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Intervention to the Seventh Conference of the Parties to the UNFCCC

Distinguished delegates, thank you for this opportunity to present our views. My name is James Wolf and I am Chairman of the Climate Change Task Force of the US Business Council for Sustainable Energy. I am speaking on behalf of the US and European Councils, which have been actively involved in offering policy solutions to reduce the threat of climate change.

I will offer several specific recommendations this afternoon. First, as providers, developers, and manufacturers of clean energy technologies, products and services, we are very supportive of the fast-track provisions included within Article 12. We believe that accelerated consideration of small projects will allow a real-world example of the potential of the Clean Development Mechanism (CDM). Clear, easy to understand baselines are critical; verification and tracking methodology must be strong but simple. Most importantly, for these small fast-track projects, Executive Board authority should be final, subject to review only as part of the overall portfolio by the COP/MOP and individual project appeal. This provides the opportunity for the Executive Board to test its processes on smaller projects where problems can be corrected and the risk of significant impacts from mistakes is minimal. This experience will help build confidence in Executive Board procedures, on projects whose benefits are non-controversial.

We also want to stress our strong support for the prompt start of the CDM. We urge delegates to make absolutely clear that projects initiated after 2000, that ultimately meet the criteria developed for the CDM, will be given credits from the date on which they commenced operation. We took seriously what you said about the CDM beginning in 2000—and assumed that if we follow the rules, we will receive credit. This has been an important marketing and development tool for clean energy and *any* perceived backtracking on this commitment will have serious consequences for clean energy development in non-Annex B countries.

We urge Parties to allow Certified Emissions Reductions (CERs) received by CDM projects to be fully tradable and transferable. Artificial limits on the market can only dampen the private sector's enthusiasm for the CDM process -- a process that we believe will provide important benefits and help developing countries achieve their sustainable development goals. We are pleased that the COP has made it clear that CERs, once issued, are fully legitimized.

We remain in strong support of a binding compliance regime. The flexibility mechanisms have developed since 1997 through an increased understanding of the economic value of emissions trading and maximum flexibility. However, if a system lacks integrity, the value of all AAUs, CERs and ERUs will be reduced in the marketplace.

Finally, we want to again thank the honorable President and members of the COP for this opportunity to intervene on behalf of the growing numbers of companies and industries here that focus on solutions. However, we would urge the Parties to consider developing alternative or additional processes through which NGOs—business, environmental and others—can provide input *while* critical issues are being debated. We are here to help create the most effective and efficient process through which to reduce the threat of climate change, and believe that we—and many others—can and do make important contributions to this process. In the future, we urge the Parties to consider allowing us such opportunities earlier in the negotiations. Thank you for your consideration.

8 November 2001