
GIS schemes to-date: priorities and future needs for low carbon development

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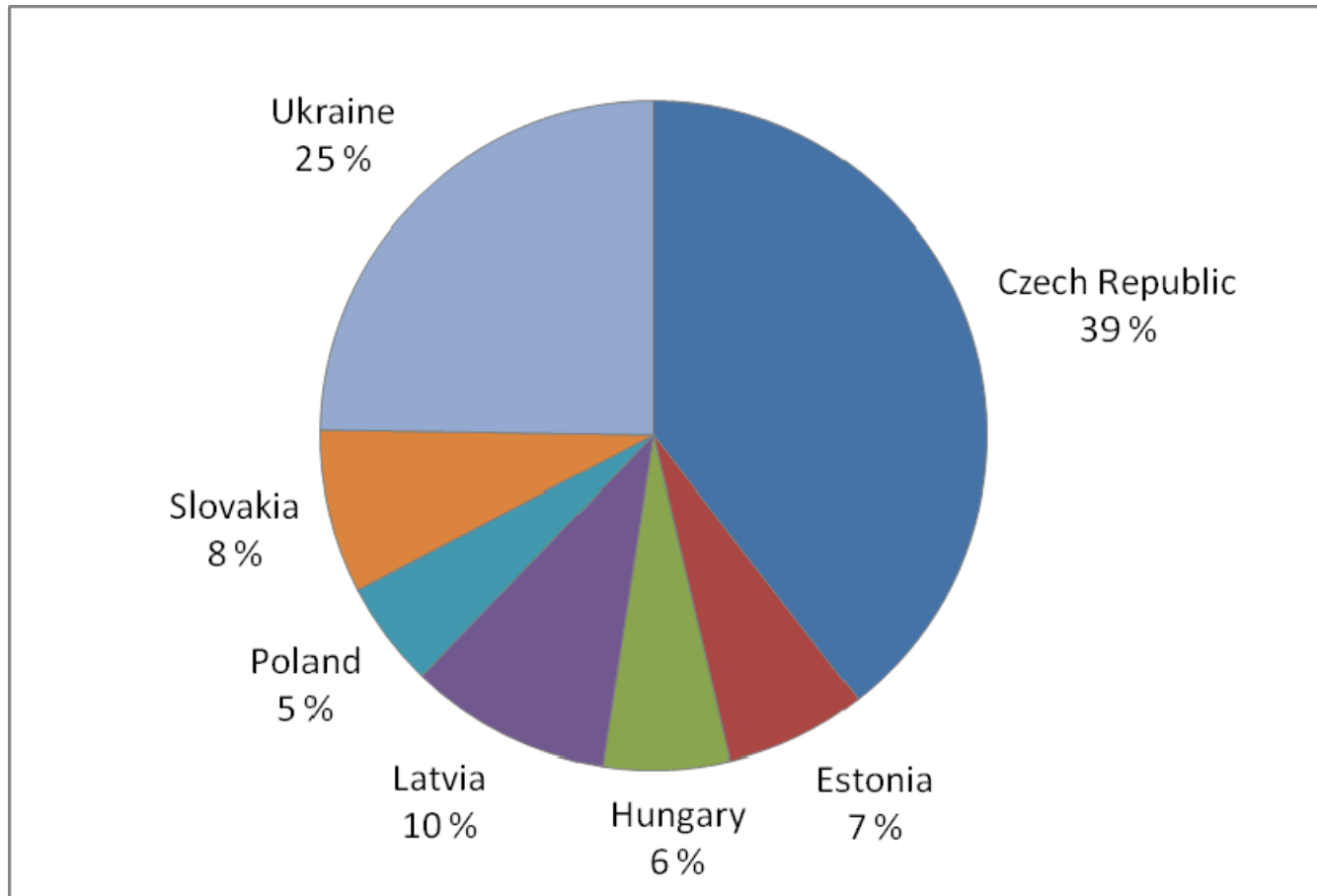
AAUs in the context of Kyoto and the EU

- AAU trading: Article 17 of the Kyoto Protocol
- AAU carry-over is part of the Marrakesh Accords
- Passions run high:
 - For some, it's a matter of principle: it was part of "the deal"
 - Some remember the high price that was paid to create the surpluses
 - In all countries, the need for low carbon investment remains high
 - Some are all too aware of the limits of other mechanisms, i.e. JI
- The EU climate and energy package of 2009
 - Carry-over between years is allowed in 2013-20
 - Transfers between member states are allowed
 - But there is no mention of units carried over from 2008
 - Member state allowances cannot be used by the private sector

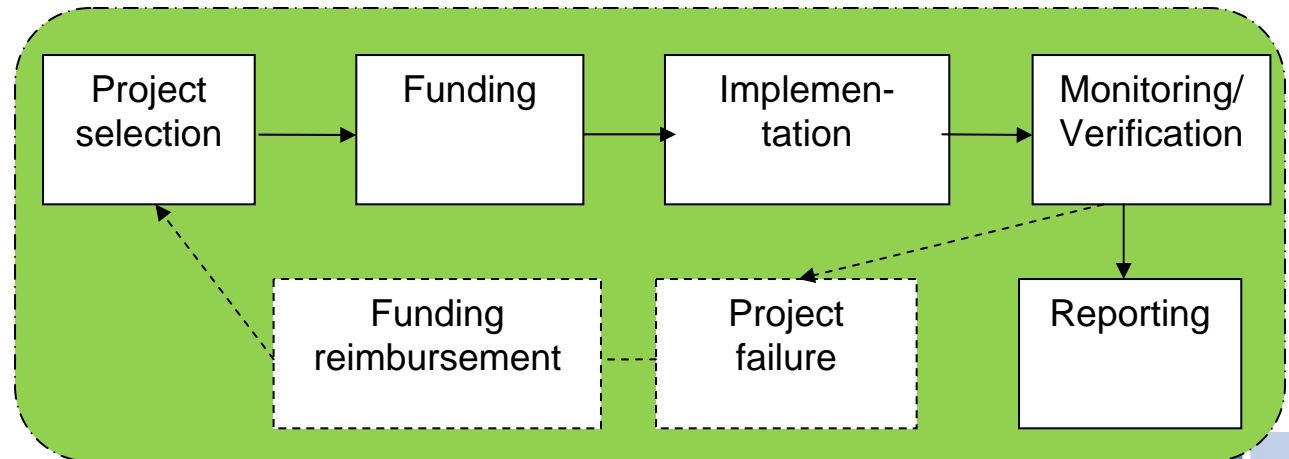
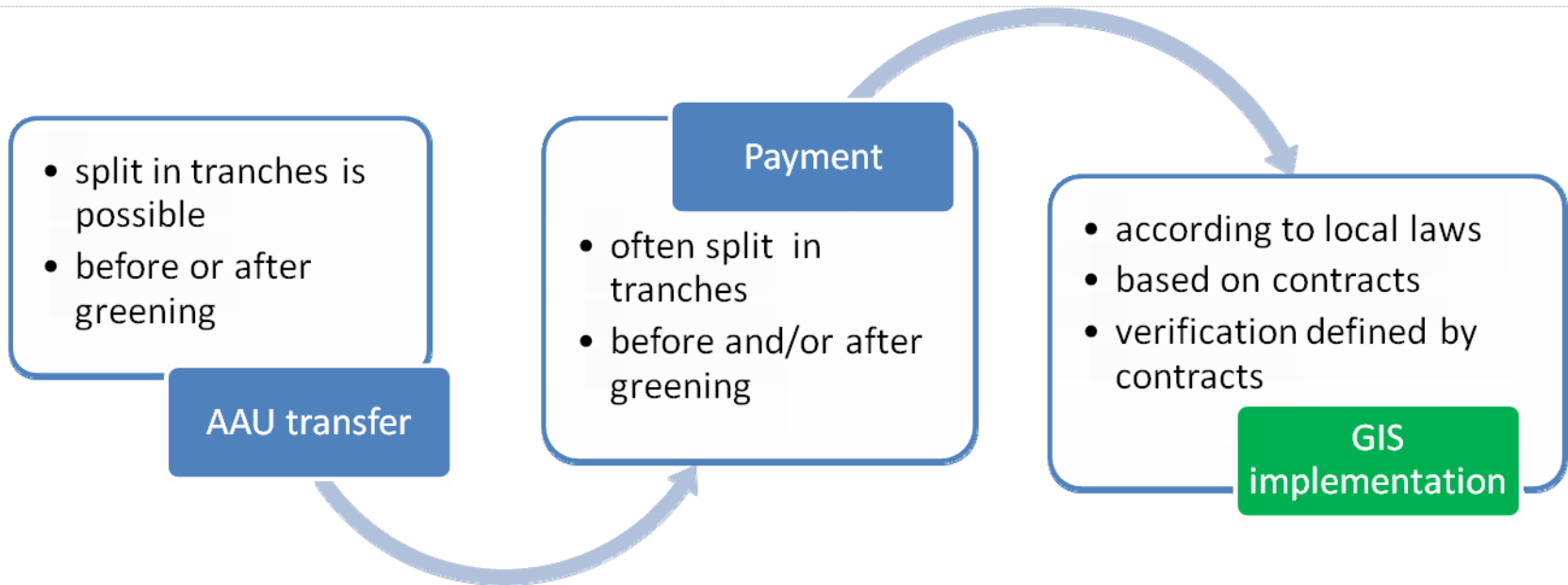
The size of the AAU Market

- Estimated 190 Mt-eq were sold
 - About 1,6 – 1,7% of the current estimated AAU surpluses
- By 2012 AAU market could be about 17%-25% of the size of the CDM market
 - But it is not likely to compete with the CDM market because demand for CERs outstrips supply
- AAU market is already bigger than JI market, and is expected to outgrow it by 50%
 - Mostly because JI has seen limited success in EITs
- Estimated value of AAU transactions to date is €1,9 billion

AAU sellers



The GIS scheme



What are the NEMS doing under the GIS?

Country	Sectors/ Technologies
Czech Republic	Fuel switching (coal to biomass), Energy efficiency and renewables for residential buildings
Latvia	ENEF for public buildings, Switch to RES, Innovative energy technologies, R&D
Poland	Energy efficiency, clean coal technologies, fuel switch, renewables
Lithuania	80% for: ENEF in public and residential buildings, renewables and CHPs. Might be extended to transport; agriculture, and industry 20% for: AFOLU, Adaptation measures (in Lithuania and abroad). Soft-greening projects (education, research)
Hungary	Energy efficiency in public buildings and residential sector, Renewables (support of micro, small and medium renewable energy sources deployment). Transportation, LULUCF, Adaptation
Estonia	Energy efficiency at public sector, renewable energy at small boiler houses, rehabilitation of district heating system, renewable energy (wind power mostly), sustainable public transport.

Continued need for investment

CO₂ mitigation potential projections in 2020 as a function of CO₂ cost, IPCC AR4
Commercial and residential sector

World regions	Baseline emissions in 2020 (GtCO ₂ e)	Mitigation potentials as share of the BAU CO ₂ emissions (costs in US\$/tCO ₂ e)				Mitigation potentials in absolute values, GtCO ₂ (costs in US\$/tCO ₂ -eq)			
		<0	0-20	20-100	<100	<0	0-20	20-100	<100
Globe	11.1	29%	3%	4%	36%	3.2	0.35	0.45	4.0
OECD (-EIT)	4.8	27%	3%	2%	32%	1.3	0.10	0.10	1.6
EIT	1.3	29%	12%	23%	64%	0.4	0.15	0.30	0.85
Non-OECD	5.0	30%	2%	1%	32%	1.5	0.10	0.05	1.6

Other low carbon tools available to NMS?

- ETS
 - Can be seen as burden, works best for large industries
 - Potential for generating auctioning revenues
- JI
 - Limited potential
- Domestic Offsets
 - Article 24a of Directive 2003/87/EC
 - Ongoing debate within the EU, currently not functioning
- New mechanisms?

Why GIS is useful as a low carbon tool?

- Already existing, the legislation is in place
- The institutions are functioning, funds are being disbursed
- Reflects national low carbon development priorities
- Has specific focus on GHG mitigation, with MRV elements already integrated
- Flexible and can be easily adjusted with time

Thank you for listening

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