Expectations for COP25: an Informational Webinar
Speakers

Amy Holm, Executive Director, The Climate Registry
Alden Meyer, Director of Strategy and Policy, Union of Concerned Scientists
Katie Sullivan, Managing Director, IETA
Julie Cerqueira, Executive Director, US Climate Alliance
Craig Ebert, President, Climate Action Reserve
Amy Holm
Executive Director, The Climate Registry
Alden Meyer
Director of Strategy and Policy,
Union of Concerned Scientists
Expectations for COP 25 (and beyond)

Alden Meyer
Union of Concerned Scientists

November 13, 2019
Countries aim for net zero by 2050, cut emissions 45% by 2030

Enhanced NDCs by end of 2020

Stop building new coal by 2020

Shift taxes from people to carbon, stop subsidizing fossil fuels
<table>
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<tr>
<th>POSITIVE OUTCOMES</th>
<th>DISAPPOINTMENTS</th>
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<tbody>
<tr>
<td>➢ Greta’s “how dare you” speech</td>
<td>➢ Key countries AWOL: US, Brazil, Mexico, Canada, Australia, Japan</td>
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<td>➢ 2050 Net Zero is the new benchmark for ambition</td>
<td>➢ India, China: less than hoped for; EU was underwhelming</td>
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<td>➢ 67 countries commit to enhance NDCs – but only ~ 8% of emissions</td>
<td>➢ Coal: India, China, S. Korea were silent; South Africa a bright spot</td>
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<td>➢ Finance: Principles for responsible banking, EIDB ending fossil lending, GCF and MDB pledges</td>
<td>➢ Disconnect between science and the youth vs. climate policies</td>
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Key COP 25 outcomes: Mitigation

➢ 1 CP 25 calls for national LTS and enhanced NDCs by 2020

➢ Highlight UNCAS initiatives and how they enable enhanced NDCs

➢ Mandate for Secretariat synthesis of NDCs by 10/1/20

➢ Art. 6 – rules on double counting, social & environmental safeguards

➢ Timeframe for decision on Common Timeframes?

➢ Continuation of the Global Climate Action agenda post 2020
Key COP 25 outcomes: Impacts & Support

- Review of Warsaw Mechanism on L&D and process going forward
- Progress on 2020 $100 billion commitment, post-2025 finance goal
- Adaptation Fund replenishment, Art. 6 share of proceeds
- Just transition and response measures
- Paris Committee on Capacity Building mandate and funding
COP 25 and Political Momentum

- Signals that key countries intend to deliver enhanced NDCs & LTSs
- Vulnerable countries see a path forward on ramping up support for L&D
- Real engagement on just transition and social inclusion strategies
- Commitment to environmental integrity (for both Article 6 and NDCS)
- Clarity on COP26 deliverables & Chile/UK presidencies’ 2020 plans
Choreography 2019/2020

Potential deadline for an NDC synthesis report

Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020
---|---|---|---|---
EXPECTATION SETTING | CONFIDENCE BUILDING | AMBITION DIPLOMACY | COP 26

- COP 25
- Davos
- GCF Pledging
- Pre-COP
- WB/IMF
- EU-China Summit
- EU-CH NDC?
- Pre-COP (Italy)
- LCAW
- NYCW
- CBD COP
- COP 26
- US G7
- US elec.
- Saudi G20
- UK G7 & Italy G20

- Pre-COP (Italy)
- Pre-COP
- GCF Pledging
- WB/IMF
- Davos
- EU-China Summit
- EU-CH NDC?
Key aspects of success in 2020

Paris Agreement Success: enhanced NDC commitments by key countries

Real Economy Success: government and business action driving structural changes

Diplomatic Success: coalitions, initiatives, regional/bilateral agreements

National Politics Success: shifts in political debates and voting patterns
REAL WORLD DYNAMICS

➢ Trade wars & economic slowdown

➢ Conflicts/instability (Middle East & elsewhere)

➢ Rise of populism, protectionism, nationalism, and anti-climate rhetoric

➢ Mounting climate impacts, along with widespread environmental degradation

➢ Rise of citizen mobilization led by the youth
“Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders.”
“Earth Rise” – Apollo 8, Christmas Eve, 1968
PRE-COP25 WEBINAR
Expectations & Opportunities for Private Sector

13 November 2019

Katie Sullivan
Managing Director, IETA
About IETA

▪ Collective voice of business on carbon pricing, markets and finance
▪ Global non-profit association
▪ Policy design, thought leadership, global capacity building, best practices, knowledge transfer
▪ Global Partnerships & Dialogues with UNFCCC, World Bank, OECD-IEA and many, many more!
IETA Members Worldwide
COP25: Business On-Site in Santiago Madrid

BUSINESS DAY

COP25 BUSINESS & INDUSTRY DAY (BINGO DAY)
Beyond Business as Usual: Leading for a Net Zero Future
A PRIVATE–PUBLIC DIALOGUE
6 DECEMBER 2019 (TBC) | MADRID, SPAIN

The official COP25 Business and Industry Day (BINGO Day) is hosted and organised by the
International Chamber of Commerce (ICC), in its capacity as UNFCCC Focal Point for business and
industry, in collaboration with the International Emissions Trading Association (IETA), the Electric
Power Research Institute (EPRI) and the World Business Council for Sustainable Development
(WBCSD), with the support of the BNP Paribas Foundation and the World Bank Group.

BINGO Day will be made up of a high-level opening session followed by three consecutive
sessions showcasing private sector leadership and action. Key stakeholders including climate
change champions, government representatives, economists and scientists, as well as business
leaders, will consider the main challenges and opportunities as we approach the critical
2020 climate milestone. We will discuss ways in which business can drive climate action and
contribute to creating loops of climate ambition to support countries as they seek to enhance
their Nationally Determined Contributions (NDCs).

PROGRAMME

13.15-13.45 High-level opening
13.45-14.45 Business as a key partner to help limit global warming to 1.5°C
Organised by ICC
15.00-16.30 The value of Article 6: Lessons from research and practice
Organised by the International Emissions Trading Association (IETA) and Electric Power Research
Institute (EPRI)
16.45-18.15 Business climate resilience: Navigating the risks and opportunities
Organised by the World Business Council for Sustainable Development (WBCSD)
18.15-18.30 High-level closing

VENUE
IFEMA, 5 Avda. del Partenón
Madrid, Spain

FOR MORE INFORMATION
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STAY INFORMED @COP25
Stay up to date on the daily developments of the negotiations and business-related events by joining our daily BINGO Briefings or through our website www.iccwbo.org and social media:

> twitter.com/cop25b
> facebook.com/cop25b
> linkedin.com/company/international-
> chambers-of-commerce

ICROA Leads Event on Art 6 and Voluntary Markets
CPLC Secretariat wins Carbon Pricing Champion Award
Colombia wins IETA/CMIA Carbon Pricing Champion Award

IETA Members Review Article 6 texts
PARIS AGREEMENT
REFRESHER & RULEBOOK
Number of countries pledging to cut climate pollution

37
KYOTO, 1997

100
COPENHAGEN, 2009

192
PARIS, 2015
Paris Agreement and the Rule Book

- Unites governments in taking action to limit temperature rise to well below 2°C and pursue efforts to limit temperature increase to 1.5°C.

- Based on each government’s Nationally Determined Contribution (NDC) outline actions taken in a self-defined time period (or single year) post-2020.

- Paris Rulebook provides the guidance, modalities and procedures for governments to implement the Paris Agreement.
Paris Agreement: An Overview

- Article 2: Long-term goal
- Article 4: NDCs
- Article 6: Markets
- Article 8: Loss & Damage
- Article 10: Tech Transfer
- Article 13: Transparency
- Article 15: Implementation

- Article 3: Progressing Effort
- Article 5: REDD+
- Article 7: Adaptation
- Article 9: Finance
- Article 11: Capacity Building
- Article 14: Global Stock-Take
Paris Rule Book Completed @ COP24
...Except for Article 6!

- Article 2: Long-term goal
- Article 4: NDCs
- **Article 6: Markets**
- Article 8: Loss & Damage
- Article 10: Tech Transfer
- Article 13: Transparency
- Article 15: Implementation
- Article 3: Progressing Effort
- Article 5: REDD+
- Article 7: Adaptation
- Article 9: Finance
- Article 11: Capacity Building
- Article 14: Global Stock-Take
COP25 – What to Watch... 

- Adaptation (Committee Report & Recommendations)
- Warsaw International Mechanism on L&D (Report by Exec Committee)
- Technology Transfer (Joint Annual Report TEC and CTCN & Recommendations)
- Agriculture (Koronivia Joint Work on Agriculture - KJWA)
- Scope of Next Periodic Review of Long-Term Goal & Progress (for 2020?)
- Local Communities & Indigenous Platform (Agree to 2-Year Workplan?)
- Methodological Issues Under Convention and Paris Agreement
- Progress on Climate Finance Commitments (post-2020 climate finance goal?)
- Matters Relating to Article 6
THE ERA OF ENHANCED AMBITION
Industry Transition Track

- Cement
- Trucking
- Steel
- Aluminum
- Shipping
- Chemicals
- Aviation
Nature-Based Solutions Track

- Sustainable Forest Management
- Smart Agriculture
- Mobilize Investment in Nature-Based Solutions
- Sustainable Crops & Livestock
- Food Systems & Supply Chains
- Carbon Storage
- International Cooperation (e.g. REDD+)

Nature-based Solutions
NBS Corporate Action & Commitments
(Remembering: Capital is Mobile)

Shell launches $300m forest plan to offset carbon emissions

Tech giant Microsoft gets into the Irish native trees business

BHP Billiton backs “world first” forests bond

Oil firm Equinor vows to buy REDD units to offset international operations

What size of investments would we see in a stable policy environment? How do we scale this intent to the necessary level?

Timber Giant Signs $300 Million Forest-Preservation Deal

Why Apple is buying and protecting forests
Climate Finance-Carbon Pricing Track

- **Public-Private Partnerships** (Align with Paris Goals)
- **POWER OF INTERNATIONAL COOPERATION & MARKETS**
- **Mobilize Private Equity Funds** (Paris Compatible Portfolios)
- **Green Bonds**
- **Scale Policies and Redirect Finance (ETS)**
- **Green Banks & Facilities**
- **Disclosure and TCFD-Institutional Investors**
ARTICLE 6

POWER OF INTERNATIONAL COOPERATION & MARKETS
100+ Market-Friendly Country Climate Targets

Caribbean Countries
- 0
- 6
- 0
- 1

Pacific Island Countries
- 4
- 2
- 2
- 5

Legend:
- 41: NDC will be met domestically
- 55: NDC includes the use of international markets
- 85: Country will maybe make use of international markets
- 47: Not Specified

PARIS2015
UN Climate Change Conference
COP21 CMP11
Article 6: An Overview

6.1 Frames cooperation in implementing NDCs: to allow higher ambition, to promote environmental integrity and to promote sustainable development.

6.2-6.3
Approaches using Internationally Transferred Mitigation Outcomes (ITMOs) towards NDCs - **guidance for robust accounting**. Countries ensure transparency, environmental integrity and promote sustainable development.

6.4-6.7
Establishes a **centralized mechanism** under the authority of the UNFCCC, to reduce GHGs and support sustainable development.

(successor to JI/CDM?)

6.8-6.9
Framework for **non-market** approaches
IETA A6 Modeling Report (Sep 2019)

The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges

September 2019

Key messages:
- Article 6 has the potential to improve the economic efficiency of implementing Nationally Determined Contributions (NDCs).
- These efficiencies could halve the cost of implementing NDCs, to $250 billion a year in 2030 and, if the cost remains constant, increase the amount of emissions removed by 5 gigatons of carbon dioxide (GtCO₂) a year.
- Achieving these benefits requires careful consideration of the framework design and implementation.
- Poorly designed rules could have the opposite effect.
- Additional research is needed before COP 25 in Chile.
Article 6 Project: Two Main Questions

What is the POTENTIAL economic value of Article 6?
- How much could costs be reduced?
- Who benefits?
- What’s the potential size of the carbon market?
- Who are the buyers? Who are the sellers?

How much ADDITIONAL AMBITION could be enabled?
- How big is the potential enhanced ambition?
- Who increases the ambition?
Article 6 holds significant potential to reduce cost and enhance ambition

Some countries would benefit more, but everyone would be better off through collaboration
If we interpret the cost of achieving each country’s NDC independently as a “willingness to pay”:

- **2030**: 5 GtCO2/year in additional mitigation could be enabled
Economic potential through Article 6 from extension to include Land-Use is significant.

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<tr>
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<th>Reduction in Cost</th>
<th>Increased Ambition</th>
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<tr>
<td>Fossil Fuels Only</td>
<td>~$250 billion</td>
<td>5 GtCO₂ per year</td>
</tr>
<tr>
<td>Land Use Only</td>
<td>~$70 billion</td>
<td>4 GtCO₂ per year</td>
</tr>
<tr>
<td>Combined</td>
<td>~$320 billion</td>
<td>9 GtCO₂ per year</td>
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IETA COP25 Priorities & Article 6 Way Forward

- COP Priorities (6.2): The Rulebook should give clarity on:
  - Metric, form and scope of ITMOs
  - Relation between ITMOs and the originating Party’s NDC
  - Accounting method for ITMOs and rules for corresponding adjustments

- COP25 should define a Structured Workplan for Article 6

- Other Considerations:
  - Leverage experience with existing carbon market systems (e.g. WCI)
  - Article 6 Pilots can offer important insights
Katowice Declaration on Sound Carbon Accounting
Avoiding Double Counting in Carbon Markets
Canada Special: Post-Election & Climate

Liberal Government wins a minority government
- Cabinet (20 Nov)
- Throne Speech (5 Dec)

Climate Outlook:
- Re-commit to NDC and PCF
- Long-Term Net-Zero Ambition
- Just Transition
- Carbon Pricing
- Cooperation & Article 6
- Sub-National Coordination
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Julie Cerqueira
Executive Director, US Climate Alliance
United States Climate Alliance

A **bipartisan** coalition of 25 governors committed to uphold the Paris Agreement

Alliance States commit to:

1. Reduce GHGs by at least 26-28 percent below 2005 levels by 2025;
2. Track and report progress; and
3. Accelerate implementation of existing and new policies.
Please enter questions in the Chat box
Craig Ebert
President, Climate Action Reserve
Thank you

A recording of this webinar and more information on the Climate Action Reserve and TCR joint delegation can be found at www.copdelegation.org