

# Micro to Macro Offsets:

## CDM & JI ?

Eighth Annual Workshop on  
Greenhouse Gas Emission Trading

22 - 23 September 2008  
Paris, France

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# Overview of the CDM & JI – present levels

- **CDM the largest CO2 offset system in the world**
  - 1,162 registered projects to date
  - Over 2000 projects in addition in the pipeline
  - 49 countries
  - 186,406,349 CERs issued
  - 2.7 billion CERs expected to end of 2012
- **JI the KP mechanism within the Annex B capped setting**
  - Track 2
    - 155 PDDs to date, 280 million t CO2-eq. expected to end of 2012
    - 5 final determinations, 10 million t CO2-eq. expected to end of 2012
    - 12 countries
  - Track 1 - 19 projects officially requesting ITL identifiers



# CDM & JI Offsets - background

## Considerations when mechanisms designed:

- Projects in developing countries (CDM) or Annex B (JI) countries that can earn saleable credits for reducing/avoiding emissions
- Credits can be used by countries with commitments under KP toward meeting a part of their targets
- Host countries benefit from sustainable development initiatives and/or environmental and other co-benefits
- Market oriented means to achieve GHG emissions reductions
- Meant to promote private sector investment and involvement in mitigation
- Bottom-up approach
- Public participation in process
- Results are real, measurable, verifiable, additional emission reductions



# Example of process evolving: CDM pre-2012

The EB has made efforts to address issues, and evolve ....  
CDM programme of activities is an example (not “Macro” though)

Voluntary coordinated action by a private or public entity  
which coordinates and implements  
any policy/measure or stated goal ...

which leads to GHG emission reductions  
or increase in net GHG removals by sinks

that are additional to any that would occur  
in the absence of the PoA,

via an unlimited number of CDM project activities,  
perhaps over a large area (e.g. town, state, region)



# PoA example of evolving process

## Registering of PoA

- A private or public entity implementing any policy/measure or stated goal requests registration of PoA with one project.
- Other project activities added later, according to proposed process for inclusion.

## Can extend to one or more

- Letter of approval from each host country and AI country
- Letter of approval states a PoA, and hence each project activity under it, contributes to SD of host country

## Project activities are similar

- Apply the same approved baseline and monitoring methodology
- Involve one type of technology or set of interrelated measures in the same type of facility/installation/land

## PoA duration 28 years maximum

- Crediting period of project activities in the PoA: 10-year fixed, or 7 years, renewable twice, as per “Procedures for Renewal of a Crediting Period of a Registered CDM project activity”, limited by duration of the PoA.

## Presently in pipeline:

- Distribution of energy efficient light bulbs to households in Mexico
- Biodigesters in small farms in Brazil
- Home solar systems in Bangladesh
- Commercial solar water heaters in South Africa



# And JI...also could evolve pre-2012 and post

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## How could Joint Implementation evolve?

There have been discussions / interests in PoA for JI

Some stakeholders feel that JI as a mechanism should be a testing ground for the future given its design, including capped nature

Post-2012 could see more Host Parties and/or changes to JI

Indications are that there could be a potential for macro size projects in the JI sphere



# Post-2012 CDM & JI Offsets

Discussions have started on the post-2012 structure of CDM & JI

Main topic areas:

- Modification of the scope of the mechanisms
- Effectiveness and efficiency, including:
  - Alternative institutional arrangements for DOE/AIEs
  - Broaden the role of host Party governments
  - Alternative ways to ensure environmental integrity and assess the additionality of projects
- Accessibility (countries and project types)
- Contribution to sustainable development, capacity to generate co-benefits and the transfer of technology

Within these topic areas it is clear that **modifications could be considered that would allow KP offsets to move from micro to macro**



# Micro to Macro – considerations

Technical and policy approaches to shift away from project-by-project development, verification and crediting of offset projects to larger scale development and implementation, need to consider how elements and issues with the existing CDM & JI offset mechanisms will or won't fit in:

- Environmental integrity
- Assistance to sustainable development
- Additionality
- Regional distribution
- Ensuring a diverse selection of technologies and activities
- Specific role of host Parties
- Macro offsets and/or sectoral approaches and other means
- CDM and JI are different by design and policy guidance



# Thank you

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Further information

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