



Designing and  
implementing robust  
standards

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19 May 2012

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## **Environmental and social safeguards**

Leaving “sustainable development” definition to DNAs led to competitive pressure to minimise standards.

▶▶ *Recommendation: UNFCCC or sub-body to define minimum standards*

## **Validation and verification**

Outsourcing “validation and verification” to private entities paid by developers introduced a commercial incentive to cut corners.

▶▶ *Recommendation: Regulator should directly contract these tasks (paid for by fees).*

## **Stakeholder consultation**

Often rudimentary, poorly advertised, inaccessible, take place after project start, or did not happen at all.

▶▶ *Recommendation: minimum standards of “prior and informed consent”*

## **Appeals and liabilities**

Lacking in CDM

▶▶ *Recommendation: formalise appeals process, with validators/verifier liability*

## **Additionality**

It is impossible to know “what would have happened.” The range of “legitimate” assumptions in IRR analysis is greater than the projected “additionality.”

## **Financialisation**

“Commercial confidentiality” and offshoring make environmental sustainability non-transparent.

Producing a “carbon” commodity requires abstract standardisation of incommensurable processes

## Equity

- Offsets have delayed Annex 1 domestic action.
- Targetting “low hanging fruit” via offsets will increase developing country abatement costs later
- Regional disparities mainly due to economics – unresolvable by “capacity building.” Economies of scale make larger projects more profitable and since offsets represent “avoided emissions.”

## **Fossil fuel “lock in”**

- Larger projects tend to involve heavy industries or power sector projects in countries where grid energy already register significant greenhouse gas emissions.
- Offsets extend the life of fossil fuel-based power and industry in Annex 1 countries

▶▶ *Recommendation: move beyond carbon markets*

## CAN Principles

- Secures net atmospheric benefits
- Delivers real, measurable, verifiable and additional emissions reduction
- Avoids double-counting
- Upholds human rights
- Delivers sustainable development benefits
- Does not undermine the goals of other international environmental treaties

*... achievable through “robust governance”?*

## Market-based mechanisms: recommendations

- All mechanisms established with governance and mandate under the COP
- Bilateral, regional, national, sub-national agreements not eligible for UNFCCC compliance (to avoid risk of “regulatory arbitrage” / “race to the bottom”)
- “Double counting” restriction should exclude carbon market flows from long-term finance (Copenhagen’s \$100 bn)



## **Market-based mechanisms: recommendations**

Quality restrictions (“negative list” or moratorium):

- nuclear power (as with CDM)
- HFC and N<sub>2</sub>O (to Montreal Protocol)
- “blue carbon” (coastal/marine ecosystems),
- Geoengineering
- Exclude carry-over of “hot air”

## Market-based mechanisms: recommendations

- “Fungibility” limits: no comparability or convertability with ecosystem services crediting
- Define “supplementarity”: make offsetting conditional on *ambition* to help close the “gigatonne gap”
- Sunset clause on offsets

## **Market-based mechanisms: recommendations**

- Recuperate broader definition of “market mechanisms” - eg. to include feed-in tariffs
- Feed-in tariffs front-load investment support and can help to scale-up renewables by reducing the unit cost of energy (speeding up technology learning curve) to render them competitive with fossil fuels.

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## **Non market-based mechanisms: recommendations**

- Separate framework needed to encourage regulatory measures (eg. efficiency standards)
- Overlap with NAMAs?

## **New market mechanism**

- “Defined” but not yet “established.”
- Conditional upon broader “various approaches” framework, including non-market mechanisms as part of COP18 finishing the work of the LCA track
- Accessibility conditional upon pledges lodged under Kyoto Protocol 2<sup>nd</sup> Commitment Period consistent with the science (or there’s no scarcity in market, prices will continue their collapse)
- Balanced package: progress on long-term finance and technology transfer

Thank you.

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