

EPRI

ELECTRIC POWER
RESEARCH INSTITUTE

EPRI Greenhouse Gas Emissions Offset Policy Dialogue Workshop #7:

Sectoral Mechanisms and Other Approaches to Scale Up Offset Supply

Adam Diamant

Senior Project Manager

Global Climate Research Program

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- Non-profit “501(c)(3)” organization founded 1973
- Scientific research consortium established to perform objective electricity research for the public benefit
 - Generation, including renewables
 - Environment
 - Power Delivery, Markets, Energy Efficiency
 - Nuclear
 - Innovation
- Principal locations — Palo Alto, CA, Charlotte, NC and Knoxville, TN
- Members include IOUs, co-ops, munis, merchants, FPMAs, federal / state / local government agencies & OEMs
- More than 450 participants in over 40 countries

“Together...Shaping the Future of Electricity”

Goals for EPRI's Offset Policy Dialogue

- Inform key constituencies
- Provide a forum for discussion
- Build a common understanding of offset system design elements and issues
- Explore new ideas and approaches
- Discuss potential offset mechanisms



EPRI Offset Policy Dialogue Participants

- Electric sector
- Financial sector
- Agriculture
- Oil and gas industry
- Industrial organizations
- Offset developers
- Congressional staff and CBO
- Federal agencies (DOE, EPA, State, Treasury, USDA)
- Non-governmental organizations (NGOs)
- Academics / research institutes



7th Workshop Meeting Materials

- Agenda
- Participants list
- Speaker bios
- Background paper on “*Sectoral and Other International Mechanisms Designed to Scale Up Offset Supply: An Overview of Key Issues*”
- Speaker presentations and other workshop materials to be available online at: globalclimate.epri.com



Direct URL:

http://globalclimate.epri.com/annual_events__ghg_offset_policy_dialogue.html

EPRI Offset Project Schedule

- 2008 Workshops
 - June 26 – Workshop 1 (*Existing Offset Systems*)
 - Sept. 10 – Workshop 2 (*Additionality & “Supplementarity” Limits*)
 - Nov. 20 – Workshop 3 (*Proposed Offset Policy Designs*)
- 2009 Workshops
 - Feb. 19 – Workshop 4 (*Forestry and Agriculture offsets*)
 - May 13 – Workshop 5 (*Reduced Emissions from Deforestation and Degradation (REDD)*)
 - July 30 – Workshop 6 (*“Road Testing” of Offset Methodologies*)
- 2010 Workshops
 - *Feb. 25 – W7 “Sectoral” and Scaled-up International Mechanisms*
 - *Apr / May – W8 Offset Registration and Issuance Processes*
 - *Sept / Oct – W9 New Estimates of Domestic and International offset Supplies*

Goals for Workshop 7 –“Sectoral” and Scaled-up International Offsets

- Better understanding of emerging “sectoral” approaches
 - Nationally Appropriate Mitigation Actions (NAMAs)
 - Sectoral *crediting* (aka “no lose” sectoral crediting)
 - Sectoral *trading*
- Understand the potential for different sectoral mechanisms to be compatible with market mechanisms and to stimulate private sector investment in GHG mitigation
- Learn about scaled-up CDM approaches, such as programmatic CDM, standardized CDM baselines and ongoing CDM reform efforts coming out of COP-15

Nationally Appropriate Mitigation Actions (NAMAs)

- Developing country voluntarily undertakes GHG emission mitigation actions **beyond BAU**
- May include the **entire spectrum of policies and measures** – including market mechanisms – to reduce emissions
- Can be “**unilateral**” and “**unsupported,**” or “**supported**” by funding from developed countries, multi-lateral development institutions or other entities
- **Tradable** versus **non-tradable** NAMAs
- Potentially could be combined with other sectoral and programmatic approaches.

Sectoral Crediting Mechanism

- Developing country voluntarily establishes an “emissions baseline” below BAU for a sector
- If actual emissions are **below the baseline** at the end of the sectoral crediting period, the country / sector would earn **tradable credits *ex-post***
- Under a “**no lose**” approach, if actual emissions are **above the baseline** at the end of the crediting period, the country / sector would **not receive any tradable credits and would not be penalized**

Sectoral Trading

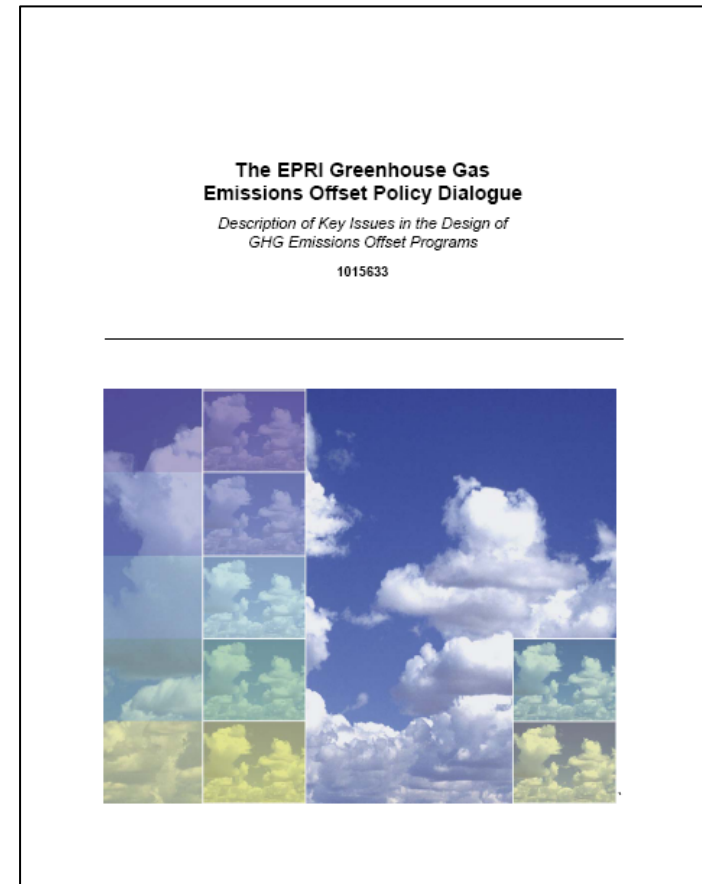
- A developing country accepts an **internationally binding compliance obligation** for a given sector
- ***Ex-ante*** distribution of allowances
- Allowances can be sold to finance emission reduction projects
- **Compliance is mandatory**. If actual emissions are above the baseline at the end of the crediting period, the country would be required to buy allowances or offsets in the international market.
- **Analogous to a domestic GHG cap-and-trade** program in one or more sectors

“Up-Scaling” the Clean Development Mechanism (CDM)

- Programmatic CDM
 - Program of Activities (PoA)
 - Single methodology for all “projects” included in PoA
 - 2 projects registered to date (CFL lighting in Mexico & animal waste digesters in Brazil)
- Standardized project baselines
 - Apply to all CDM projects in a given sector
 - No need to do additionality determinations on a project-by-project basis
 - Some projects could be credited with offsets under a standardized baseline that may not be “additional”

Key EPRI Offsets Documents

- Key Issues in ***Designing Mechanisms to Reduce Greenhouse Gas Emissions from Deforestation and Degradation (REDD)***.
(2009) EPRI document #1017998
- *The EPRI Greenhouse Gas Emissions Offset Policy Dialogue: **Description of Key Issues in the Design of GHG Emissions Offset Programs.***
(2008) EPRI document #1015633
- ***“A Comprehensive Overview of Project-Based Mechanisms to Offset Greenhouse Gas Emissions.”***
(2007) EPRI document #1014085
- ***“Guidance for Electric Companies on the Use of Forest Carbon Sequestration Projects to Offset Greenhouse Gas Emissions.”***
(2006) EPRI document #1012576



http://globalclimate.epri.com/results_and_publications__ghg_offset_policy.html



Contact Information

Adam Diamant

Electric Power Research Institute
Senior Project Manager
Global Climate Research Program
3420 Hillview Avenue
Palo Alto, CA 94304 USA
Tel: 510-260-9105
Email: adiamant@epri.com