

| Pillar | Problem statement | Facts and figures | Policy measure(s) |
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| <i>Environmental integrity</i> | <ul style="list-style-type: none"> - Existing market mechanisms (e.g. CDM) are built on sound scientific and economic principles that reflect progress in policy, infrastructure, and institutional development over 10+ yrs - Concerns about the ability of these mechanisms to deliver environmentally additional reductions reflects a need for <i>targeted</i> regulatory reform - Failing to address environmental integrity concerns risks undermining public confidence in market mechanisms like the CDM, just as fundamentally changing or abandoning the mechanisms risks undermining investor trust and certainty and 10+ years of institutional progress - Maintaining confidence in existing institutions is in the long-term interest of market actors like EcoSecurities, but we require clear & appropriate regulatory parameters and incentives to do so | <ul style="list-style-type: none"> - The CDM was originally developed in line with Kyoto’s three primary pillars: 1) precautionary principle, 2) common but differentiated responsibilities, and 3) the right to development - The CDM has resulted in significant emission reductions: 139 MCERs issued and 1,510 MCERs expected to be issued between 2008-2012 - According to Flues, Dreher & Michaelowa (2008), “ year of the EB decision shows a significantly negative coefficient indicating that EB decisions have become stricter [more environmentally integrous] over time” - Critiques of the CDM from, e.g. WWF, Michael Wara & David Victor, are often unfairly represented as promoting a “ditch it, don’t fix it” approach, when in fact they advocate many of the same policy reforms noted herewith, e.g. moving to benchmarks, revisiting the role of DOEs, etc. to improve the environmental integrity of the CDM - WWF, “the CDM has considerably changed GHG emissions paths in some sectors in developing countries. For example, it is likely that by 2010, there will be no adipic acid and nitric acid plants or major landfills that have not installed GHG abatement technologies.” - DOEs are overloaded; requests for VV&M are backed up for months | <ul style="list-style-type: none"> - Build a case-law system of previous guidance and decisions to apply to future projects to promote standardized environmental benefits - Move towards a benchmarked approach to additionality such that the highest realistic (not absolute) level of environmental assurance is reasonable and acceptable - Shift the responsibility for payment of DOEs from the project proponent to the EB, thus alleviating concerns about collusion between PPs/DOEs - Enforce sufficient training and experience in the DOE’s validation/ verification team through quarterly platforms for experience-sharing between DOEs/ EB/ Secretariat - Appoint an independent organization to evaluate DOE capability, which would possess a working knowledge of VV&M - The accreditation of poorly performing DOEs should be reviewed and possibly revoked; this information should be public so PPs can choose competent DOEs - Standardize DOE accreditation procedures with international standards like ISO, ensuring consistency of DOEs (and CERs) - Invest a percent of PP fees in developing university programs to train new verifiers for DOE staff |

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| <i>Extend CDM beyond 2012</i> | <ul style="list-style-type: none"> - Reducing GHG emissions requires private investment on a massive scale - Private sector investors need clear incentives without unnecessary institutional risk - These investments have a multi-year planning cycle, and involve large up-front capital costs - Non-carbon revenues are often spread across several decades, without a fixed lifetime - The diminishing window for credits under Kyoto is already limiting the relevance of CDM for certain projects - The projects most affected are often the most desirable (renewables and energy efficiency) - Dec 2009 is a long way off | <ul style="list-style-type: none"> - Promising new technologies require up to 18 months of testing and trial operation before they are deployed, plus construction time. With only 4 years before Kyoto expires, deploying new technology has become almost infeasible. - For a large renewable energy project, CERs can provide as much as 15% of overall annual revenue. But with credits ending in 2012 on projects with a 30-year lifetime, carbon credits provide less than 3% of overall project revenue. - Our threshold volume for signing projects used to be ~30K CERs/yr. Now it is more like 75K (at least) | <ul style="list-style-type: none"> - International level commitment to the principle of project-based emissions reductions - Explicit commitment to projects types and/or host countries that are “safe” for CDM - Other measures that can happen pre-2009? Is there anything already under discussion? |
| <i>CDM governance and case law</i> | <ul style="list-style-type: none"> - To keep pace with project flow, the CDM EB needs to move toward a more executive role and devolve authority to DOEs and others. - To reassure investors, there must be more consistency in the CDM decision process. This includes consistency between EB and DOEs as well as between past and future EB decisions. - The CDM EB currently lacks a detailed mandate to devolve authority or to remain consistent in decisionmaking. - Reform of CDM must include specific procedures for selection of EB members, terms of service, scope of authority and responsibilities. | | <ul style="list-style-type: none"> - Article 9 Review of CDM (need suggested draft scope and terms) - Full time EB (if this isn't dead) - Increased credibility of DOE accreditation |

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| <i>Global interoperability</i> | <ul style="list-style-type: none"> - Atmospheric science supports the principle that mitigation measures should be considered equivalent irrespective of where they occur - Economic principles also support the global interoperability of a climate regime that ensures fluid international markets with minimal barriers - These aforementioned principles dictate the importance of a solution that is global in scope; national policies and/or interpretations of global approaches must be interoperable across borders - Interoperability will ensure the greatest quantity of reductions are achieved globally in the most efficient manner, and via a highly liquid market - Unfortunately, political maneuvering, strategizing and competition seem to indicate the possibility of a globally fragmented approach | <ul style="list-style-type: none"> - No idea what to put here... | <ul style="list-style-type: none"> - Promote continued existence and scale-up of CDM in the present and post-2012 - Promote standardization and consolidation of existing methodologies, and trend towards benchmarked methodologies for greater global standardization and interoperability - Discourage policies such as discounting credits, or other punitive measures from, e.g. certain countries, as this hinders liquidity, fungibility, and interoperability, and could trigger a WTO challenge |