

Impact of market-based mechanisms on emission reductions by Annex I Parties in aggregate

AWG-KP 13 in-session workshop

Scale of emission reductions to be achieved by Annex I Parties in aggregate and the contribution of Annex I Parties, individually or jointly, to this scale

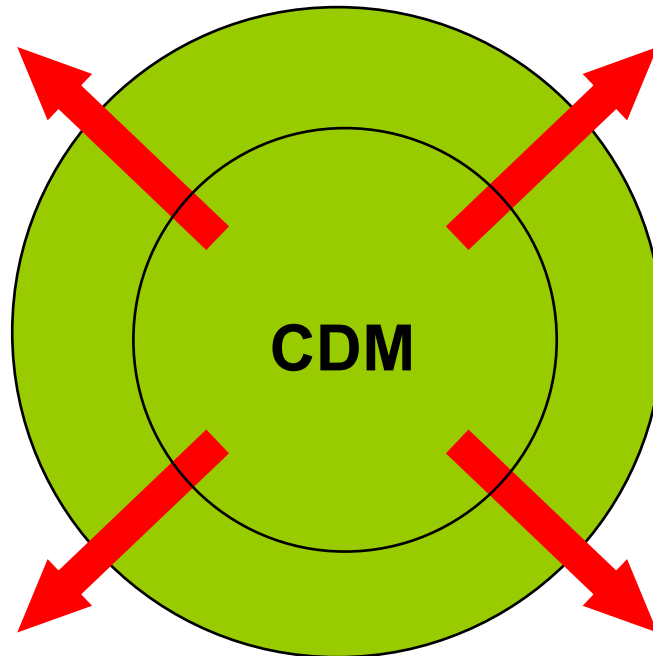
Clifford Mahlung, Chair, CDM Executive Board

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Impacts of increasing the scale of the CDM

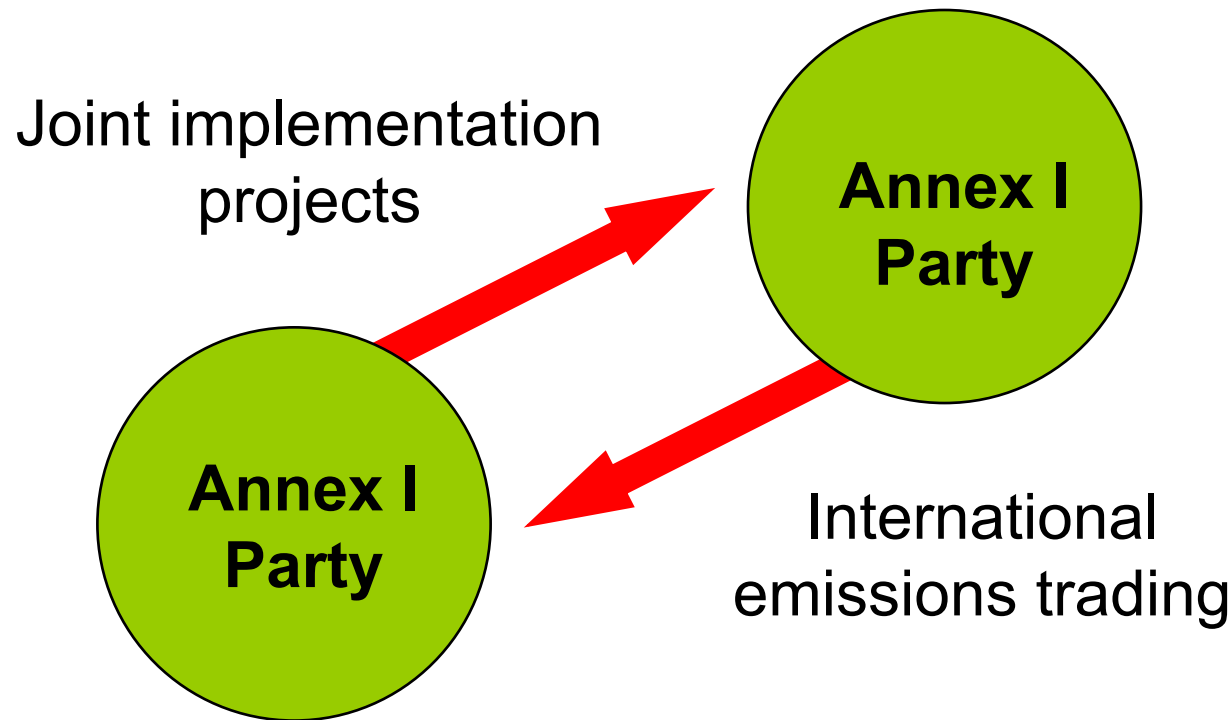
Provides more offsets into the overall Annex I emissions budget

Enhances cost-effectiveness of Annex I mitigation



Can lead to greater ambition in reducing emissions

Impacts of increasing the use of JI and trading



Enhances cost-effectiveness of Annex I mitigation
→ can lead to greater ambition in reducing emissions

Clean Development Mechanism

- Investments in developing countries
- 2300 registered project activities, 0.42 billion CERs
- 2000+ more projects in the pipeline
- Approx 1 billion CERs by end 2012 (source: UNEP Risoe)

Aggregate base year emissions x 5	62.9 billion tCO ₂ e
Annex B aggregate assigned amount	60.3 billion tCO ₂ e

Impact of proposals is difficult to quantify

<i>Increased unit supply</i>	<i>Neutral impact on unit supply</i>	<i>Decreased unit supply</i>	<i>Unknown supply impact</i>
CCS in CDM	Visibility of co-benefits in CDM and JI	Discount factors on issuance of CERs	Relax carryover restrictions (CP2 to CP3)
Nuclear activities in CDM and JI	Targets for use of CERs from certain host Parties	Strong complementarity limits	Review of commitment period reserve
Additional LULUCF activities in CDM	Expanded share of proceeds		
Standardized baselines in CDM			
New market mechanisms			