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ECO email: ecopaper@hotmail.com – ECO website: <http://www.climatenetwork.org/eco> – Editorial/Production: Nithiyananthan Nesadurai/ Sander Wijsman

US Electoral Earthquake

Tuesday's mid-term elections in the United States swept the Democrats back into power in the House of Representatives, and could give them control of the Senate as well if the one remaining undecided race breaks their way. This political tsunami was largely the result of US voters' frustration with President Bush and his conduct of the war in Iraq. But it also will have important implications for future US energy and climate policy.

One of the six elements of the Democrats' election campaign platform calls for reducing US oil dependence and energy prices by investing much more heavily in energy efficient technologies and renewable energy sources. Speaker-of-the-House-to-be Nancy Pelosi has termed the Bush-Cheney energy policy "an abject failure for the American people," and says it is time to "send our energy dollars to the Midwest, not the Middle East."

Increased funding for clean energy research and expanded incentives for use of bio-energy and other renewable resources like solar and wind are clearly on the agenda for the new Congress. A federal standard requiring electricity suppliers to generate more of their power from renewable energy, which has twice passed the Senate, may now move through the House as well. Pressure will also mount to increase fuel economy standards for automobiles and light trucks, though final passage is by no means certain. President Bush, who publicly acknowledged Americans' "addiction to oil" in his last State of the Union speech, might be hard-pressed to veto reasonable energy legislation sent to his desk by the new Congress.

Unfortunately, the same cannot be said when it comes to global warming. There is

absolutely no indication that this president will drop his long-standing opposition to mandatory limits on greenhouse gas emissions, or reverse his decision to pull the US out of the Kyoto Protocol. Progress on this issue must await the next president taking office in January 2009; the good news is that leading candidates in both parties are on record in support of federal legislation to limit US emissions.

But the new Congress will challenge the Bush administration's global warming policy on several fronts. The new Democratic chairmen of the House Government Reform and Science Committees are both vocal critics of the administration's efforts to block federal agency climate scientists like Jim Hansen from speaking freely to the press and public about the dangers of climate change. If the Democrats take over the Senate, the current Chairman of the Environment & Public Works

Committee, James Inhofe (who has called climate change the "biggest hoax ever perpetuated on the American people") would be replaced by Senator Barbara Boxer, a leading sponsor of legislation to cut US greenhouse gas emissions 80 percent by 2050. The Senate Energy Committee would be chaired by Senator Jeff Bingaman, another proponent of action on climate change and the only member of Congress to attend last year's negotiations

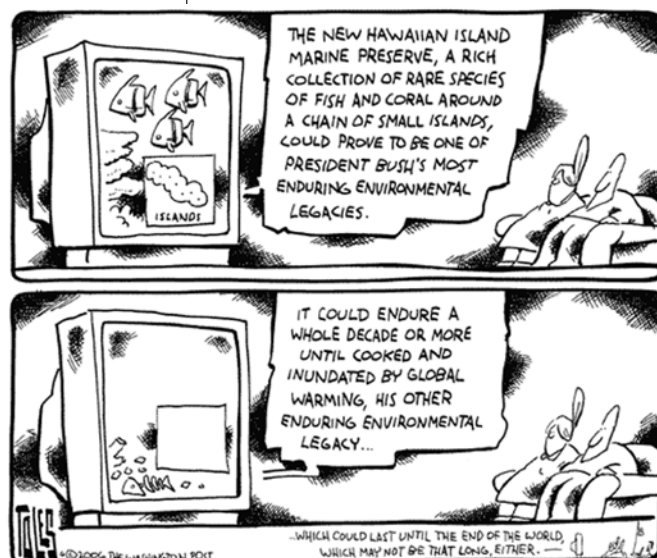
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Showing the Way Forward

Yesterday, in the SBI, Parties presented their opening statements on the operationalisation of the Adaptation Fund (AF), a vital instrument that can significantly assist developing countries reduce their vulnerabilities to impacts of climate change. Led largely by the G77 and China, the Least Developed Countries group and AOSIS, the statements were a display of good faith and goodwill. ECO hopes this spirit will be sustained to ensure the prompt start of the AF before 2008.

Delegates involved in the final negotiations at the SBI meeting on governance of the AF last May in Bonn expressed serious concerns on the possibility discussions could get deadlocked. ECO therefore was pleased to note that Parties, instead of wading once more into an unhelpful impasse limited to the matter of

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CCS in CDM: First Things First

Today, the Clean Development Mechanism (CDM) dialogue on carbon dioxide capture and storage (CCS) in the COP/MOP (Item 5) will be addressed as a possible technology to mitigate climate change.

Article 12 of the Kyoto Protocol states the purpose of the CDM shall be to assist Parties not included in Annex I in achieving sustainable development. The CDM should provide an important opportunity to help developing countries “leapfrog” the unsustainable fossil fuel economy.

However, it has so far failed to deliver this. In many cases only the climate benefits of projects are credited under the CDM, but sustainable development in a more general sense is not. If CCS – an expensive technology – were to be included in the CDM, it could for example divert investments from renewables and energy efficiency, and the multiple long-term benefits they provide, including sustainable development opportunities. This would allow large point sources, or major projects, to become attractive targets for this technology. Smaller projects with direct benefits for local communities but may deliver fewer Certified Emission Reductions will lose even more ground.

Proponents of CCS are looking at the CDM to incentivise the technology. However, there is no regulatory framework in place in either Annex I or non-Annex I countries which addresses the monitoring and verification of emissions reductions and ensures the carbon dioxide will be safely stored.

CAN believes the requirements needed to assure proper site selection, operating practices to assure permanent retention of injected carbon dioxide, monitoring, measurement and

verification provisions, and responsibility for leakage of injected carbon dioxide should be developed before any decision is taken for CCS to be included in the CDM.

Further, CAN has specific concerns regarding CCS that should be addressed before any decision for its inclusion in the CDM takes place. They include:

- **Sustainable development:** The lack of adopted requirements for selection, operation and monitoring of CCS projects required to demonstrate that use of the technology will be environmentally “safe and sound”. (The Marrakech Accords make this a requirement for inclusion in the CDM.)
- **Accounting and crediting:** Key issues remain about what happens if leakage occurs during the project once it has been already issued with credits.
- **Other issues:** Issues such as permanence, responsibility and insurance against leakage need to be addressed in an adequate framework that ensures environmental integrity. CCS project operators will need to demonstrate to duly constituted regulatory authorities that storage sites have suitable geological characteristics for indefinite retention and have emergency remediation plans in place.

Given these concerns, the fate of CCS in the CDM should not be decided until these issues are resolved.

Without appropriate safeguards, certainty and establishment of a strong regulatory framework to minimise risks and liabilities to future generations and the environment, CCS could compromise the sustainable development objectives of CDM.

“Fossil of the Day” Award

The Climate Action Network’s highly popular “Fossil of the Day” Awards kicked into action on Tuesday morning. Used as a means to name and shame Parties that behave in an irresponsible manner during the negotiations, the awards are closely followed by both Parties and other participants at the climate COPs.

On Tuesday, Australia was awarded first place for comparing its vulnerability to climate change to that of Africa and the Pacific countries during Monday’s SBSTA Plenary.

Voted into second place was Saudi Arabia for wanting equal treatment for response measures under the Adaptation Fund. The Adaptation Fund must focus on giving money to the most vulnerable countries.

Not content to let anyone else share the glory, Australia and Saudi Arabia shared joint third place for insisting on limiting the time for negotiations to 6pm and, thereby, the ability to work. However that did not stop Australia, at the same time, from making a long intervention although it was well past 6pm.

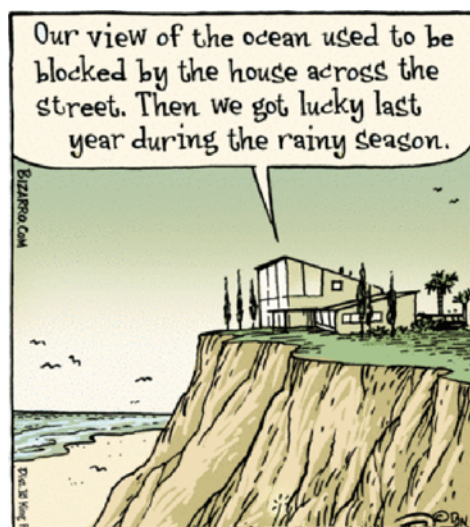
Canada won first place on Wednesday for misrepresenting its commitments, at Tuesday’s Ad Hoc Working Group meeting, to reduce greenhouse gas (GHG) emissions by 45 to 65 per cent by 2050. The problem? It did not state these reductions were based on a 2003 base year and not 1990. It should be noted that between 1990 and 2003, GHG emissions in Canada increased by 24 per cent.

Always competitive, Australia outshone other Parties to take second place. On Tuesday’s SBI Plenary, it stated consideration should be given to small island developing states and agreed with the need to increase funding for adaptation. However, it mentioned this should not compromise funding for carbon dioxide capture and storage.

Newcomer Kuwait joined Saudi Arabia to share joint third place. Both suggested, in SBSTA on Tuesday, to delete the item on emissions from fuel used for international aviation and maritime transport.

– US Electoral Earthquake, *from front page* – in Montreal.

There was also progress at the state level in Tuesday’s elections. Duval Patrick’s successful bid for Governor of Massachusetts means that state will rejoin the Northeast Regional Greenhouse Gas Initiative and is a boost for Cape Wind, America’s likely first offshore wind farm. Similarly, California Governor Schwarzenegger’s re-election victory can be read, in part, as a reward for his championship of the state’s new mandatory climate action plan. And voters in Washington state passed a ballot initiative requiring that 15 per cent of their electricity come from renewable sources, joining the 20-plus states that have already adopted renewable energy targets.



– Showing the Way Forward, *from front page* – designating an entity to which the operation of the AF would be entrusted, demonstrated positive determination to prioritise issues crucial to the urgently needed operationalisation of the AF, such as governance, structure and modalities.

The AF is of paramount importance to vulnerable developing countries. Its operationalisation is within reach if Parties sustain the constructive engagement conveyed in yesterday’s SBI.