

## Norway

### Submission to the Ad Hoc Working Group on the Durban Platform for Enhanced Action: Workplan on enhanced ambition

March 2012

#### 1. OVERALL APPROACH

- We welcome the decision in Durban, to launch a workplan on enhancing mitigation ambition.
- Decision x/CP.17 clearly states that there is a significant gap between the aggregate effect of Parties' mitigation pledges in terms of global annual emissions, and the emission level that is required to have a likely chance of keeping global warming below 2 degrees Celsius.
- The pledges put forward so far, and the analyses that have been done, relate to emission reductions up to 2020. The most recent UNEP analysis suggests that up to 2020, there is an emissions gap of 6-11 Gigatonnes of CO<sub>2</sub> equivalents relative to what is required to keep global warming below two degrees. It is therefore urgent to seek and explore all possible options for further emission reductions.
- We are all committed to ensure that the most recent science shall prevail. This must also apply in full to the new agreement. The new agreement must be based on emissions pathways that can ensure that global warming is limited to below 2 degrees. It must be designed in a way that promotes sufficient and lasting emission reductions, and transformation to low-emission societies.
- On this basis, our understanding is that the emission gap referred to in decision x/CP.17 relates to the emission pathways foreseen from now, up to 2020 and beyond 2020. The workplan on enhancing mitigation ambition must therefore address both options for actions that can result in higher mitigation actions before 2020, and actions that can further secure that emissions pathways after 2020 are consistent with limiting global warming to below 2 degrees (2 degree target).
- Activities under the workplan should contribute to the overall knowledge basis for development of the new agreement. Through increased understanding of the emissions gap, options to close the gap and sharing experiences on efficient climate policies, the workplan can provide input to the negotiation process.
- In our view, we can achieve the highest possible ambition for global emission reductions by further developing carbon markets that put a price on greenhouse gas emissions while aiming at a global market. Insights and results from common work on how to increase ambition should contribute to the development of a robust and accountable global carbon market.

#### 2. UNDERSTANDING THE EMISSIONS GAP

- Information in the IPCC 4<sup>th</sup> Assessment Report (IPCC AR4), followed by several assessments further elaborating and strengthening the findings, including the UNEP report "Bridging the emissions gap", the report from PBL, Netherlands "Meeting the 2 degree target: From climate objective to emission reduction measures" and the EU

reference document "Scientific Perspectives after Copenhagen", clearly illustrates that there is a gap between the pledges for 2020 and the 2 degree target.

- The earlier EU assessment had an interpretation of the current pledges, which left a gap of 2-6 Gigatonnes of CO<sub>2</sub> equivalents, according to the EU assessment. The most recent report from UNEP shows an emissions gap between 6 and 11 Gigatonnes of CO<sub>2</sub> equivalents. Excluding the conditional pledges and other optimistic scenarios, the gap in 2020 is approximately 10 Gigatonnes of CO<sub>2</sub>-equivalents.
- Delays in the needed emissions reductions will in turn make it more costly and challenging to reduce the emissions after 2020 in line with the 2 degree target, and in some cases nearly impossible. For the upcoming IPCC 5<sup>th</sup> assessment report (IPCC AR5), new stabilization scenarios are developed, giving more precise information.
- For the period 2020-2050, there will still be a need for steep reductions in emissions, even if the period up to 2020 follows emission pathways consistent with a likely chance of meeting the 2 degree target. In such a case, the aforementioned UNEP report indicates a need for average annual reduction rates of CO<sub>2</sub> from energy and industry between 2020 and 2050 of around 3 per cent, and global 2050 emissions that are 50-60 per cent below their 1990 levels.
- Several of the investments made in the coming years will have a lifetime of 20-30 years. This will strongly influence post-2020 emissions. Altogether, this illustrates that additional actions taken in the period up to 2020 are crucial if we are to have a likely chance of meeting the 2 degree target.
- In developing pre-2020 mitigation strategies, it is important not only to reduce the emissions by 2020, but also that these measures contribute to the needed transition to a low emission society. Short term mitigation must also make the 2 degree target feasible in the longer run. Early implementation means that countries can take advantage of the benefits from ambitious climate policies over a longer time period. Development and implementation of robust, cost-effective low emission development strategies are therefore key tools.
- It is still uncertain which emission sources and sinks are covered by the mitigation pledges up to 2020, e.g. which greenhouse gases are included, and which terrestrial and marine sources and sinks. It is crucial to increase the certainty of what the expected emissions outcome of the mitigation pledges will be, and to have greater clarity on the conditions for increasing Parties' ambitions. Further work on clarification of the pledges, and how they should be accounted for, should be part of the workplan.
- Emissions from international transport also need to be addressed effectively. Hence, it will also be important how these sources are handled and additional efforts related to these sources may have impact on the above mentioned gap.

### **3. ACTIVITIES UNDER THE WORK PLAN AND OPTIONS TO BE EXPLORED**

- In the near term, the need for enhanced mitigation efforts should be met by using several strategies. The objective of the workplan is to unleash the maximum mitigation effort, and achieve emission levels that are consistent with 2 degree pathways. The workplan should provide insights and experiences that can benefit negotiations of the new agreement, but not be the arena for negotiations themselves.
- The workplan should focus on catalyzing action. We suggest that the work is organized in a simple way that facilitates contact and activities between Parties. In-session workshops

and technical briefings could be accommodated during negotiating sessions. The secretariat could have a coordinating role.

- An open and informal arena, where Parties can present their plans and ideas for further mitigation action, seek partners and seek ways to enhance existing initiatives, should be the main format. This format could allow upscaling of existing initiatives, and development of new ones. The workplan should also give further insights into the costs of various mitigation options, their cost-effectiveness and possible financial sources.
- Organisations and institutions outside of the UNFCCC should be invited to participate in workshops and contribute with their expertise and experiences. On the general level this includes *inter alia* OECD, IEA, WB and IMF. In particular this relates to e.g. the World Banks Partnership for Market Readiness and similar expertise on developing carbon markets, the IMO and ICAO on developing efficient emission reduction policies for international shipping and aviation, and other specialized agencies and institutes that can have experiences on the development and implementation of mitigation strategies.
- Scientific and technical analyses and reports should also be presented to stimulate discussion, to inform Parties and to enhance possible joint work. The 4<sup>th</sup> Assessment Report of the IPCC continues to be an important foundation for scientific knowledge, as do several other assessments which further elaborate the findings in the Assessment Report. Presentations and submissions of scientific findings, plans, roadmaps, development of policy instruments and initiatives could be the starting point for further joint work among interested Parties. Parties should be encouraged to arrange follow-up activities and meetings also outside the negotiations.
- If we are to increase the ambitions up to 2020, we will have to address existing emission sources. Certain sectors have, by virtue of their size or the nature of their production methods, large mitigation potential e.g. industrial sectors such as alumina and chemicals and the power sector.
- Beyond 2020, we must avoid that investment decisions made today lock-in future emissions. The IEA have estimated that if action is delayed until 2015, emissions from the power sector alone will overshoot the trajectory of their 450 ppm Scenario. These additional emissions must be offset by reductions later in the period. Postponing the compensating abatement until after 2035 means that emissions would have to become negative. We will face similar challenges in other sectors. Existing emissions sources and how to avoid a locked-in future should be addressed in the work plan.
- Putting a price on emissions is the most efficient way of ensuring emission reductions as well as stimulating development of low-emission technologies. This goes for carbon markets as well as other forms of results-based finance (payments for emission reductions). A predictable and robust carbon market, based on high ambitions and common rules, should be a key outcome of the new agreement. The workplan can contribute to this by increase understanding of the conditions for developing a market for pricing of greenhouse gas emissions, sharing of practical experiences and serving as a launching pad for pilot efforts.
- Two main approaches could be pursued under the workplan; country- and regional-led strategies, and global strategies. They are also interlinked, in particular through the international carbon market. These two approaches are further described below.

### 3.1 Country- and region-led strategies:

- The mitigation pledges at country-level, as formulated in decision 1/CP.16, contain a range of mitigation targets and actions. It is important to achieve the highest potential from the mitigation efforts currently envisaged. Options include:
  - Clarification of what the actual emission reduction effect of the current pledges will be, up to 2020. A robust system of accounting is needed for this. The workplan could serve as a platform to identify the scope of accounting that is needed up to 2020.
  - Parties can increase ambition by moving to upper ranges of their current pledges. The conditions for this should be further clarified, in order to increase ambition.
  - Parties can present additional targets and actions for mitigation, as well as possible support needed for implementing further mitigation actions.
  - Options for over-achievement: how Parties can increase or over-achieve the targets and actions that are currently planned. This could be through e.g. more efficient provision of support and technology transfer, through the development of broader carbon markets etc.
- Furthermore, Parties should have the opportunity to present new targets and actions, information on climate strategies and the implementation of these. This can also include information from Parties that haven't submitted targets and actions earlier.

### 3.2 Global strategies:

- Enhancing Parties' individual targets and actions alone may not deliver the necessary mitigation efforts up to 2020. Furthermore, an overall role of the UNFCCC and the workplan should be to stimulate more action collectively, than the sum of individual actions by Parties. This can be achieved through collaborative efforts and partnerships, as well as through mechanisms and systems in an UNFCCC framework. The workplan should stimulate collaborative efforts with a view to catalyzing action, without necessarily developing new mechanisms or frameworks under the UNFCCC. Any new mechanisms should be negotiated under the Ad Hoc Working Group for the Durban Platform.
- Global strategies will be necessary and should be a major part of the work. We propose that the workplan includes a number of concrete options for collaborative efforts in mitigation. We have provided some suggestions further below.
- Options for increased action should be sought in fields with a large potential for mitigation, before 2020 and in the longer term. For instance, the mitigation potential of REDD+ is significant and crucial in the near term, while this potential would gradually disappear if we wait until after 2020. Reduced emissions from short lived climate forcers such as black carbon, is another area where early action can have a significant effect on global warming. Mitigation options where early action can also stimulate an earlier shift to low emission development would be important, as such options also will have a long-term impact on emission pathways.
- We suggest that the following options should be the subject for further discussion and analysis:

- **Enhancing the global carbon market**
  - The use of market based mechanisms will enable more ambitious targets for emission reductions as resources can be used more efficiently. The application of a price on GHG emissions, which is inherent in market-based mechanisms, will give a strong incentive for cost-effective emission reductions, as well as stimulate development and deployment of climate-friendly technologies. The existence of market based mechanisms, allowing for international trade in GHG emission allowances is a premise for many countries' national targets, including Norway's national target for emission reductions pledged under the Copenhagen Accord.
  - Market based mechanisms can be an effective way of deepening targets, implementing further emission reductions in developing countries, and provide opportunities for international financing of nationally appropriate mitigation actions.
  - Sharing of experiences and technical information related to the functioning of carbon markets, clarification of the conditions that must be in place to ensure market efficiency and discussions on how a more global approach can be developed, should be addressed as part of the way forward for higher ambition.
- **Increased use of result based financing**
  - Result-based financing, in the form of payments for verified emission reductions at the sector- level relative to a baseline, has the potential to incentivize governments to create an improved environment for commercial investments and needs to be explored. Putting a price on GHG emissions is the best way of mobilizing private finance (be it through market mechanisms or other mechanisms to provide results-based finance (payments for tCO<sub>2</sub>/year). Rather than attempting to identify specific projects to co-finance with private investors, a carbon price makes all companies take into account the social cost of GHG emissions in their decision making. Support should be provided to developing countries for introducing GHG pricing.
  - By providing a strong incentive linked to actual emission reductions, results-based financing has the potential to speed up planning and implementation of mitigation in the short term. The workplan should facilitate joint efforts to scale-up results-based financing through coordination of initiatives, sharing of experiences and practices for methodologies and implementation.
- **Phasing out harmful fossil fuel subsidies**
  - Fossil fuel subsidies are an impediment to effective strategies to combat climate change, as they remove existing incentives to emission reductions through reduced consumption of fossil fuels, and prevent the development of new incentives such as a carbon price.

- The International Energy Agency, in its World Energy Outlook 2010, estimated that a complete phase-out of fossil fuel subsidies would reduce CO<sub>2</sub> emissions by 5.8 per cent, or 2 Gigatonne (Gt), by 2020. This would give a significant contribution to closing the emissions gap.
    - Removal of fossil fuel subsidies will also be a forward-looking strategy, and give a predictable and strong signal for transformation to low-emission development.
  - **Enhanced efforts for transformation of energy use**
    - Energy use accounts for about 60% of global greenhouse gas emissions. Unless further measures are taken, emissions from energy use are projected to increase considerably. There is a considerable potential for mitigation measures related to energy use, in the power sector, industries and residential sector. Analyses by the IPCC and the IEA identify increased share of renewable energy, increased energy efficiency and use of carbon capture and storage as key measures to enable a global emissions pathway in line with the two degree target.
    - Transformation of energy use is key for enabling a low-emission development pathway. Large existing emissions and sources must be addressed, while also developing strategies for to avoid lock-in of high-emission technologies.
    - Access to energy is also a major development concern. A number of initiatives exist, to support developing countries' efforts to increase access to energy and at the same time limit greenhouse gas emissions. Activities under the work plan should seek to enhance collaboration of such initiatives as well as facilitate sharing of experiences in developing and implementing low-emission strategies.
  - **Reducing emissions from deforestation and forest degradation**
    - We will neither achieve the 2 degree target – nor the agreed goal to slow, halt and reverse forest cover and carbon loss in developing countries – without rapidly scaling up REDD+ actions and finance. A functional incentive structure to finance the full implementation of the agreed REDD+ mechanism cannot wait until 2020 (See also our separate submission on Results-based finance for REDD+).
    - REDD+ is about much more than payments for carbon. Yet, REDD+ will never reach the scale required unless we rapidly correct the fundamental market failure that drives deforestation (carbon has no market value and emissions no cost) by putting in place a global value ('price signal') on forest carbon. This is true irrespective of source of finance. A credible and predictable demand for emission reductions is the best way to mobilize and redirect private finance towards sustainable preservation and use of forests, to clean up supply chains and to motivate important governance reforms. The work on reducing emissions from deforestation and forest degradation has been successful and resulted in considerable emission reductions. However, there is an untapped potential for further emission

reductions. Strengthened implementation of REDD+ can give considerable additional emission reductions before 2020. The workplan should include consideration of increased action for reduced deforestation, based on results-based financing

○ **Reduce emissions of HFCs.**

- HFCs now constitute around 3 per cent of global greenhouse gas emissions. These emissions are rapidly increasing. UNEP has estimated that HFCs could constitute between 7 and 19 per cent of global CO<sub>2</sub>-equivalents by 2050, if present trends continue (UNEP 2011. HFCs: A Critical Link in Protecting Climate and the Ozone Layer).
- The projected substantial increase in emissions of HFCs partly follows from the phasing-out of HCFCs under the Montreal Protocol. However, it is technically feasible and highly cost-effective to substitute HCFCs with other gases than HFCs. This could reduce present emissions and avoid the rapid growth in emissions. The workplan should include concrete options to address HFC emissions and stimulate further action.

○ **Reducing emissions of black carbon and other short-lived climate forcers**

- Black carbon and other short-lived climate forcers are crucially important in limiting short-term global warming. The UNEP/WMO report Integrated Assessment of Black Carbon and Tropospheric Ozone: Summary for Decision makers (2011) has estimated that an effective reduction in global emissions of short-lived climate forcers can reduce actual global warming by around 0.5 degrees Celsius, by 2050. This can be a critical contribution to limiting global warming to below 2 degrees. While the effect of reducing emissions of short-lived climate forcers can be a crucial contribution to limiting global warming, it does not replace the need for reductions of emissions of CO<sub>2</sub> and other long-lived greenhouse gases. Concrete actions should be facilitated based on the options in the UNEP/WMO report and country- and region-driven initiatives to reduce these emissions.

#### **4. TAKING THE WORK FORWARD**

- Activities under the workplan should both result in increased mitigation action before 2020, and contribute to ensuring that the new agreement to be in force in 2020, is sufficient ambitious to limit global warming to below 2 degrees.
- Increased experience in developing and implementing mitigation actions, individually and jointly, can serve as important input to the negotiations of the new agreement under the Durban platform in two ways:
  - a. Further analysis of the emissions gap, clarification of the current mitigation pledges, how they should be accounted for and of the implementation of activities will give a better understanding of how much mitigation will be undertaken before 2020.

- b. Provide input to how the new agreement can achieve the necessary level of ambition according to science. In particular, how the global carbon market can be an efficient instrument for enhanced mitigation efforts.
- c. Activities can be scaled up in the 2012-20 period, provide lessons and serve as pilot models for the a broad, ambitious and legally binding agreement.