



# Dutch Policy idea's for buying Green AAU's

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# Issues I want to discuss

- Dutch Climate Policy JI/CDM/AAU
- Why develop Green AAU's
- What are green AAU's?
- Risk's of buying Green AAU's
- Pricing/contracts ?
- Conclusions



# The Netherland's Climate Change Policy

- Reduction of 200 Mton CO<sub>2</sub>
- 100 Mton through Kyoto Flexible Mechanisms
- 34 Mton through JI and 67 Mton CDM
- Well on the way but we are not there yet 60/70%?
- We need fall back option
- That will be Green AAU's.



# Why buy Green AAU's

- There is still a Gap between demand and supply
- EIT"s must also profit from Kyoto not only big CDM countries to get them on board for regime after 2012
- Green AAU's can be instrument for future regime
- Commercial investors are not on this market; price will be lower then JI/CDM



# How green should AAUs be?

- How direct should the link between AAUs and environmental benefits be?
  - > The use of AAU-money should be known before the purchase of AAUs.
  - > The spending of the use of AAU-money should be monitored.
  - > The money has to go to green target's



# How green should AAUs be?

- What should the environmental benefits be?
  - > Hard and soft greening also other option's possible.
- How transparent should a Green Investment Scheme be?
  - > Very transparent, Criteria, annual reports
  - > Very reliable implementing agency



# Risks of purchasing AAU

- Will Host Country be eligible for Emissions Trading (article 17)?
- Do we have to make a contract under public international law ? Then we need Treaty between Host and Investing country? How long will this take?
- Can we make a contract under private int law?
- How will the price be formed?  
Open tender or bilateral negotiations?
- Are there good investment possibilities?
- EU State Aid legislation
  - > AAUs as a subsidy?



# CO<sub>2</sub>

## Cooperation between buyers?

- We are competing, but buyers should try to harmonize..
- Use the same implementing agency?
- Tender or bilateral neg. on price?
- Same reporting rules?

But

- Sellers have to work to be able to sell
- Legislation/implementing agency





# Role of WB?

- Help to set up transparent implementing structure
- Advice inv. to avoid corruption on the spending of the money.
- Inst. for capacity building?
- Role of EBRD and commercial banks??



# Conclusions

- Green Investment scheme is needed
- Urgent to start and find reliable country with good implementing agency.
- Still a lot of legal and implementing problem's to be solved
- But I am positive

