

Enabling environments for effective national implementation of mechanisms

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Examples from German JI Experiences



Contribution to
COP 21 – JISC Side Event
How a crediting mechanism can assist countries in
their INDCs

Roland Geres, FutureCamp

Paris, 30 November 2015

Services

Management & strategic consulting



sustainability & climate strategy
committee work | innovation processes
Global Climate Governance

Climate & environment



EU emissions trading | emissions
reduction projects | CDP | CSR reporting
carbon footprint | Life Cycle Assessment
water footprint | emissions compensation

Energy efficiency



ISO 50001 energy management systems
DIN EN 16247-1 energy audits
evaluation & monitoring

CO₂ trading



trading services | marketing of
certificates | market analysis
project & offer assessment

Analysis & knowledge transfer

Workshops, training & seminars
moderations | capacity building
research, studies and expertises



FutureCamp Akademie

Practice-oriented seminars about
climate, energy & environment



Development of more than 100 climate protection projects (CDM, JI, VER)



30 JI projects / programmatic JI projects:

- Germany, Poland, Lithuania
- Energy and energy efficiency, chemicals, transport
- BASF, Bayer, Bosch Siemens Hausgeräte, EnBw, Lanxess as well as German states like Hesse and North-Rhine Westphalia



More than 50 Gold Standard VER and VCS projects in Turkey

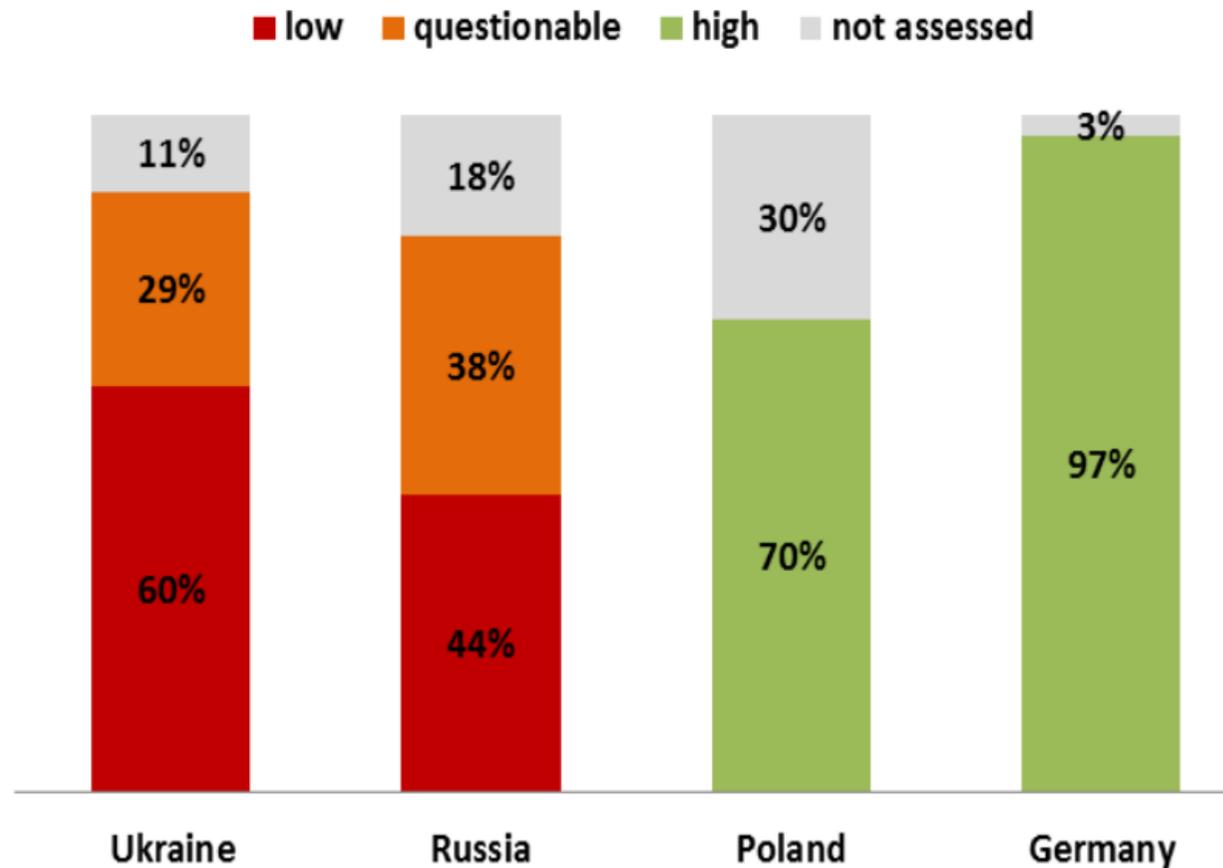
- Wind power, geothermal energy, hydropower, biogas and landfill gas, energy efficiency for the industry



CDM projects

- Indonesia, Georgia, Israel, Cyprus
- Agriculture, hydropower, wind power, energy efficiency
- Development of the first approved CDM methodology for reducing methane emissions in rice farming

SEI study in perspective: environmental integrity of ERUs issued in each country



Source: SEI 2015, Figure 32 (<http://www.sei-international.org/mediamanager/documents/Publications/Climate/SEI-WP-2015-07-JI-lessons-for-carbon-mechs.pdf>)



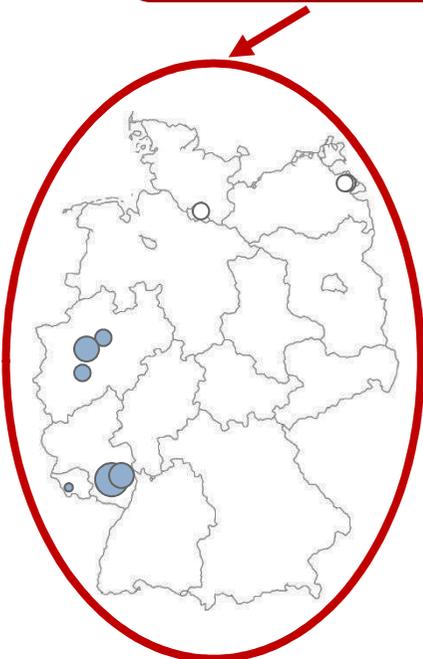
General requirements for JI in Germany

- == Legislative basis: “Act Implementing the Project-Based Mechanisms of the Kyoto Protocol” (ProMechG)
- == Allows generally for JI Projects within Germany
- == Key requirements:
 - Emission Reductions **outside** EU-ETS – rules out “double counting”
 - No combination with public subsidies (renewable energy law and CHP law explicitly mentioned, others de-facto excluded) – rules out “double promotion”
 - Existing Regulations have to be conservatively considered (e.g. dynamic efficiency increase in installation’s approval; acquis communautaire)
 - Crediting period restricted to 2008-2012
- == 2-stage process: Letter of Endorsement and Letter of Approval
- == Investor country approval is needed before first ERU issuance

Other GHGs – non-CO₂ JI projects

**Annual Emissions budget Germany 2008-2012, all GHGs:
974**

non-CO₂: 127 **CO₂: 847**

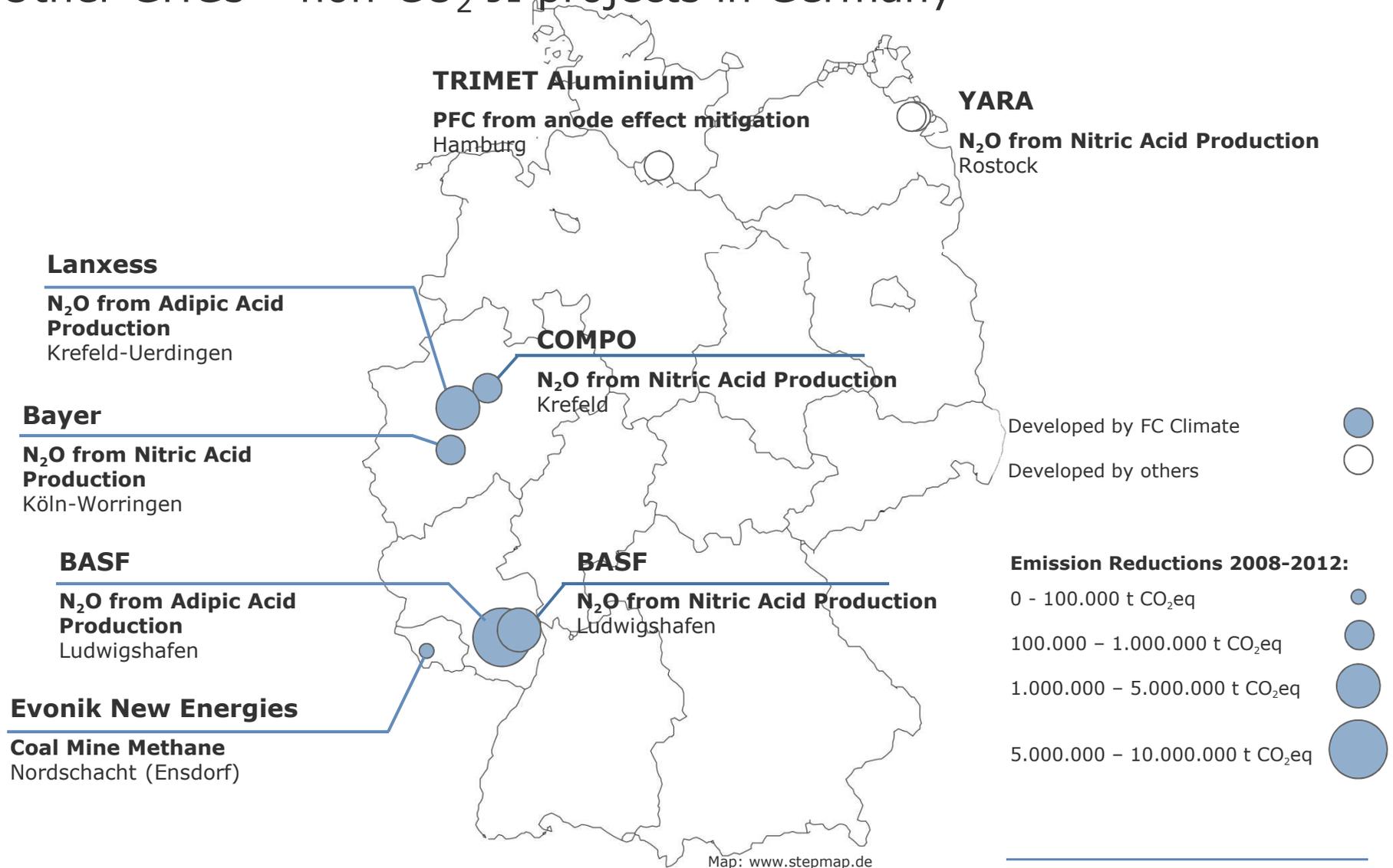


non- ET: Transport, Households & Others: 348 **Energy & Industries: 499**

non-ET: 46 **Emissions Trading: 452**

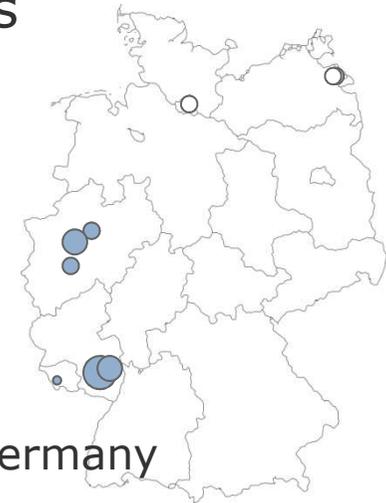
Source: BMU
(in million t CO₂e)

Other GHGs – non-CO₂ JI projects in Germany



Results and experiences: non-CO₂ industrial projects

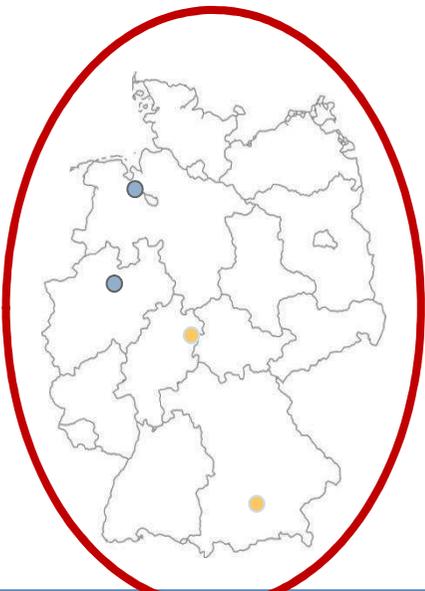
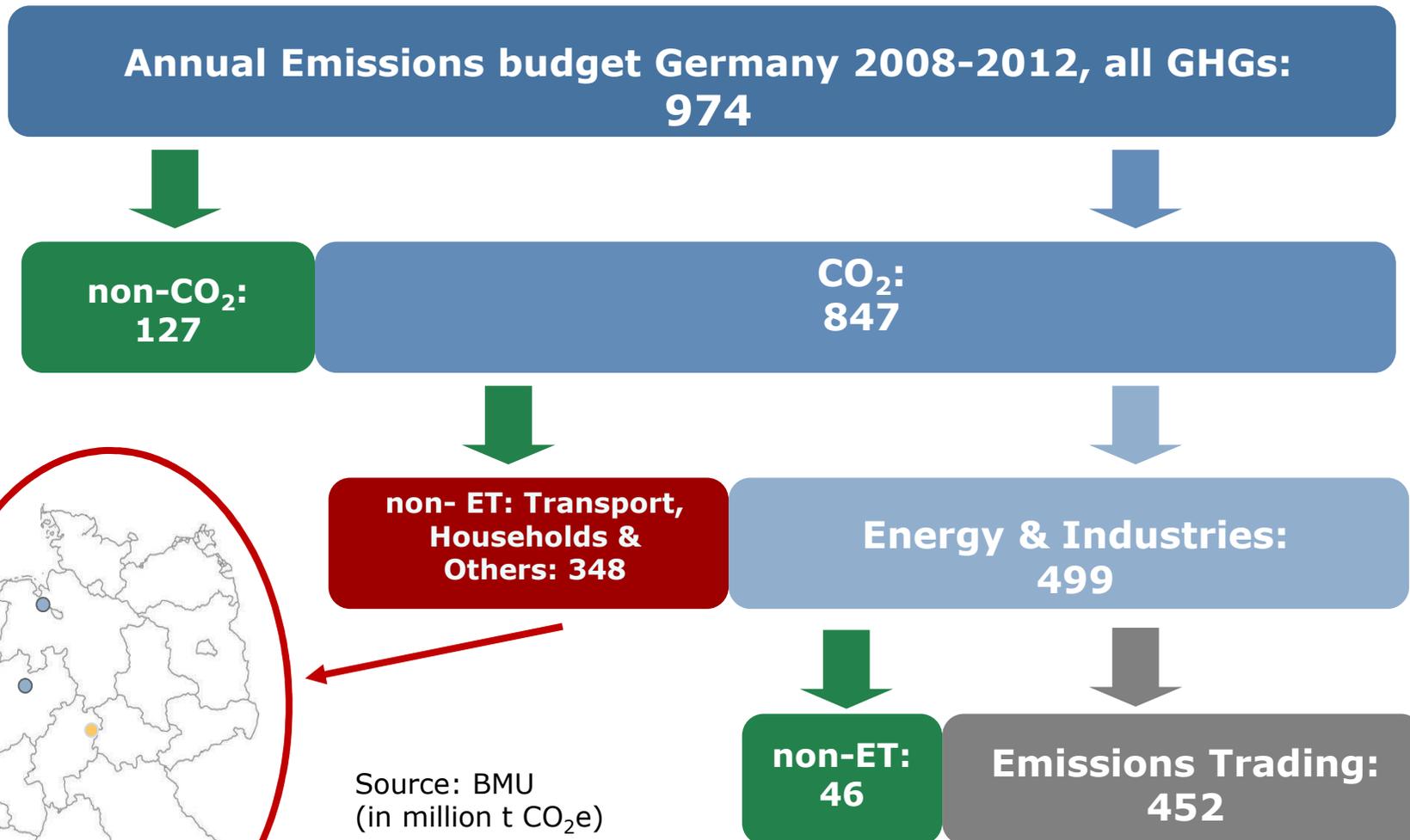
- = Attractive projects with large emission reductions
- = Very ambitious baseline scenarios
(e.g. baseline for adipic acid: 90% N₂O destruction)
- = All existing projects end in 2012
 - N₂O and PFC included in EU-ETS
 - Coal mine gas partly will disappear due to mine closures in Germany



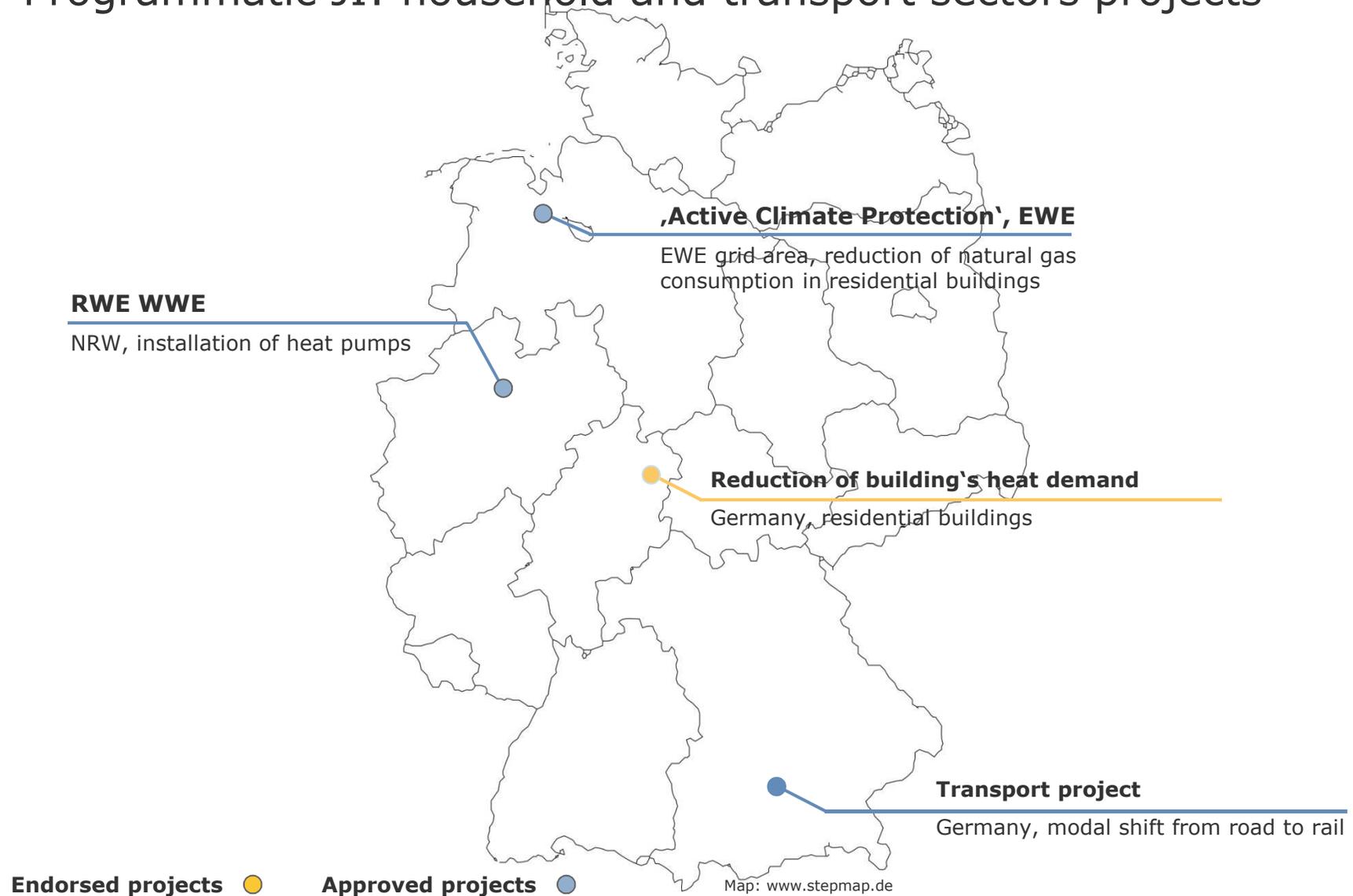
= **Good example that JI/Domestic Offset Mechanism complements ETS**

- Projects helped implementing technologies and methods in installations long before ETS extension
- Standards created by JI have been very relevant for benchmark in EU-ETS
 - within JI-projects new technical standards had been achieved, now setting the benchmark within ETS

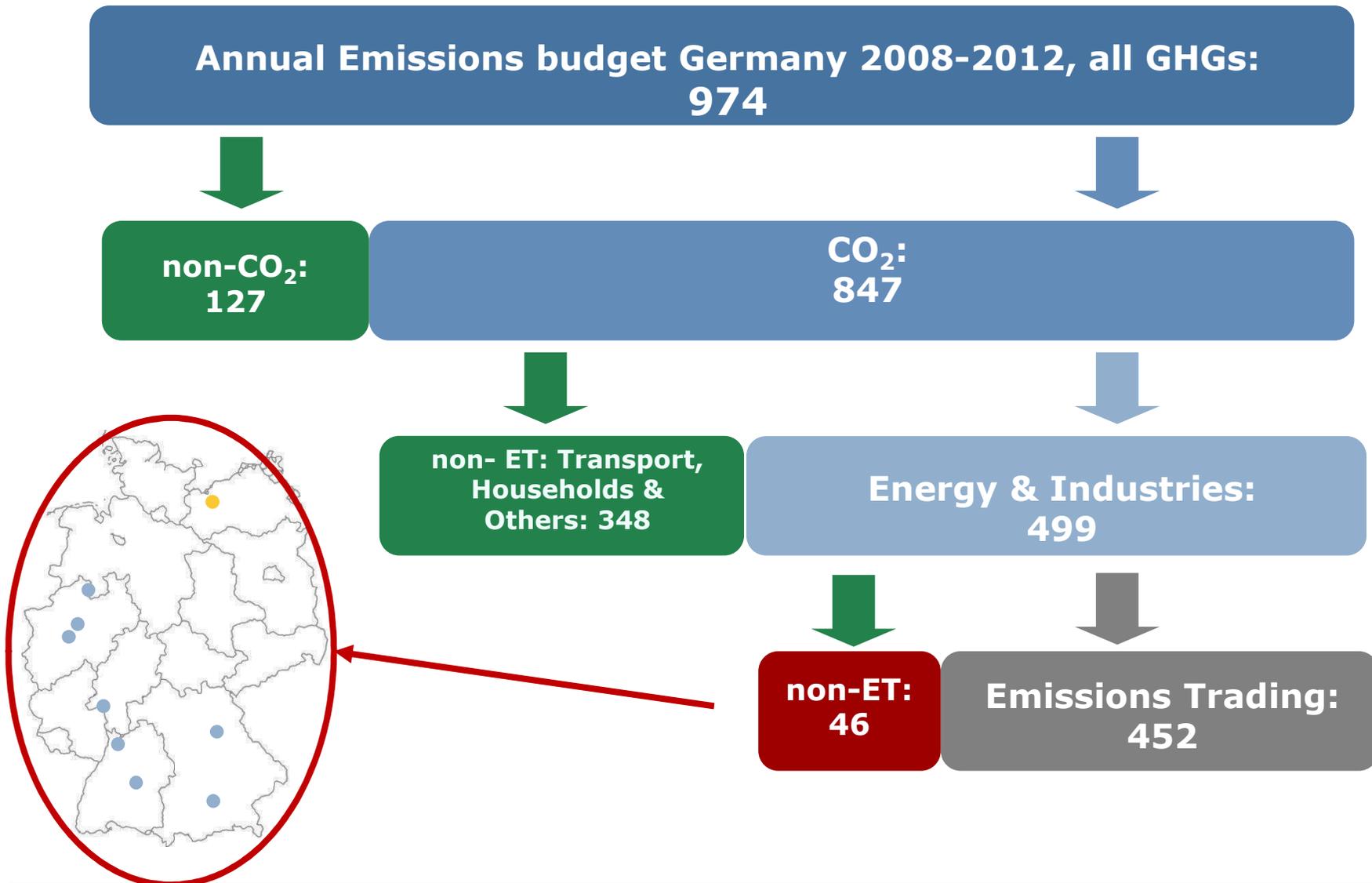
Programmatic JI: household and transport sector projects



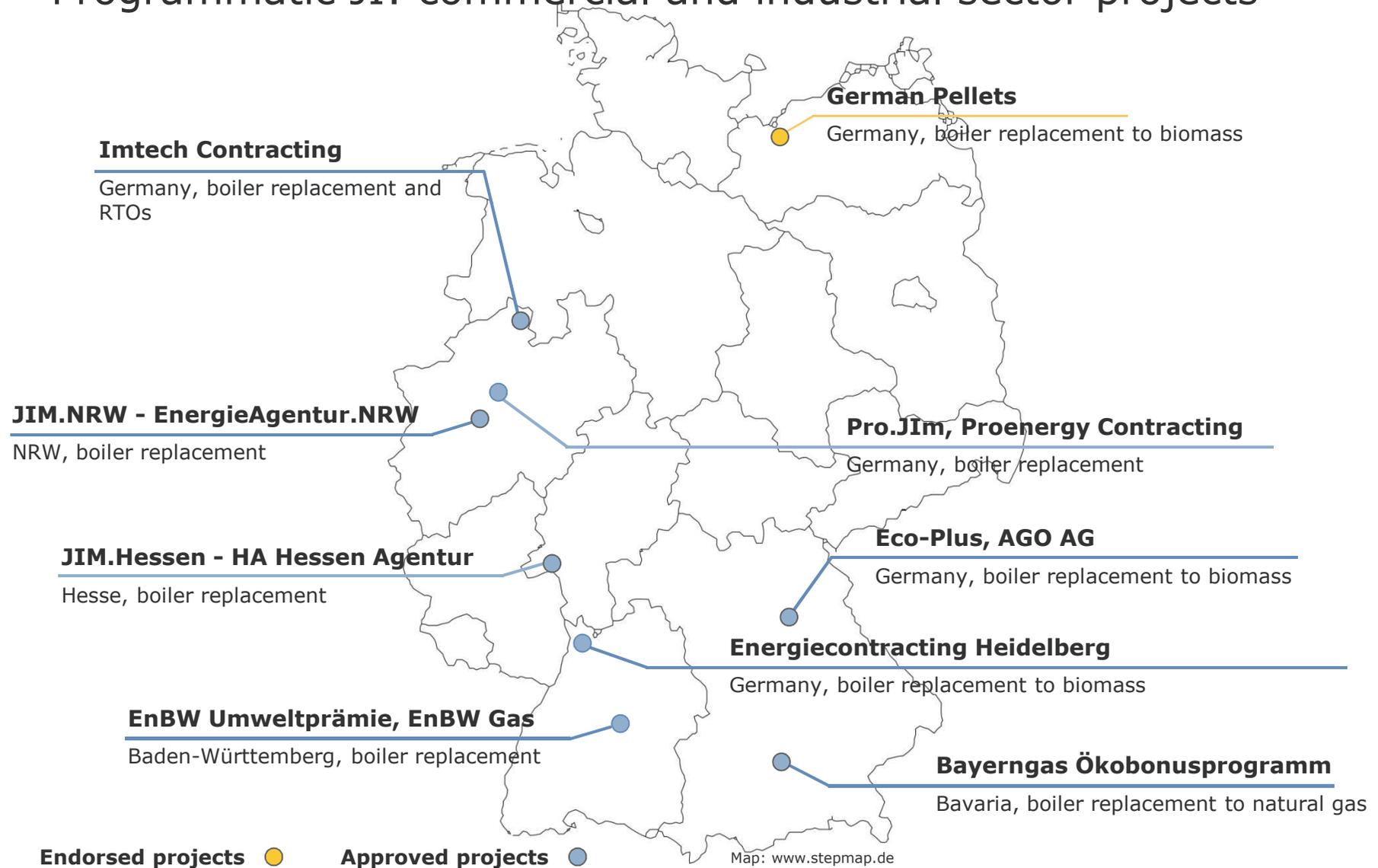
Programmatic JI: household and transport sectors projects



Programmatic JI: commercial and industrial sector projects

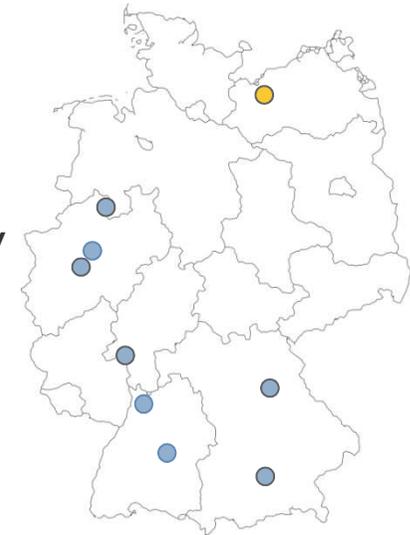


Programmatic JI: commercial and industrial sector projects



Results and experiences: programmatic JI

- = High interest in mechanism once known
- = Successful type: boiler replacement in commercial and industrial installations and municipal heat supply
- = Experiences of running programmes
 - Positive feedback from majority of participants, but
 - Number of participants lower than expected
 - _ Delays in approval procedure and
 - _ Limitation of crediting period (2008-12)
 - _ Economic crisis 2009 (participation depended on investments!)
 - Standardized and simple monitoring approaches are crucial for successful implementation of PoAs – useful standards developed under CDM and JI





(Programmatic) JI: Success factors and Barriers

= Success factors

- Simplicity, clarity, practicability of criteria
- Communication between project developer and authority
- Independent Managing Entity with excellent regional network (e.g. Regional Energy Agency), caring for both
 - _ administrative services and
 - _ regional marketing und acquisition of participants.
 - _ Using their existing marketing/sales structure, regional utilities and/or fuel suppliers were also successful in developing programmes.

= Barriers

- Lack of publicity of mechanism (“JI what?”)
- Economic crisis 2008/9
- Poor reputation of mechanisms at all - without differentiation
- Price collapse
- **Deadline 2012 – much to short crediting period**



Conclusions – Lessons Learned for Offset Mechanisms as part of “enabling environments”

== JI/DOP complements other instruments and esp. ETS

- Helpful tool also for INDCs esp. if national ETS or carbon tax is implemented
- Clear framework necessary as well as demand for units created

== JI mechanism successful in Germany

- Potentials addressed not identified before
- Created net mitigation benefits in order of 5-8 Mio t (2008-12)

== Non-CO2 (Industrial) gas projects

- Very attractive, meanwhile covered by EU-ETS
- proof clearly that JI is not prohibiting ETS extension

== Programme of Activities

- highly innovative and promising approaches on energy efficiency and renewables
- will show their high potential only with longer crediting periods

== JI-like Mechanism

- utilizes creativity of project developers – see CDM!
- activates large investment volumes (5-10 times the value of carbon transfers)



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