

ECO



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Working the Workstream

It was with some optimism that ECO joined the roundtable discussion of the ADP workstream two ("workstream 2 degrees", as one delegate was heard when entering the room). All Parties had noted the pre-2020 ambition gap with grave concern back in Durban, and after a year of little—if any—progress, Doha seems to be a good moment to get down to work.

However, that's not quite the way that the US delegate started it. First explaining how failing to adopt domestic climate legislation - which he said would have allowed offsets to do about half of the mitigation job, somehow, constitutes a doubling of ambition - as cuts now need to be done entirely at home. Right...The problem is that while the level of domestic effort will in fact be higher, the atmo-

sphere won't see a single additional ton of emissions reductions.

ECO rather liked the approach by the Ethiopian delegate who sported the ambition to get the country carbon neutral by 2025 - an undertaking not seen as over-ambitious - if needed support would materialize.

ECO agrees with the developing country delegates who pointed out that there is also lots of ambition work to do outside the ADP: finalising the homework in the KP and the LCA before they close; achieving the highest possible ambition including through getting rid of the hot air for CP2 and beyond; and agreeing common accounting for non-CP2 developed country Parties (the free-riders and ship-jumpers) to ensure comparability of ef-

forts.

Apart from that, ECO noted the suspicious emphasis that was given to what is often referred to as 'complementary activities.' To be clear, any activities, initiatives or measures that can cut emissions of carbon or other GHGs are highly welcome, including those outside the UNFCCC context. These include measures to cut HFCs (via the Montreal Protocol), black carbon, international bunker fuels (where mitigation mechanisms can be designed to generate climate finance along the way) and notably, action to phase out fossil fuel subsidies (mentioned a few times at the roundtable, with an estimated potential savings of around 2 Gt). But those activities, will have to be

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Lost Points and Damaged Text

Reading the current text, ECO is concerned that a possible Doha decision may miss the key, overarching points. First, in light of the lack of mitigation ambition, there is cause for grave concern. The low mitigation ambition will determine the level of loss and damage in the future. Second, this results in a high urgency to take action on all fronts of mitigation and adaptation, with the primary objective to reduce loss and damage as much as possible. ECO expects that those who have contributed most to the problem take the responsibility for support. Third, the key reason that vulnerable developing country Parties have put loss and damage on the agenda is the dire situation that the limits of adaptation will likely be surpassed in many regions.

Addressing the impacts where adaptation will no longer be possible is crucial for this discussion. Because of this, the Convention must provide leadership in developing a global strategic response to address loss and damage. Parts of the required actions can be pursued through the existing institutions, such as the Adaptation Committee, the Nairobi

Work Programme or the Least Developed Countries Expert Group. These bodies can carry out important activities relevant to addressing loss and damage. But, do any of these institutions have the mandate or capacity to explore the broader implications of lack of ambition in mitigation and the associated loss and damage? Can they deal with situations such as permanent loss of land and livelihoods? Or, decide how to ensure that relevant policy processes work together? ECO does not think so..

Therefore it supports almost 100 developing countries' call for an international mechanism to address loss and damage, which can be operated by making use of the work of the existing bodies. ECO expects that when the ministers are here, they would want to leave Doha with tangible results that show the world that these most vulnerable peoples and countries are not left alone. Stepping up the negotiating process in this area must be an element of the Doha package.



Working continued

additional to existing pledges and cannot be used as the vehicles to implement them, as in such a case the ambition gap doesn't get any smaller.

Also, not all such measures are equal in their long-term effect. Action on short-lived climate forcers can make a contribution, but as their effects are short-lived (hence the name), ECO does not want to see them as a substitute for action on long-lived climate forcers like carbon dioxide. As suggested by some, submissions and technical papers to analyse all of these options, including their overlap with, or additionality to, existing pledges, would be most welcome.

The second group of remarks at the roundtable discussion of the ADP workstream two circled around the fact that a sizable number of developing countries

haven't yet submitted mitigation pledges or NAMAs. Any such pledges or NAMAs will be warmly received, especially from those developing countries with economic capacity comparable to or greater than some (less wealthy) developed countries and growing responsibility for emissions. Here, a technical assessment of the mitigation potential would be helpful, and in particular, a process to identify the needs for means of implementation that would enable countries to eventually submit, and later implement, pledges or NAMAs.

ECO wonders if the reason that complementary activities and ways to get more countries to submit pledges or NAMAs got so much attention lies in the comforting (for developed countries) side-effect that this way the elephant in the room, or what should be the third pil-

lar in this workstream 2 gets less attention -- the pathetically low level of ambition by developed countries, whether in Kyoto or not.

In ECO's view, any reasonable 2013 plan for workstream two would necessarily have to include a serious debate about these countries' current pledges. Clearly, removing conditions around the pledges or the ranges is needed, but eventually increasing beyond the top end of the ranges will be unavoidable in order to move developed countries into the 25-40% range. Some Parties noted that such a discussion will have to take place throughout 2013 at a ministerial level, as otherwise the political buy-in will not materialise. If that fails, ECO fears, workstream two might one day have a successor named workstream 6 -- six degrees.

Wild West Carbon Markets

The LCA is discussing the establishment of a new market mechanism (NMM) and a Framework for Various Approaches (FVA), including the use of markets. But well into the 1st week, it is still unclear what these two work programmes could be about.

There is a common view that the FVA is supposed to give recognition to national emission reduction systems and, if Parties want to, make the emission reductions units that are achieved by these systems internationally tradable and eligible for meeting national emission reduction targets (QELROs). Under the NMM on the other hand, countries could put forward national emission reduction systems to the UNFCCC to be approved for the issuance of credits. Both work streams could end up hosting the same types of emission reduction systems, ranging from market-based instruments to renewable feed-in tariffs. ECO is therefore wondering why bother with two different work streams?!

The answer is clear if one looks at the politics. Although the same types of emission reduction systems could be hosted, the NMM requires international common standards and UNFCCC approval before credits could be issued and used for compliance. The FVA on the other hand could allow countries to develop whatever systems they want and offer the resulting emission credits for compliance without the UNFCCC taking a close look at them, something strongly wished for by Japan, New Zealand and the US.

If the FVA became part of a new agreement mandated by the Durban Platform, this would potentially enable Parties to meet part of their commitments using units of other domestic market mechanisms.

This means that future carbon markets could resemble the wild west, where units from multiple market and non-market mechanisms are traded wildly and internationally. In a world without a clear set of international standards, this wild trading would certainly lead to double, potentially triple counting and would leave us with no certainty on how much 1 tonne of CO₂ really is.

Before any firm decision on either the NMM or the FVA can be taken, delegates need to get their heads around what they actually want and whether we really need more carbon credits. ECO calls for caution: any decision must depend on a set of international standards that guarantee real, permanent, additional and verified emission reductions, including a registry for transparent accounting and tracking of all emissions units, economy and sector emission caps, and transactions. These standards must also ensure that mitigation actions secure global net atmospheric benefits, avoid double-counting and deliver sustainable development benefits.

Dear delegate, take a good look at the lessons learnt with the JI: centralised governance for international consistency of standards hasn't worked. Step down from your horse and start working on common core standards!

Floating In Hot Air

While ECO has not yet given up on countries strengthening their national emission reduction targets, there is another simple step that will have a substantial impact. Up to 13 billion tonnes of impact in fact. And ECO knows that the negotiators are well aware of the fact

that strong new rules to eliminate the gigantic surplus of emission permits from the Kyoto Protocol's first commitment period will make a real difference. As our dear readers may have noticed, it's a subject very dear to ECO's heart. We have been active in naming and sham-

ing Poland, Ukraine and Russia for fighting for the rights to sell their hot air. We have called out the EU for losing its way on the road to progress and on leadership.

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Where Are the NAMAs for Arab Countries?

Having COP18 in Qatar presents a unique opportunity to move forward with mitigation and adaptation efforts for climate change in the region, as well as for climate finance. With this in mind, ECO is calling for leadership from the Arab states beyond the conference hall.

ECO supports Greenpeace's call for east-west regional integration in the Arab world with regard to the research, financing and development of renewable energy technologies. This regional cooperation can build on the work already done by individual states in renewable energy development, while developing a new role for regional states at the forefront of clean energy technology innovation.

Renewable energy cooperation will also promote economies of scale

and fraternal ties crucial to dealing with the other pressing climate impacts faced by many regional states: growing water scarcity amid shifting weather patterns and, in some, projected sea-level rises on coastal communities and aquifers.

Climate mitigation requires both regional and global efforts to switch from dirty fossil fuels to safe renewable energy sources.

ECO favours a regional approach in which economic diversification crucial to future prosperity is built on sustainable national and regional energy strategies—where renewable energy progressively takes the lead role in generation. This includes a transformation away from fossil fuel over-reliance.

Qatar and fellow Gulf States have the economic capacity to make this

shift and simultaneously play a key role in climate change financing. For equity reasons, this should only occur in the context of Annex 1 fulfilling their commitments to climate finance.

Where market adjustments are made, Greenpeace has demonstrated in its Energy [R]evolution work the capacity of Middle East States and the world as a whole to make the rapid switch to solar and other renewable energies, which are already becoming cost competitive, despite the massive subsidy advantages that fossil fuels enjoy.

For Arab states, renewables provide the promise of energy sovereignty and the path to sustainable development and prosperity. But the Arab states are not the only ones who have not submitted their NAMAs.

Floating continued

Yet it is not just these countries that are standing in the way of bursting the hot air bubble.

STOP THE PRESSES! It seems that the talks have birthed their latest (non)-negotiating group. Yes, ECO has been hearing rumours that there is a group of Kyoto members, including Australia, Norway and Iceland, forming around a non-position on the carry-over of surplus emissions. It seems they even got a name—if not a position—called the “Fence-Sitters Group.” Perhaps sitting on the fence is a comfortable place to be, when you are surrounded by other countries’ hot air?

ECO knows that any surplus AAUs from these countries are

not the real reason for concern, yet the Fence-Sitters have the power to do something positive. Get down off that fence and take the lead. Fence-Sitters, you have a series of options that can make a difference – go with the G77 position or check out the Switzerland proposal and take your pick. The world needs to hear from you, and ECO is all ears!

Because what it comes down to is a choice between win-win, where these Parties can move the talks forward and get more emission reductions, or lose-lose by putting the talks at risk and missing out on the chance of strengthening the KPCP2.

Of course they should not forget that there is another way they can make the KPCP2 more effective - these Parties could always up the ambition of their QELROs...

Ending the Subsidy Silence

Earlier this year, ECO was delighted to read submission upon submission referencing the potential for removing fossil fuel subsidies to contribute substantially to pre-2020 mitigation ambition. In fact, it was so exciting that we counted the countries represented by these submissions. Turns out, over 110 countries supported submissions calling on fossil fuel subsidy reform to be included as an option for raising mitigation ambition.

Well, Thursday morning it seemed as though many parties had forgotten about these submissions, only a few months after they were sent in. Despite hours of discussion, fossil fuel subsidies seemed to not have made it into the morning’s ADP workstream 2 discussions.

Fortunately, not all countries have fully

forgotten this issue, though, and yesterday afternoon’s ADP session provided some hope. ECO would like to thank the Philippines, Costa Rica and Switzerland for recognizing this important opportunity for additional pollution reductions. (ECO would also note rumours that the US and Mexico referred to fossil fuel subsidy reform in other sessions in recent days as well).

The IEA has told us that removing fossil fuel subsidies could close the mitigation gap by nearly one half between existing pledges and what’s needed by 2020 to put us on a path to limit global warming to 2 degrees.

Of course, ending fossil fuel subsidies is not going to be easy, but the first step is to recognize the potential and begin

the work. Rich countries should end their subsidies to producers first, and as quickly as possible. Developing countries should be supported in developing plans to remove their subsidies for fossil fuels in such a way that ensures protections for the poor as well as improvements in access to energy.

It’s been over 3 years since the G20 and APEC countries agreed to eliminate fossil fuel subsidies, and the Rio conference on sustainable development earlier this year also pointed to fossil fuel subsidy reform. The ADP can help push these efforts further by acknowledging fossil fuel subsidy reform as a means to achieve greater pre-2020 mitigation ambition.

Little Brother's Lessons

Joint Implementation (JI) is the much neglected little brother of the CDM. Yet JI needs careful watching, not just because hundreds of millions of credits have been issued under JI that basically launder hot air and have zero environmental integrity. But also, because JI shows us what we could face with new market mechanisms, if we do not insist on stringent international rules and oversight.

Here in Doha, Parties are discussing how to reform the JI to make it fit for post 2012. ECO welcomes the suggestion of eliminating Track 1, under which host countries can unilaterally approve projects and issue credits without any international oversight. 95% of all JI credits have been issued under track 1, many of them with blatantly no environmental integrity.

Let's look at Ukraine, the biggest supplier of JI credits with 69 projects registered under track 1. Sixty of these projects were audited by one single auditing company, paid for by

the project developer. Normally such an audit takes many months, but some of the projects were miraculously audited in as little as 7 days. That hardly inspires confidence... Many of these projects requested registration only in the last couple of years but receive so called "early credits," for emission reductions achieved before the Kyoto Protocol started, some receiving credits going as far back as 2002. These projects hardly needed application to JI rules, since they were implemented long before the mechanism started functioning.

This is not to single out Ukraine. It is just to point out what happens when countries can unilaterally issue credits which can then be used for compliance under a global regime. Short-term self-interest trumps long-term climate security. Dear Delegates, please remember this before you enthusiastically endorse an anarchy of approaches and standards under the LCA's Framework for

Various Approaches. The UNFCCC needs to lay out common rules for mechanisms to ensure integrity. We now know from the JI that approval at national level without UNFCCC oversight simply doesn't deliver.

Unfortunately, the suggested new rules for one unified JI track are insufficient to ensure JI's climate integrity. Environmental integrity criteria have to be strengthened (i.e. additionality and baseline rules). Non-additional JI projects undermine mitigation goals, especially when they are implemented in countries with a large AAU surplus. Therefore it is vital that only countries that have an ambitious reduction commitment should be able to host JI projects.

The window of opportunity to prevent catastrophic climate change is rapidly closing. We cannot afford any distracting market mechanisms that do not deliver new and additional emission reductions.

Stabilisation Fund Won't Save the CDM

It is no secret that the future of the CDM looks grim. According to the High Level Panel on the CDM Policy Dialogue, the CDM will produce an excess of roughly 1.25 billion offset credits because of low ambition by developed countries. This has driven the prices in the cellar and stirred creativity on how to keep the market flourishing. In the CMP opening plenary, India suggested setting up a stabilisation fund to buy up excess offset credits – something that has also been recommended by the High Level Panel on the CDM. A large chunk of the excess offset credits will come from HFC-23 destruction facilities in India and China. Credits from such HFC-23 projects have been banned by major buyers (EU, Australia and New Zealand) for their lack of environmental integrity and sus-

tainable development benefits. With a lack of buyers, such a fund would provide a convenient new source of money!

Even if HFC-23 credits were not allowed in such a fund, there is more to worry about. New findings from the CDM Policy research team show that large-scale power supply CDM projects, which are expected to generate the majority of CDM credits until 2020, are rarely additional and therefore increase global emissions. This means that such a stabilization fund would largely buy up excess credits from industrial gas projects and from projects that are unlikely to be additional. This seems like a terribly bad use of scarce climate finance. Certainly there are much more effective ways to spend mitigation money, such as directly supporting the

implementation of renewable feed-in-tariffs and other proven policy measures.

Furthermore, if the CDM wants to be fit for the future it needs to get rid of its excess baggage of business-as-usual projects that inflate its supply. Banning credits from project types that are highly unlikely to be additional after 2012 would get rid of 1.6 billion offset credits between now and 2020. Stopping such projects from renewing their crediting period and not allowing the registration of new projects would also go a long way.

Instead of putting money into the CDM stabilization fund, developed countries should raise ambition and put money on the table to help developing countries take actions that transform their economies to low-carbon development path. It's as easy as that.

The First Place Fossil is awarded to Poland. Back home in Poland, Environment Minister Korolec, revealed the country's position on the Doha talks – claiming the carryover of AAU credits is NOT a priority issue, but that the length of the second commitment period and the obligations contained in the Kyoto Protocol are. We should remind the minister that carryover of AAUs influences the level of ambition in CP2.

Moreover, Poland does not want to give up even one tonne of their huge surplus of AAU emission allowances to contribute to the environmental integrity. Why? Warsaw believes their AAU surplus is a strictly national issue. Hello...!! Carbon emissions know no national borders and the issue is a key element of the CP2 negotiations!

The Second Place Fossil of the Day goes to Russia. The Russian vice Prime Minister confirmed on Wednesday following ministerial talks that the country will not sign on to the Second Commitment Period of the Kyoto Protocol. Next week, Russia will announce its emissions reduction targets, but they will not be attributed to the Second Commitment Period, which Russia strongly opposes. This also means that Russia will lose the chance to take part in JI (Joint Implementation) projects in the future, something that the country was striving to be involved with. This will have a negative effect on both the economy and low-carbon development in Russia.

