



GDF SUEZ Energy Latin America

**CEPS/PD Forum side event:
Provisions for market mechanisms in the 2015 agreement. - Thursday, 4 December**

GDF SUEZ ENERGY LATIN AMERICA
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GDF SUEZ
BY PEOPLE FOR PEOPLE

GDF SUEZ supports World Bank & Global Compact in advocating for a global carbon price

- Carbon Pricing is the tool of choice for effective & cost-efficient global mitigation at scale.
- Smart combination of policies allows addressing country specific development needs.
- Developing countries must focus on social inclusion, efficiency and clean expansion.
- Global cooperation is key to ensure preventive mitigation and avoid high costs today and in future.
- Smart policy design attracts investment, ensures recognition of early action and efficient risk management.
- Building on existing mechanisms must ensure smooth evolution towards a global market.



GDF SUEZ Energy Latin America



- Operational asset
- Under construction
- Multiple plants and technologies
- Office
- ▽ LNG regasification terminal
- Power transmission network
- ◊ Gas distribution
- Gas pipeline

⁽¹⁾ Figures as at 30 June 2014

Transformational Infrastructure Investments

Transmission lines, large HPP & Gas Infrastructure are key for clean & climate resilient growth.

Universal use of NCRE

Maximizing use of NCREs today minimizes structural lock-in with GHG intensive infrastructure.

Energy Efficiency

Improving efficiency ensures economic competitiveness & resource conservation.

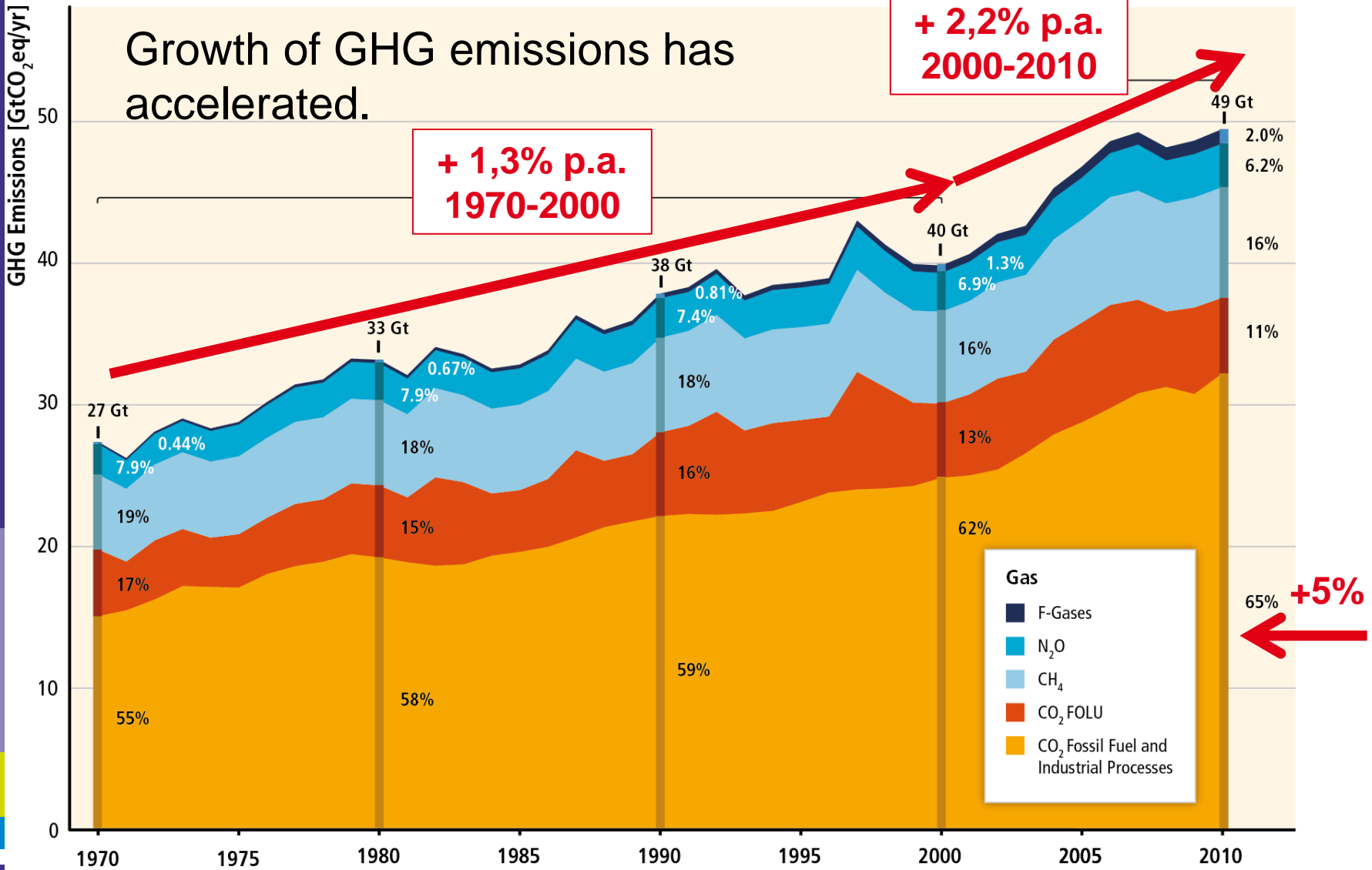
R&D for Innovation

Ideas of today need to be developed as solutions for tomorrow.

Environmental Projects

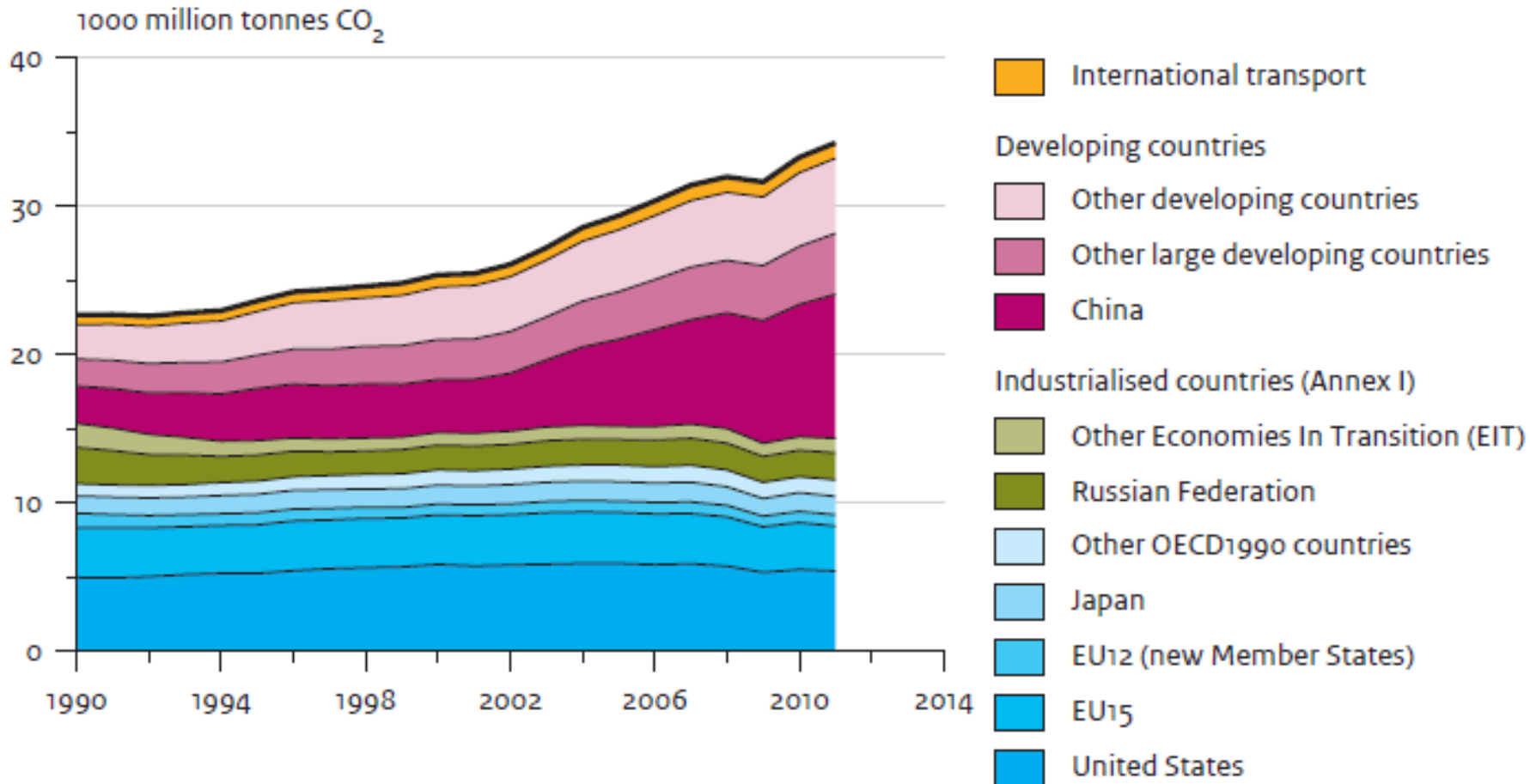
Environment Conservation is the fundament for adaptation and sustainable development.

Global climate policy failed by (m)any means



Source: IPCC 5th assessment report – WG III

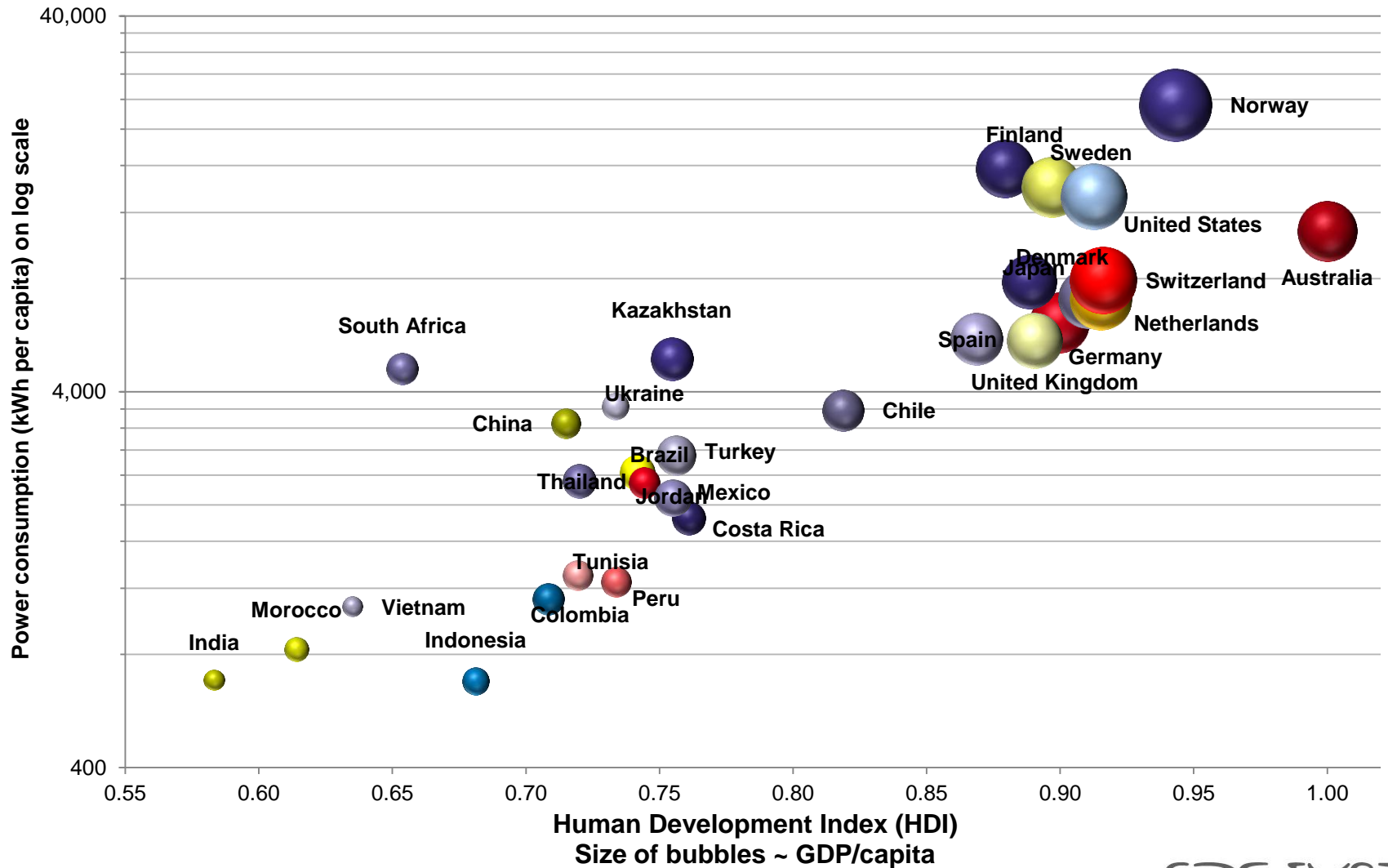
GHG emission growth in developing countries outpaces Annex I mitigation



Source: EDGAR 4.2 (1970–2008); IEA, 2011; USGS, 2012; WSA, 2012; NOAA, 2012

Countries show huge differences in development needs

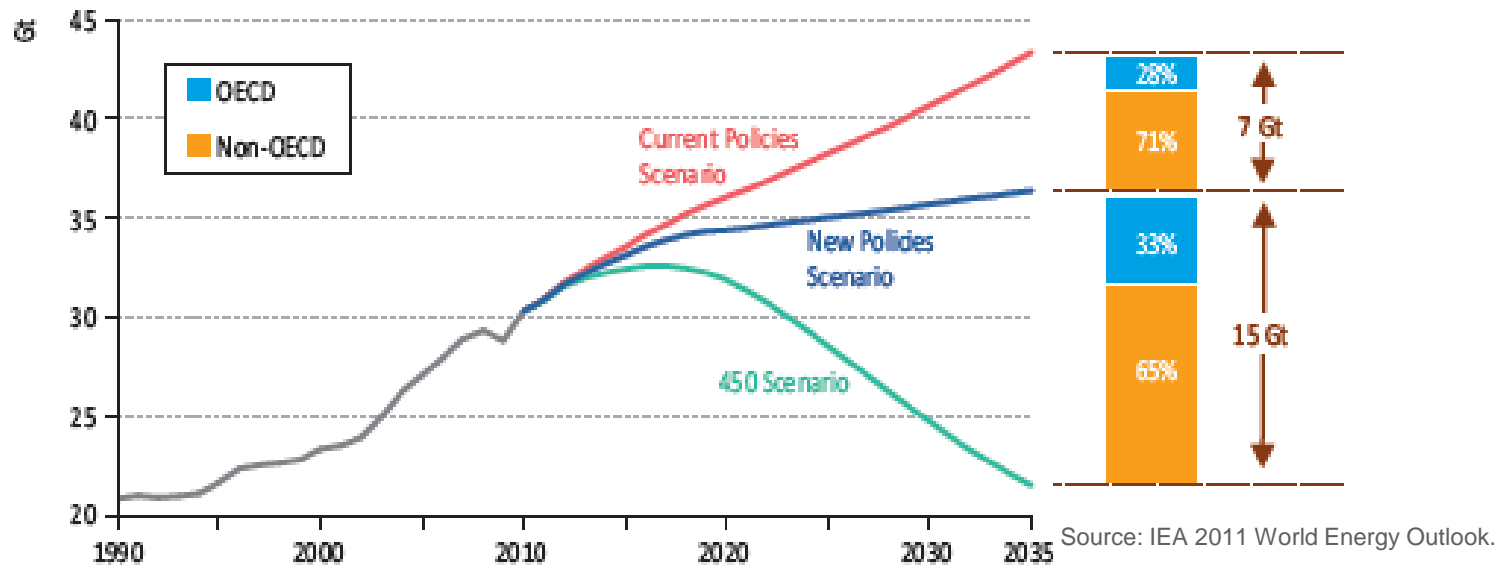
Capita specific Power Consumption, GDP & HDI on log scale



Source: UNDP and World Bank Data Bank

The uneven challenge to limit Climate Change to 2°C

WHAT DO WE NEED TO BRIDGE THE GAP?



- Non-OECD countries account for 90% of population and energy demand growth and require huge investments in infrastructure and mitigation
- Energy causes 66% of global GHGs & non-OECD account for 100% of growth;
- The 450 (ppm) scenario requires additional investments of \$11.6 trillion;
- GHG intensive thermal expansion is still the baseline and leads to a technological lock-in which is capable to close the door to 450 ppm.

Importance of a global carbon market

Perspective and objectives of emerging countries:

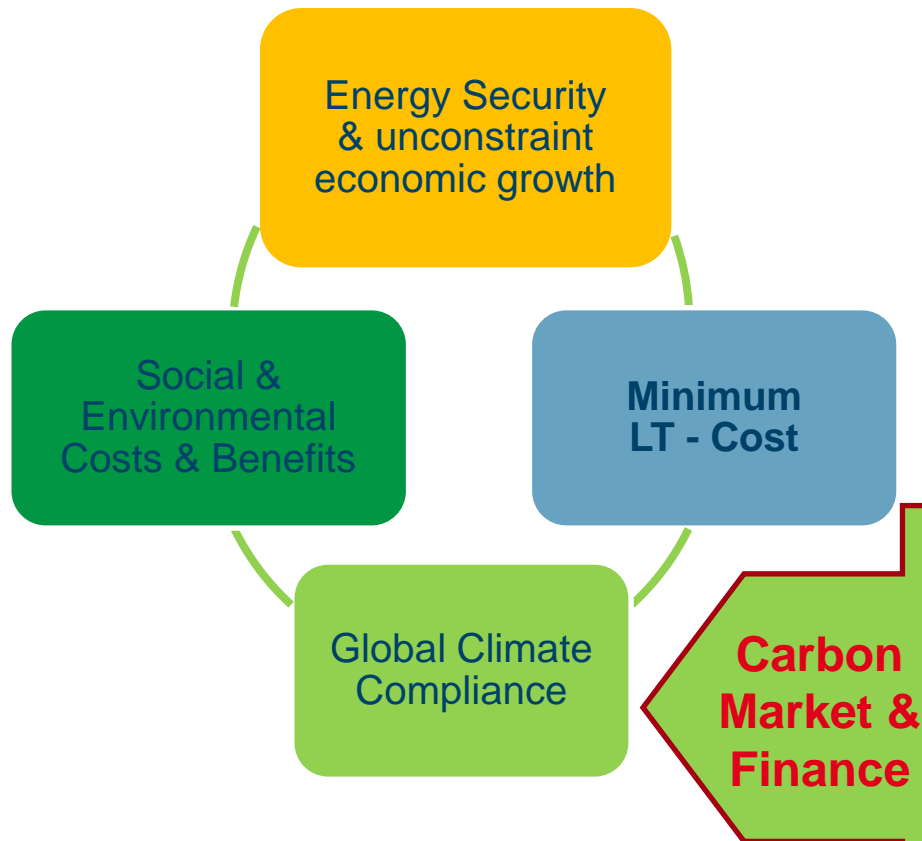


■ OECD perspective:

- Mitigation requires gradual reform of infrastructure
- Mitigation cost to be contained by substituting depreciated assets with new technologies
- Mitigation Potential is insufficient when compared to emission growth of non OECD countries

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- **OECD needs time for smooth transition and asset rotation**
- **Non OECD needs immediate incentives for clean growth**

Build on and combine existing & emerging policies

Value GHG Reduction

- Carbon Market Instruments identify “least cost options” and assure profitability

Provide Funding in Least and Less DC's

- Development Banks & GCF finance clean growth & attract Private Sector

CDM
→ ET

MDBs
&
GCF

MRV

- CDM offers well established principles for MRV & bottom up baseline setting
- Unparalleled DOE and PD capability is (still) available

MRV

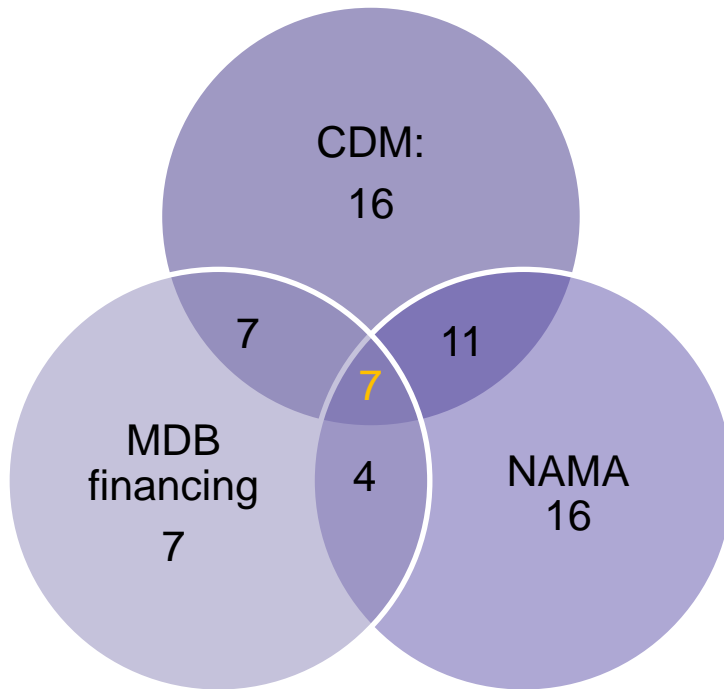
NAMA

Domestic Efforts:

- Emerging countries & private sector finance NAMA investments
 - NAMAs facilitates sectoral activities
- National demand for credits to offset Tax or C&T

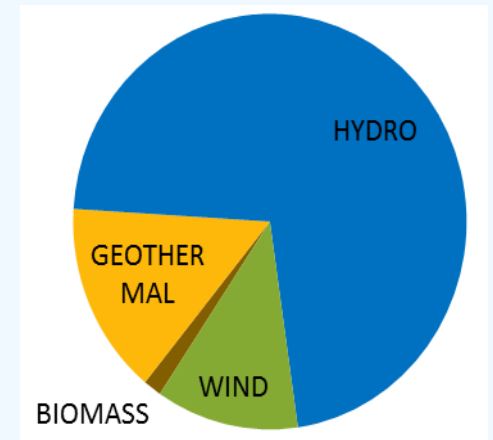
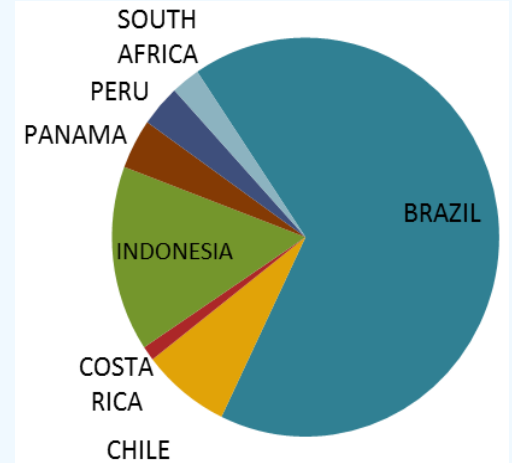
GDF SUEZ Experience with clean energy & support policies

- 16 Projects registered under the CDM
- 16 Projects are supported by national policies (NAMA)
- 7 Project financed by Multilateral Development Banks
- Uruguay NAMA LNG project seeking MDB financing



■ Combination of incentives mitigates individual policy risk

Distribution of technologies & countries: 10 Mio CER p.a.



Conclusions and suggestions for discussion

Problem: *Capital Intensity and long term maturity of clean infrastructure is the biggest barrier to green growth and a risk to our climate.*

Urgency: *Early action needed to avoid fossil fuel lock-in.*

Solution: *Transformational change now, requires global cooperation and use of existing mechanisms to address all market failures at once.*

Role of the CDM to leverage climate finance and NAMAS:

Offer comparable & solid MRV & flexible mechanism,

i) in support of national policies (NAMA, etc.)

ii) in complement to Carbon Financing (RBF)

iii) for domestic offsetting and indirect linking between countries to ensure transformational investments and a move towards an incrementally global carbon market.

Important CDM reforms and elements of the ADP text:

- 1) Recognize KP mechanisms & results under the future climate agreement.
- 2) Open access to & promote early action by all parties, IMO & ICAO.
- 3) Reduce costs & bureaucracy to attract use by developing countries.
- 4) Establish due tracking and accounting of units.