



# Proposals on JISC fees:

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Implementation**

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## Background

# How current fees are seen by Developers



Fee is an **unavoidable cost** to be paid either by:

- Project developer
- Project owner
- Carbon buyer

In any case this is the obligation of the **project participants**.

If there is a risk of a project not delivering emission reductions (e.g. not implemented yet etc.) payment of the **fee can be delayed**

**Track 1**, at the moment, is **more attractive** in terms of fees to be paid for large-scale projects (one time flat fee vs. fee proportional to emission reductions paid at the moment of determination/verification)

# Necessity for changes



- JISC is not going to use any funds from the T2 fees until **2012**
- Accumulated T2 fees account for **USD 2.5 mln**
- There seems to be enough resources available for operation of JI in the **first commitment period**
  
- For **future periods** financial arrangements must be changed in order to take into account unpredictable volumes of project activities
- Volume of project activities is depending on the **architecture and timeframe** of the future operating model of JI

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## Options review

# Option 1



No changes:

- We support this for the **CP1**
- Additional contributions from Parties may be required in **2013**



## Option 2



Raise the advance payment for T2:

- We do not see the need for this in the **CP1**
- **T2** submissions are slow and scarce even under current fee structure, raising the fee will provide additional motivation to go **T1**
- If this is introduced or suggested now the timing will coincide with the **suspension** of some Host Parties to transfer credits under **T1**



## Option 3



**Raise the fees for T2 and T1:**

- We do not see the need for this in the **CP1**
- The insufficient number of project activities to maintain the current level of fees **cannot justify** the increase of this level

## Option 4



### Establish the fees for Parties:

- Can be established for **future periods**
- The Parties, especially those who host JI projects, use this mechanism as **policy instrument**
- They should support the continuation of the JISC functions

# 3

## Conclusions

# Conclusions



- We support the current fee structure for CP1
- Future changes may involve introduction of a **fee for Parties**
- The JISC can consider adjusting **T1 fees only**
- Retroactive application of fees is not supported



**Thank you for your attention!**

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