



**PROJECT
DEVELOPER
FORUM**

FVA and New market mechanism – what's on the table?

Fourth workshop on enhancing the regional distribution of CDM projects in Asia and the Pacific

4-5 Sep. 2013, Manila 4-5 September 2013, Manila

Gareth Phillips, Chairman Project Developer Forum

FVA and NMM – what is on the table...?

FVA = FRAMEWORK (not a mechanism)

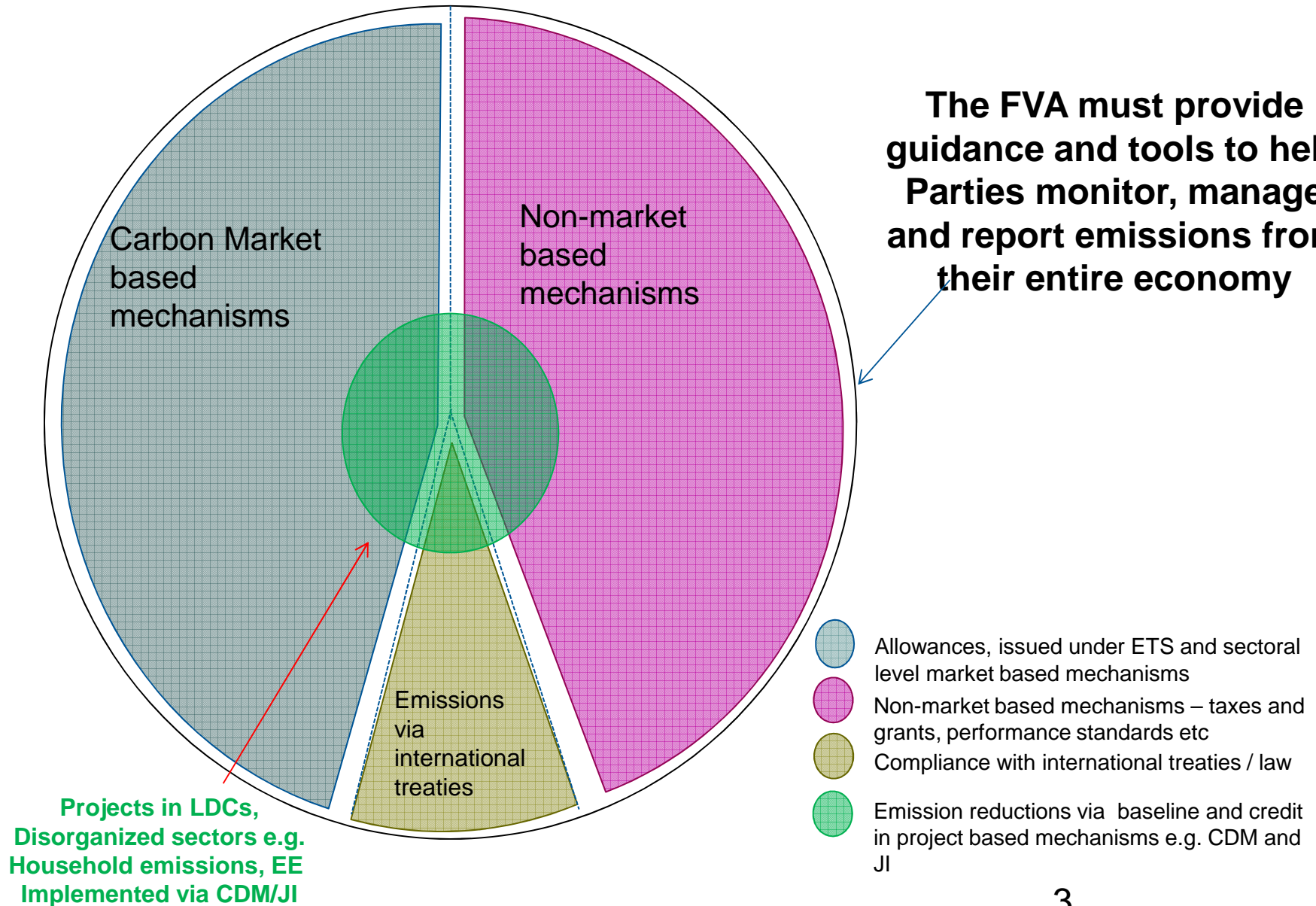
FVA is a framework which provides an “umbrella of minimum standards” for activities to be reported to the UNFCCC - ultimately, this must be all sources of all GHG emissions

It would be a set of guidance, tools, procedures to help Parties implement domestic actions

It would include CDM, JI, NMM and rules for non-market mechanisms

It must cover any units which are the subject of international transaction

Scope of the FVA – an umbrella of minimum standards



New Market Mechanism

- ❑ PD Forum considers this to be a CARBON market mechanism (not a tax or subsidy)
- ❑ We understand that Parties want to use it to scale up activities, and that it must:
 - Ensure environmental integrity
 - Deliver real emission reductions
 - Promote host country mitigation

Existing carbon market mechanisms

- ❑ CDM, JI and IET
- ❑ The new carbon market mechanism is a hybrid of CDM and JI, borrowing features from both
- ❑ It would be implemented in Non-Annex 1 countries / uncapped sectors
- ❑ With other Non-Annex 1 or Annex 1 countries the likely buyers of resulting emission reductions

Key features

- ❑ Targeted at sectors or groups of participants (not individual facilities)
- ❑ Additionality assessed via a series of eligibility criteria including:
 - Participants must submit verified baseline data to the regulator (DNA or CME) – facility wide (like EU ETS), technology specific like CDM or a standardized baseline
 - DNA /CME must develop and operate a registry to hold allowances
 - Allowances must be allocated to participants in a transparent manner following guidelines (grandfathering / auctioned / banking rules etc)
 - Other criteria would include creation of necessary infrastructure including accredited verifiers, training in MRV for participants

Operation

- ❑ Participants would reduce emissions voluntarily below a cap or against an aggressive cap
- ❑ With or without an emissions trading function
- ❑ Excess allowances (emission reductions) can be transferred internationally ONLY when matched by a cancellation of allowances in the registry
- ❑ Transfers can only take place when entire sector beats the cap (i.e. individual facilities cannot sell allowances if the sector is out of compliance)

Summary

- ❑ The new market mechanism is thus a combination of CDM and JI
- ❑ Allowing Sectors in non-annex 1 Parties to participate in a JI style transaction against a CDM style baseline
- ❑ Draws on experience with PoA, accreditation, (validation), MRV verification and baselines / standardized baselines in CDM

Thank you for your attention

The Project Developer Forum (PD-Forum) is a collective voice to represent the interests of companies developing greenhouse gas (GHG) emission reduction projects in international markets under the Clean Development Mechanism (CDM), Joint Implementation (JI) and other carbon emission reduction schemes and programs.

See our members at: www.pd-forum.net