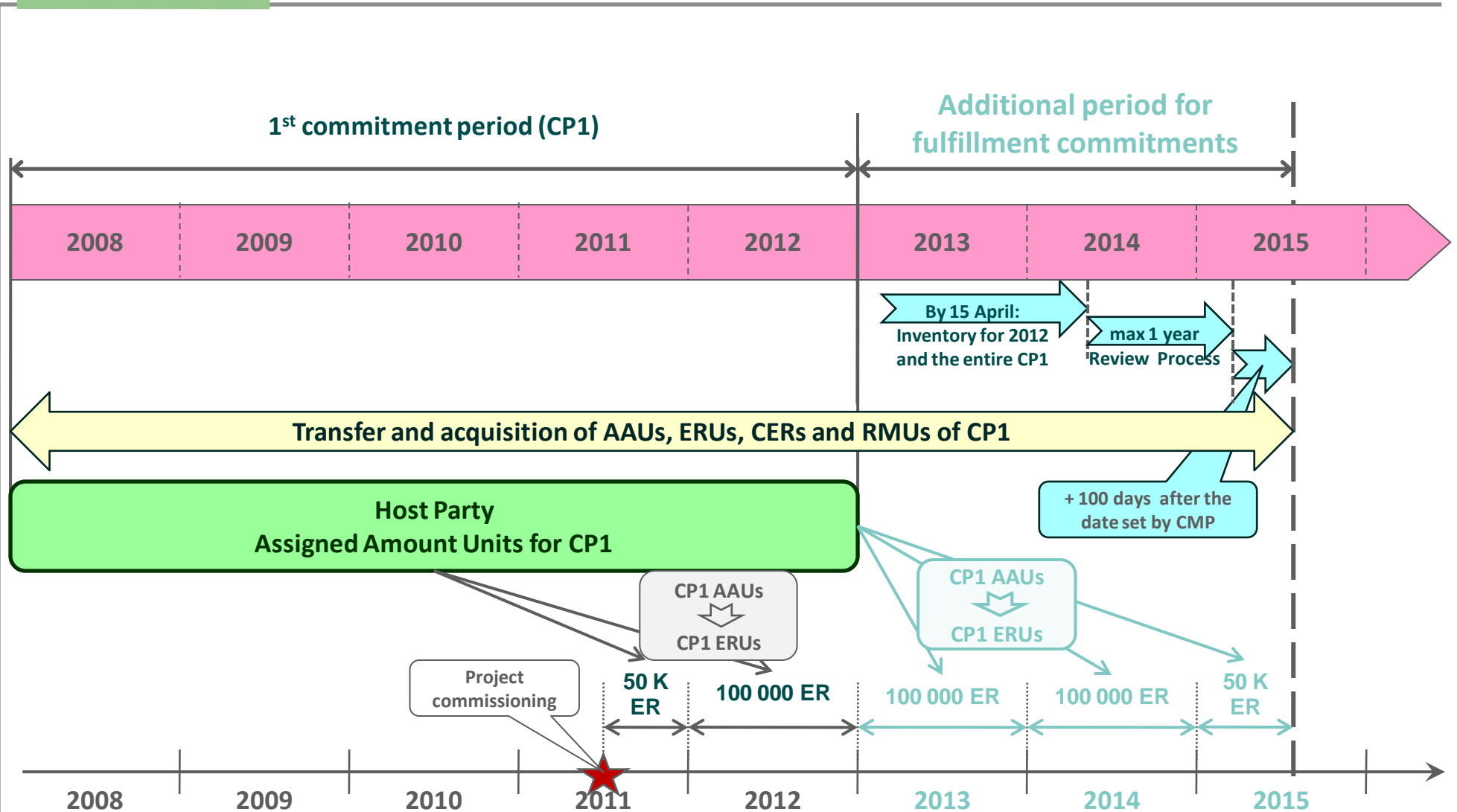
This will enable strategic investments in technology transfer and energy efficiency to increase **the security of energy supply** by and through the direct neighbours of the EU!

Providing certainty **by the JISC**



After 31 December 2012 but before the end of the ‘true-up’ period, there is a possibility to continue to issue ERUs and use them for compliance. To provide certainty to investors we ask the JISC **to recommend COP/MOP** the following:

- 1.** Emission reductions generated after 31 December 2010 can be verified both under track 2 and track 1 procedures;
- 2.** Have confirmed that, based on these verifications, AAUs from the first commitment period can be converted into ERUs;
- 3.** That these ERUs can be used for compliance purpose of the first commitment period.





Global Carbon BV (chair)

Lennard de Klerk

Climate Focus (secretariat)

**Jelmer Hoogzaad
Moritz von Unger**

Core Carbon Group

Morten Prehn Sorensen



Vertis Environmental Finance

James Atkins

Carbon Trade & Finance

Ingo Ramming

Future Camp

Roland Geres

Greenstream

Hanna-Mari Ahonen



Web: www.jiactiongroup.com