

INFORSE-Europe response to Public Consultation on Post 2012 Climate Policies, October 10, 2008

1. Background information

Response from International Network for Sustainable Energy - Europe, www.inforse.org/europe

2. The climate change challenge - a shared vision for the 21st century development

Would this aspirational long term goal be appropriate in the light of the 2007 IPCC reports and latest scientific knowledge? (max 4000 characters)

INFORSE-Europe finds that the level of ambition must be consistent with the ultimate objective of the Convention: "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system". Based on the best available scientific evidence, INFORSE-Europe finds that global average temperature increases should be kept as far below 2°C as possible, and we advocate that the increase should be kept to 1.6°C to avoid severe, adverse impacts of climate change. INFORSE-Europe finds that a concentration target of 450ppmv is too high, as it gives only a 50:50 chance of not crossing the 2° threshold for global average temperature. A stabilisation target below 400 ppmv must be considered. Further INFORSE-Europe supports the response of Climate Action Network - Europe (CAN-Europe) for this question (question 2).

Is there a need for other elements to be part of the shared vision in order to ensure the transition to a sustainable low carbon economy? (max 4000 characters)

The shared vision must also include viable ways to limit greenhouse gas emissions sufficiently in an equitable way. This must include: - viable low carbon development plans that can realise poverty reductions and development objectives for the developing countries without large increases in fossil fuel use, - strong reductions in industrialised countries, reflecting their primary responsibility for the global emissions, using sustainable and available solutions - reversing greenhouse gas emitting land-use practices to give net greenhouse gas absorption (acting as sinks). As part of this, it is crucial to build a common vision for the necessary changes of energy supply and demand, transport, unsustainable land-use practices etc. Cooperation on adaptation must be part of the common vision, addressing in particular the problems of the least developed countries and of vulnerable groups. To realise large reductions in particular in CO₂ emissions, it will be beneficial to address the aim of development for the countries and groups above the income level where health and happiness are connected to the income. There is growing evidence that health and happiness is connected to income below a certain level, but above this level there is little correlation. To increase the wellbeing of people above this level, it is much more efficient to focus on healthy living and satisfactory working and living conditions rather than on economic growth. A vision for healthy living rather than for material and economic growth would also make it easier to reach climate mitigation objectives and other global sustainability objectives.

3. Mitigation commitments by developed countries

What should be the criteria for allocating emission reduction efforts among developed countries, considering also the need to ensure the "comparability of efforts" as agreed in Bali? (max 4000 characters)

INFORSE-Europe fully agrees with the EU view that developed countries should (continue to) take the lead in emission reductions, but finds that EU's current level of ambition is inadequate according to the best available scientific analysis (IPCC's Fourth Assessment Report and subsequent peer-reviewed literature). Deeper emissions reductions are needed for the goal of keeping global average temperatures well below 2 °C. Therefore INFORSE-Europe proposes a target of 40% greenhouse gas emissions reductions 1990-2020 and phase out of energy-related CO₂ emissions before 2050, together with land-use changes resulting in turning the global land-use into a net carbon sink. For the allocation of emissions, INFORSE-Europe supports a combination of development towards more equal per capita emissions with short-term reductions according GDP per capita, so the countries with the highest GDP per capita should reduce fastest. This is based on the simple logic that the countries with the highest GDP/capita will be able to do the necessary investments with the least investments relative to their GDP.

4. Mitigation actions by developing countries

What type of mitigation actions should developing countries undertake? How should these be measured, reported and verified? What should be the scale and legal nature of these actions? How should differences in responsibility and capability of different developing countries be taken into account? (max 4000 characters)

Different types of mitigation actions are appropriate for different developing countries; respecting the principle of common but differentiated responsibilities, and acknowledging different national circumstances. All countries should undertake sustainable development policies and measures (SD PAMs) as a means of realizing clean development, reflecting national priorities and capabilities, while ensuring that no regrets measures are implemented and that co-benefits are realized. All countries should stop subsidies for fossil fuel extraction and use, as well as for nuclear power that typically increases the cost of the energy sector for the state, leaving less financing for more cost-effective solutions, such as energy efficiency. The Least Developed Countries should receive financial and technical support for implementing their SD PAMs from developed countries. Developing countries with high per capita emissions, e.g. because of land-use change, should reduce their emissions after 2012.. The scale of the actions must globally lead to reductions of emissions and increase of land-use sinks to safe levels compatible with the climate objectives discussed in the first question.

To what extent and how should those actions be supported by technology and financial assistance from the developed countries? What kind of supporting tools could be developed at the international level to support domestic action and should there be respective roles for the public and private sector, including the carbon market? (max 4000 characters)

It is crucial that the actions are supported by technological assistance from developed countries; it is in many cases previous technical support including ODA that is creating the current emissions. For measures with net costs there is a need for financial assistance, where the least developed countries should receive support to cover the extra costs while for the more advanced developing countries the extra costs should be shared. This assistance should depend on the GDP and emissions of the country. This support from developed countries must be quantified, binding and be additional to the average of 40% domestic emissions reductions that they must achieve by 2020, compared to 1990 levels. INFORSE-Europe support the position of CAN-Europe that EU-27 should take up around 0.8Gt worth of mitigation support for developing countries. In addition to commitments from industrialised and developing countries and quantified support from developed to developing countries, carbon markets and a continuation of high-standard CDM project can play a role to increase flexibility and make it easier for some countries to fulfil their obligations.

How should technology and financial assistance by developed countries to developing country mitigation and adaptation actions be measured, reported and verified and should they be compared? (max 4000 characters)

With quantified financial assistance with greenhouse gas emission reduction objective, it is crucial that both the size of the financial support and its mitigation effects are reported. Developed countries AND the receiving developing countries should report quantity of financial assistance and expected mitigation. Independent evaluations of the realised emission reductions should be made, and made public.

5. Carbon market

How should the existing Clean Development Mechanism and Joint Implementation be improved in order to increase their environmental integrity and effectiveness? (max 4000 characters)

In the light of the many problems with credibility of CDM and JI projects, INFORSE-Europe finds that higher standards are needed and propose that all new projects follow the "Gold Standard" that is supported by several environmental organisations. There are special problems with the projects that reduce very potent greenhouse gases, such as chlorinated, industrial gases. To include reductions of such gases in the same mechanism as reductions of CO₂ gives strange price signals with very high revenues for reductions that are small measured in tons of gas. To include these gases in JI and particular CDM is a very costly way of promoting their reductions. A mechanism as the one used in the Montreal Protocol for protection of the ozone layer will be more appropriate and should replace the inclusion of these gases in CDM and JI projects. Probably reductions of all gases with a greenhouse gas potential above 50 should be treated in this way. In case of trade-offs, where for instance CO₂ reductions lead to increased N₂O emissions, the net greenhouse gas effect of a project must be counted. It is important for the integrity that the CDM and JI mechanisms are not extended to sinks, neither biological sinks nor geological storage of greenhouse gases. It is important that biological sinks are supported in the context of land-use issues as part of the above-proposed mitigation support from industrialised countries to developing countries. This support must be additional to the

reduction targets in industrialised countries. For CDM projects in developing countries with greenhouse gas targets, INFORSE-Europe proposes that the EU consider more comprehensive approaches than the current project-based approach, variously discussed as policy-based or sectoral approaches.

What new market mechanisms could be developed to improve the effectiveness of carbon market? (max 4000 characters)

The crucial issue for any carbon market is that a purchase leads to real reductions. Thus there is a need to increase credibility of carbon markets to make them efficient mechanisms in climate mitigation. For the global carbon market (JI and CDM) there is a need to limit projects to gases without high global warming potentials (as mentioned above), and to avoid any free-riders (hot air).

6. Carbon leakage

How could the delocalisation of emissions from developed countries with binding emission caps to other parts of the world be minimized? (max 4000 characters)

It is important to consider the climate objectives of industries in industrialised countries. The objective is not to maintain high emitting and sometimes inefficient industries in any country but to promote a transition of the industries to low-climate impact production. This can be done by cleaner production technologies and with use of cleaner energy inputs. To promote cleaner production including local use of renewable energies, revenues of the costs charged on the industries for greenhouse gas emissions must partly be returned to the industries for mitigation plans. These mitigation plans should be made so they lead to substantial reductions, at least 50% greenhouse gas reductions in 10 years, and that they also avoid sudden cost-hikes for the industries that could lead to relocation. For industries that are dependent on high inputs of secondary energy (primarily electricity), they should change to cleaner sources of secondary energy (electricity). Plans for change of at least 50% of their energy inputs to cleaner sources in 10 years, should be eligible for support as mitigation plans described above. If this is not possible or if it is very expensive in the place where they are located, relocation might be the logical answer.

7. Sectoral approaches

What type of sectoral approaches could effectively contribute to global emission reductions? (max 4000 characters)

The objective for each sector must be to contribute its share in mitigation. To assist sectors in their transformation in the most cost-effective ways, indicative sectoral plans for at least 50% reductions of greenhouse gases should be developed, EU-wide as well as globally.

8. Emissions from international air and maritime transport

How could emissions from international air and maritime transport be effectively addressed? (max 4000 characters)

INFORSE-Europe supports the position of CAN-Europe and others that emissions from international aviation should be allocated to the point of sale of the fuel that gives rise to them, reported in the country's national inventory and accounted for in its overall national emissions total (assigned amount). A multiplier, in line with the IPCC's report on aviation, should be applied to account for the non-carbon dioxide effects of aviation emissions upon the atmosphere. Administratively, responsibility for abating aviation emissions should be removed from the remit of the International Civil Aviation Organisation (ICAO) and accounted for under the UNFCCC like all other emissions, except those from international shipping. Accounting for emissions from international shipping cannot be dealt with by the same means as aviation, because of the large flexibility that larger ships have in choosing the point of fuel supply along their route. To circumvent this difficulty, it would be best to allocate responsibility for emissions to ship owners or to ships, as proposed by Norway and supported by CAN-Europe and others.

9. Emissions from deforestation and forest degradation

What should be sources of financing emission reductions from deforestation and degradation? (max 4000 characters)

characters)

Key to reducing emissions from deforestation and degradation will be delivering sufficient finances to negate the drivers for deforestation, which Stern conservatively estimates at about € 7 billion per year. Addressing the problems in developing countries must be a shared responsibility of industrialised and developing countries, where industrialised countries contribute with quantified support as proposed in the answer to question 4 above. Developing countries must end subsidies and other perverse incentives (such as allocation of land rights) for deforestation. Further developing and industrialised countries must cooperate to limit investments in and sale of products from deforestation-related activities, setting economic disincentives for this. There is a need to address the different situations of managed and largely unmanaged natural areas differently: For managed land, the task is to change to sustainable management such as replanting of forests, and economic and legal structures for this must be in place, including monitoring that can be used as basis for international schemes. The effects of forest fires and related liability issues must be considered as part of this. Developing countries should be able to receive support for the management activities also after the change of land-management, at least for a period until a sustainable system of markets and legislation is in place internationally. For natural land with high carbon content, international or bilateral systems should be considered to maintain this land in the present form of non-managed or extensively managed land. This could include a permanent flow of funding to the countries that host this land. Land-use management should not be part of tradable carbon allowances such as the CDM mechanism.

How financing of emission reductions from deforestation and degradation should be monitored taking into account non-permanence, leakage and liability issues? (max 4000 characters)

Financing, as proposed above, should be reported to the UNFCCC Secretariat.

10. Adaptation needs and support for most vulnerable countries

What mechanism should be used to finance cost-efficient adaptation action in the most vulnerable countries, in particular LDCs, SIDS and African countries? (max 4000 characters)

The mechanism to finance adaptation should lead, as the Bali Action Plan states, to sustainable, predictable equitable and adequate funding. It is estimated that adequate international funding for adaptation means are above €35bn per year. Existing funding mechanisms are not generating funding of the necessary order of magnitude. A traditional funding mechanism based on per GDP of the participating countries should play a role, but new funding options are also needed. One possible new funding option is the Norwegian proposal of using the revenues from international auctioning of emissions allowances. If a small portion of permits were to be withheld from national quota allocation, and auctioned by the appropriate international institution, the resulting revenue could then be placed in a fund to be used on adaptation actions. At current prices, auctioning 2% of allowances might generate around €10bn; auctioning 10% could raise between €12 and 90bn. Additional innovative sources may be needed, and another one such would be a levy on aviation and maritime fuels, as suggested by CAN-Europe.

How should the effectiveness of adaptation measures be monitored and assessed? (max 4000 characters)

For this question, we fully support the response from CAN-Europe

What should be the catalyst role of the UNFCCC, considering notably the role and contribution of other relevant international organisations addressing the impacts of climate change on their area of competence? (max 4000 characters)

For this question, we fully support the response from CAN-Europe

11. Technology cooperation

Is there a need for specific support schemes for the development, demonstration or deployment of certain technologies? If so, for which ones and how should these be structured? (max 4000 characters)

IPCC(4th assessment) and many others have recognized the crucial role of technologies improving energy efficiency, which together have potential to deliver half of all emission cuts needed in the energy sector. There is also a general consensus on the need to increase the use of renewable energy. There is on the other hand not consensus on increased use of nuclear power or carbon capture and storage as part of the solutions, and they should therefore not

be included in the technology cooperation for climate change mitigation. Cooperation and support schemes need to focus on solutions, which will also serve the goals of poverty alleviation, sustainable development and energy security. INFORSE-Europe supports the establishment of two new funds: - An R&D fund to co-finance projects and facilitate R&D cooperation, involving public and private actors. The fund should also help build the necessary human and institutional capacity to implement technology related R&D agreements at the national level. - A Diffusion Fund to provide blended finance through a range of different instruments in order to rapidly scale-up the use of near market solutions. It should also ensure that the necessary know-how exists in each country to be able to fully utilize clean and sustainable technologies, and support market introduction measures. To be eligible to receive support from the Funds, a developing country would have to prepare a Low Carbon Development plan and an assessment of its technological needs, identifying the gaps in domestic capacities, which must be met through international technology cooperation. Coordination between regulatory measures (funded by the technology funds) and market-based measures needs to be ensured to avoid perverse incentives.

How to strengthen enabling environment for the deployment of the many existing clean technologies? (max 4000 characters)

Phase out of subsidies for fossil fuel extraction and use is essential to end perverse price signals. Also subsidies must be stopped for technological solutions that inhibit sustainable development (such as nuclear power that is too expensive and problematic to contribute positively to mitigation plans) and that increases greenhouse gas emissions (such as hydropower with dams that lead to large methane emissions). Capacity-building is a key enabling mechanism in developing countries, and needs to be addressed as a matter of priority within any future mechanisms to develop, deploy and diffuse technology. This relates to technical as well as regulatory and institutional capacities. Other key elements for enabling environments are a) clear and common global long term vision, which is an essential signal for the private sector b) access to funding and c) enabling policy frameworks. Different approaches are needed in different countries and sectors. A new Technology Cooperation Mechanism, encouraging the receivers to take actions to improve their policy conditions for low carbon development. Financing could come from industrialised countries with mechanisms additional to reductions in industrialised countries. To be eligible to receive support from the Funds under the Technology Cooperation Mechanism, a developing country should prepare a Low Carbon Development Plan (LCDP), which would set out country's overall goal, strategy and means (incl. policies and measures) for shifting to a low carbon development path, with a specific view on endogenous technologies etc. Intellectual property rights will have to be addressed. A framework agreement on IPR and technology licensing could be established to encourage patent sharing. The possibility of a "Patent library" should be explored, as a solution for innovators as well as buyers of climate friendly technology. Knowledge and inventions on the different selected technologies relevant for adaptation and mitigation will be pooled into a database, to which users can buy access for a set percentage of their profit - e.g. 10 pct.

12. Finance and investment

How should additional public support be organised and which should be the three top priority areas for financial support in developing countries? (max 4000 characters)

Substantial new and additional public funding is essential in order to a) leverage much greater amounts of private financing for the mobilization of climate friendly technologies b) provide funding for activities that do not attract private money, like the majority of the adaptation activities. The priority areas for financial support in developing countries need to be transition to clean technologies in particularly energy efficiency and renewable energy, reversing emissions from tropical deforestation and degradation to make large areas biological sinks, and adaptation. The magnitudes of public funding have to meet the assessed needs and cover the agreed incremental costs. One rough estimations so far indicate that the developing countries' needs of public financing could be in the order of 60 - 70 bln €/yr), or which the share of adaptation would be 25 bln €, incremental costs of mitigation 15 - 25 bln € and protecting tropical forest at least 3 bln \$. The funding is similar to about 100 €/year for the 650 million people living in the EU and North America. EU's share would be equal to about 0.33% of GDP. In principle it would be possible to raise this amount in a similar fashion that is done for ODA, and it would not have practical adverse effects for the industrialised economies, but the practical problems to raise ODA to just around 0.33 % of GDP shows that other funding mechanisms are also needed. A promising revenue stream to make up the huge difference between existing and needed public funding is the auctioning of assigned amount units, as has been proposed by Norway. Other promising sources of financing as well, such as those involving aviation and maritime fuels, should also be explored. The best chance for success is to combine these new funding mechanisms with an "old" funding mechanism linked to the GDP of all countries above a certain income level, such as 8000 €/capita. The management of these funds needs to be representative and transparent and the mechanism needs to be closely linked with the guidance of, and the principles set by the UNFCCC and Kyoto Protocol COP. The GEF that is based inside the World Bank, has managers and decision makers outside of the UNFCCC process and is not trusted by the developing countries is unlikely to serve as an optimal institution for managing these massive new funding streams.

How could private sector be involved in mobilising additional finance? (max 4000 characters)

Private-sector investments constitute the main share (86 %) of investment and financial flows in the energy sector

today and they will remain key in the future as well. Deepening and widening emission reduction commitments and expanded carbon market with adequate price signals and phase out of perverse subsidies can play a large role in redirecting these flows, but it might not be adequate. There are also needs for: - Changing funding of international institutions including development banks to stop funding for fossil fuel exploration and use as well as nuclear power. - Public funding to leverage (much greater amounts of) private financing for mitigation and adaptation technologies. Private sector with its innovation mechanisms and hands-on experience with technologies will also need to play a major role in developing the technical solutions for mitigation and adaptation. The Technology Cooperation Mechanism proposed by CAN-Europe would provide the private sector with ways of participating, by, inter alia, facilitating and funding public private partnerships, providing enabling environments for joint ventures and setting Expert Panels to help develop and oversee the global Technology Roadmaps. The Copenhagen outcome with its targets and mechanisms needs to create as predictable and reliable investment environment for the private sector as possible.

13. Compliance and enforcement of the new agreement

How should it be ensured that countries will comply with their commitments? (max 4000 characters)

Further development of the reporting for the Kyoto Protocol must be the basis to evaluate success. INFORSE-Europe is in favour of penalties in case of non-compliance similar to the ones in the EU Emissions Trading Scheme, and that funds from such non-compliance penalties are invested in climate mitigation.

14. Other suggestions

Please enter any other suggestions that were not covered by previous questions (max 4000 characters)

While many new measures are being put on the table as part of the post 2012 negotiations, there is an urgent need to build capacity, particularly in developing countries, to ensure that the institutional, informational and human infrastructure is in place for the measures to be able to be operational as soon as possible. Industrialised countries must support this as part of the funding mechanisms proposed above. The current lack of official consideration of biodiversity in the UNFCCC process is a huge oversight, as not only do other species have an intrinsic right to survival, but maintenance of natural diversity helps to provide stability of ecosystems to climatic changes.