MRV – lessons from EU ETS and scaling out
degree of futurology needed?

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Strategic landscape

- 5 years plus experience
- MRV in organisation context supported by many tools
- Financial downturn – still with us and impacting on data
- Linking what do we mean
- Government involvement
- Variations across the 27 EU member states still with us
- ‘Paradigm shift’ challenge
- New sectors
The ‘Road from Copenhagen’

- MRV cornerstone of any successful linking
- Risk mitigation / understanding
- EU ETS will continue
- Emerging developments – New Zealand, Japan – linking
- Developing country - Korea, China etc - linking
- UNFCCC future
Challenges

Questions:
- Linking what do we mean
- Learning lessons
- Scaling up – challenges

Remember
- EU ETS is closed system
- MRV outcome important
- Liability for errors?
Learning lessons – EU ETS

- Financial commodity
- Understanding of data needs and …
- Risk - do we really understand this?
- Risk at what level – installation, government or?
- Resources, competence and preparedness across all
- Understanding and interpretation of requirements
- Cultural difference
- Understand the players:
  - Installations
  - Competent authorities
  - Ministries
  - Accreditation
  - Verifiers
- Actual trading levels – see graph

**EU CO₂ ~ €13 / t**
Linkage

- Linking – what do we mean?
  - via CDM or other project credits
  - one way linking between EU ETS and other ETS
  - two way linking with another ETS
  - no linking – chose not to accept other credits or allowances for compliance

- Linking design needs:
  - Same aim
  - Trust
  - Same principles

- Open versus closed system?
Scaling out?

Detailed understanding of:

- Monitoring limitation
  - Uncertainty – and what is does not mean or imply!
- Reporting limitation
  - What level do we need – every tonne in a report of over 1 million tonnes or?
- Verification process limitation
  - Materiality – and what it does not mean or imply!
  - Level of assurance – accept what it means
- Accreditation limitation
Possible bridges?

*Monitoring and Reporting*
- ISO 14064 part 1 and part 2
- WBCSD GHG Protocol – for more detail

*Verification*
- ISO 14064 part 3

*Accreditation*
- ISO 14065

Similarities with:
- EU ETS
- USA proposals
- Japanese proposal
- CDM/JI
- Voluntary schemes
- etc
Dreams

- Bridge building
- Understand achievable versus impractical
- Build on commonalities
- Accept differences
- Use existing tools
- Continue to talk and work

*It takes courage to stand up and speak but also to sit down at listen*

Churchill
What is LR doing?

- Continue to monitor and actively influence developments
- Communicate and provide leadership
- Help our clients to:
  - understand emerging and existing requirements
  - comply with environmental requirements
  - demonstrate their environmental credentials to stakeholders
- Continue to work with research institutes, regulators and clients to develop solutions
Thank you. Questions?

Our overall research work includes focus on the main sustainability principles of planet, people and profit, given our mission since 1760 has been – ‘We aim to secure for the benefit of the community high technical standards of design, manufacture, construction, maintenance, operation and performance, for the purpose of enhancing the safety of life and property at sea, on land, and in the air’.
Reference

- EU ETS trading data from - KfW/ZEW CO2 Barometer - KfW/ ZEW CO$_2$ panel 2009 ‘Leaving the Trial Phase behind – Preferences & Strategies of German Companies under the EU ETS’ – published May 2009 by KfW Bankengruppe and Centre for European Economic Research (ZEW)