

IEA, EPRI & IETA Workshop Sept 2010

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

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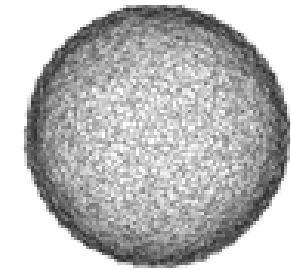
LIFE MATTERS

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'



COP15
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

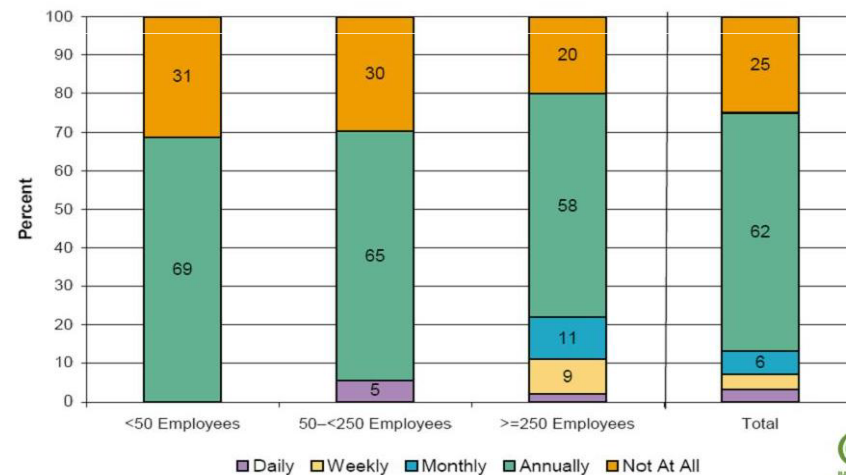
Remember

- 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 it 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

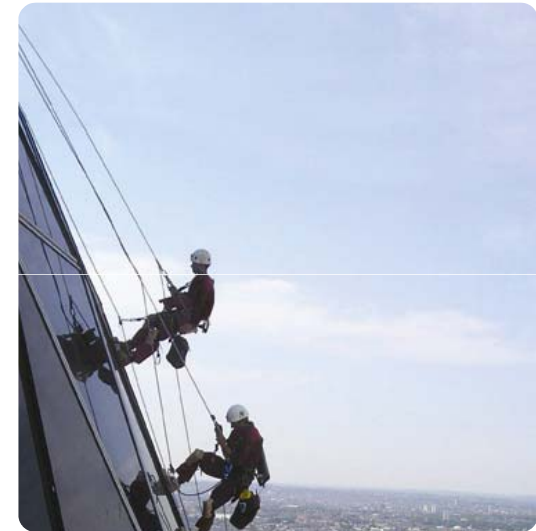
- Bridge building
- Understand achievable versus impractical
- Build on commonalities
- Accept differences
- Use existing tools
- Continue to talk and work

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

Churchill

What is LR doing?

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



Thank you. Questions?

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Reference

- EU ETS trading data from - KfW/ZEW CO2 Barometer - KfW/ ZEW CO₂ 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)