



Offsets under ICAO's GMBM Ensuring Environmental Integrity

Conditions and Opportunities for CORSlA under the Paris Agreement

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Paris Agreement

Not at all a „Regime“ – many questions are open

- Conditions for undertaking international mitigation activities under Art. 6 PA are not defined and decisions are not expected before 2018
- In 2016 we have seen negotiations only on procedures and not on substance of the new challenges of the new regime
- However options for carbon market based mechanisms and activities are not too divergent between parties favoring carbon markets and carbon pricing
- Art. 6.8, the non-market mechanism, remains a special issue
- A risk to the so-called ‚Paris Momentum‘ is the postponement of items to regulate the CDM transition to Art. 6 PA
- Challenges occurring from the existing governance infra-structure, the methodologies, the additionality test and other tools are still not addressed in the climate negotiations
- But the main challenge is the rescue of CDM pipeline and the continuation of the ongoing emission reductions



How can UNFCCC provide emission reduction outcomes for CORSIA?

- Today only CDM could deliver international certificates under UNFCCC supervision: until 2020 there are no restriction for using CERs
- There is no double-counting problem and gap of supply
- Beyond 2020 KP will not end legally, however there will be no CP3, legal decisions has to be taken to allow for the further performance or new CDM projects

However, we are not in favour of such a solution

- The issue is to bring ongoing CDM mitigation activities under Art. 6.4
- What is questioned: additionality, ambition, NDC reference, crediting period

Supplemental and supportive conditions

- Keep the principle “a ton is a tone” alive
- Standardization of the methodologies in order to build a global playing field for all incentive and financing streams worldwide



How can UNFCCC provide emission reduction outcomes for CORSIA?

Necessary Conditions

- Robust accounting incl. avoidance of double counting
- Ambition raising beyond the domestic NDC:
Art. 6.1 and Art. 6.5 are explaining the function of co-operative approaches within the Paris Agreement
- A clear reference to the NDCs, declaring the use of Art. 6 as beyond the unconditional part of the NDCs, will be necessary but not sufficient
- Additionality of emission reductions has to be ensured in the system, which should probably be based on the CDM additionality tool, but might be broader
- **UNFCCC oversight is an advantage, however bilateral mechanisms under Art. 6.2 might be empowered to ensure environmental integrity**
- Questions are transparency, robust accounting, standardized baselines and methodologies, independent certification, etc.

Demand and supply arguments

Demand

- Estimations are at the high end up to 5 Gt in total until 2035, which could lead to annual demand of 330 Mio.t CO₂ per year
- For host countries this is the first huge demand after the collapse of demand for CDM and JI in the still not existing CP2

Supply

- Kyoto Protocol: Under CDM only 1,7 billion CERs has been issued so far, however there are a lot of projects, which are able to deliver until 2020 and in case of an authorising COP decision also beyond 2020
- CORSIA: The pipeline is depending on the eligibility criteria, which has been adjusted to starting date of projects and vintages of issued CERs; this may restrict the supply dramatically
- Paris Agreement: Art. 6 might be available very late and demand to-date is limited, so arrangement for early use or the transition of CDM are necessary



What have host countries to provide?

On side of PA parties

- Defining the emission reduction potential for international transfers, which could be done on the basis of first NDCs
- Registries (hand-made, but authorised excel sheets should be for the time being sufficient and allowed)
- Procedures to finally book-out the respective emissions reductions with their unique serial number should have a legal basis
- A written form, confirming the commitment of the host country

On side if ICAO

- Transparency issue on the ICAO registry system:
Ensure that the use of international certificates could be checked by their serial numbers



What could be done until 2020?

- Capacity building in host countries
- Support for the work out of NDC or detailed programs
- Requirements for providing certificates for CORSIA are not different for host country to the procedures on the ITMOs, which are remaining under the umbrella under the PA
- Creating offsetting-funds as pilots or in the long run might be chance for airlines and host countries
- Important role for private companies working on the voluntary market for private compensation of flight emission
- Important role of global players on carbon markets, especially the Wordbank



Thank you !

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