Reliability

Innovation

Expertise

cdc climat research

Caisse des Dépôts GROUP

Monitoring: the key to a bright future for project mechanisms in diffuse sectors

Valentin Bellassen

Activities of CDC Climat

- Services to markets
  - Registries (Seringas, VCS, …)
  - Exchange (BlueNext, joint venture with NYSE-Blue)
  - Climate forecast (MetNext, joint venture with MétéoFrance)
- Investment in emissions reduction projects
  - European Carbon Fund, Fonds Capital Carbone Maroc, Post-2012 carbon fund, …
- Research and analysis on climate economics
  - First ex-post analysis of the test-phase of the EU ETS
  - Club Tendance Carbone
  - Development of the CO2 Domestic Offset Projects framework in France

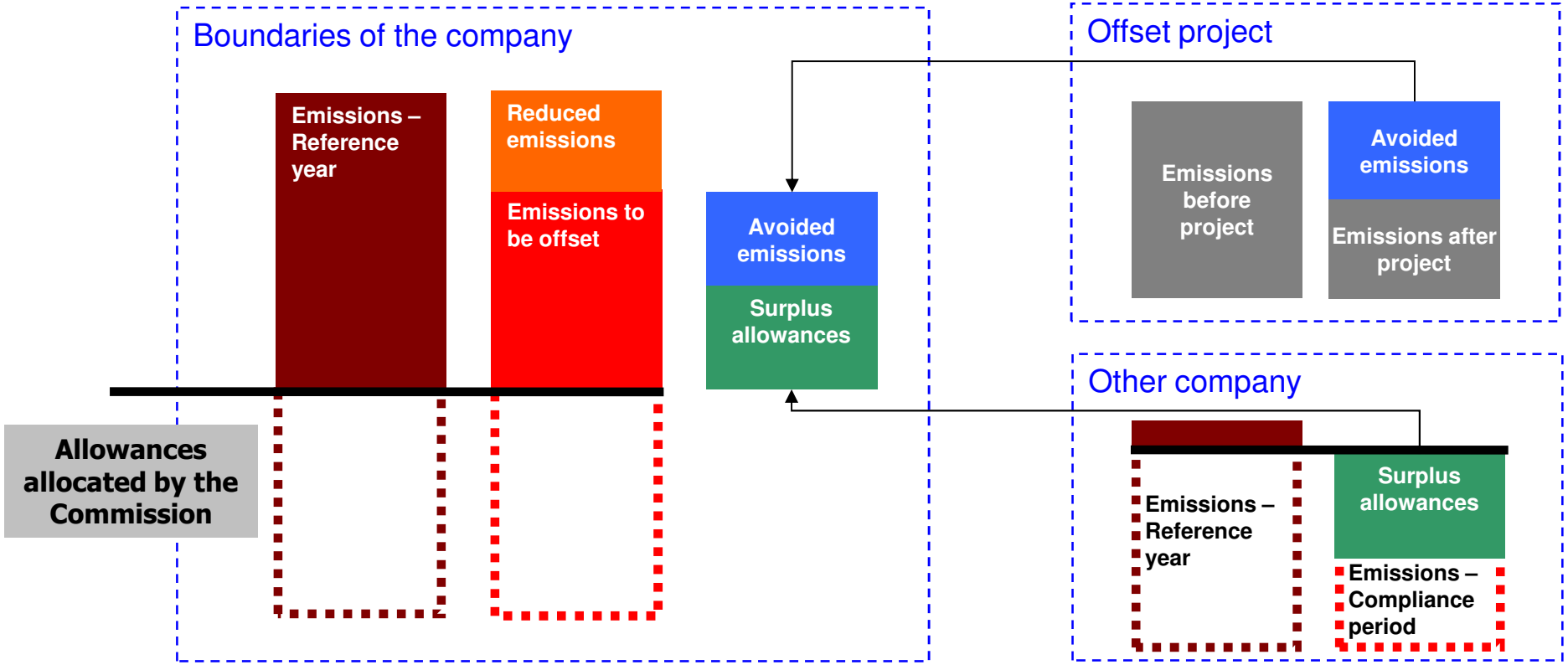
Monitoring and project mechanisms in diffuse sectors

Innovation Expertise Reliability

cdc climat research

Caisse des Dépôts GROUP

- Demand and supply of carbon



Source: CDC Climat Research

Innovation Expertise Reliability

cdc climat research

Caisse des Dépôts GROUP

"Compliance" continent

Allowances

(Kyoto market, EU ETS, …)

82 G€ in 2010

Offsets (CDM, JI): 14 G€ in 2010

Offsets: 270 M€ in 2010

"Voluntary" island

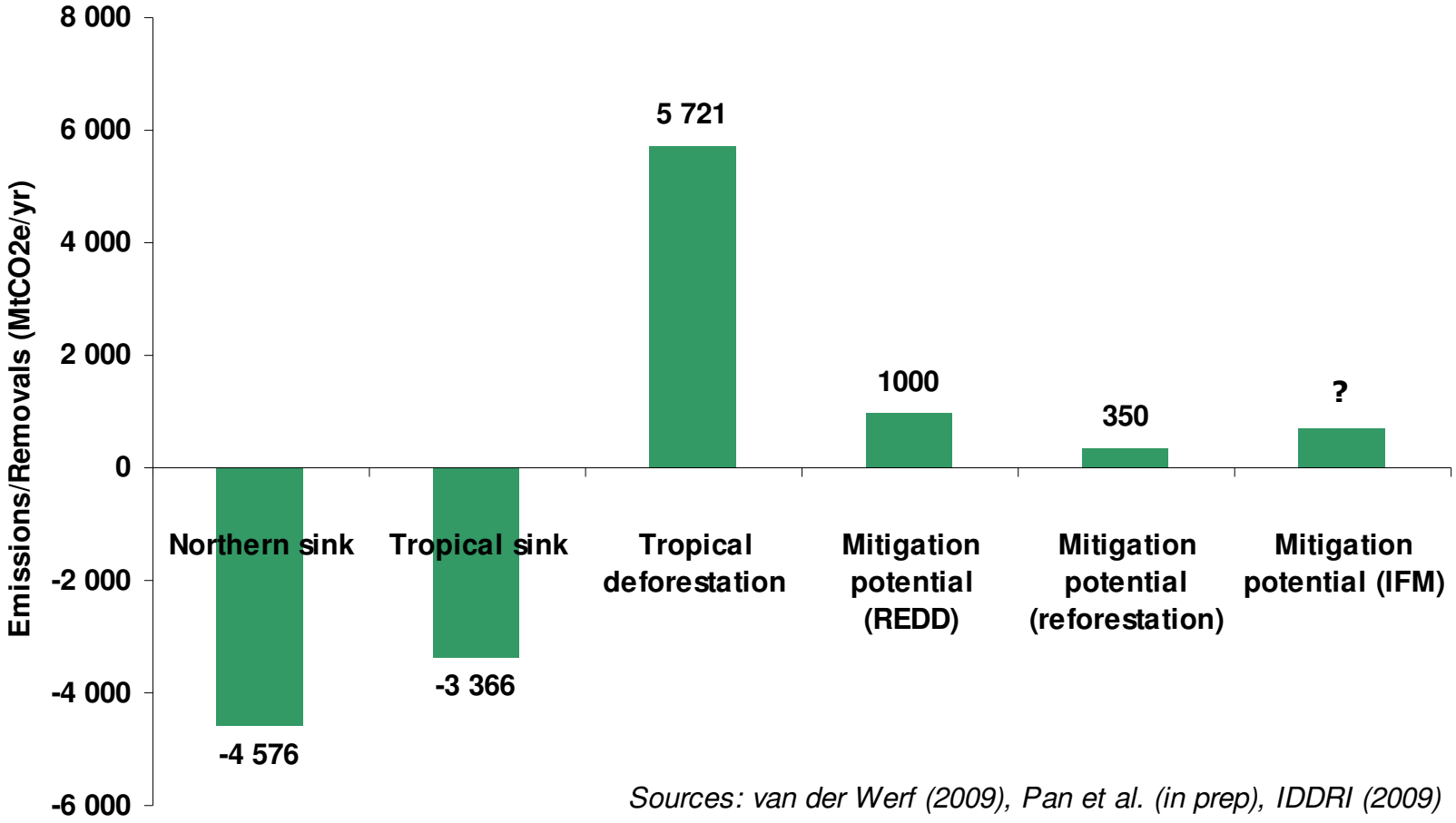
Monitoring and project mechanisms in diffuse sectors

Innovation Expertise Reliability

cdc climat research

Caisse des Dépôts GROUP

- Emissions and mitigation potential from forestry



Sources: van der Werf (2009), Pan et al. (in prep), IDDRI (2009)

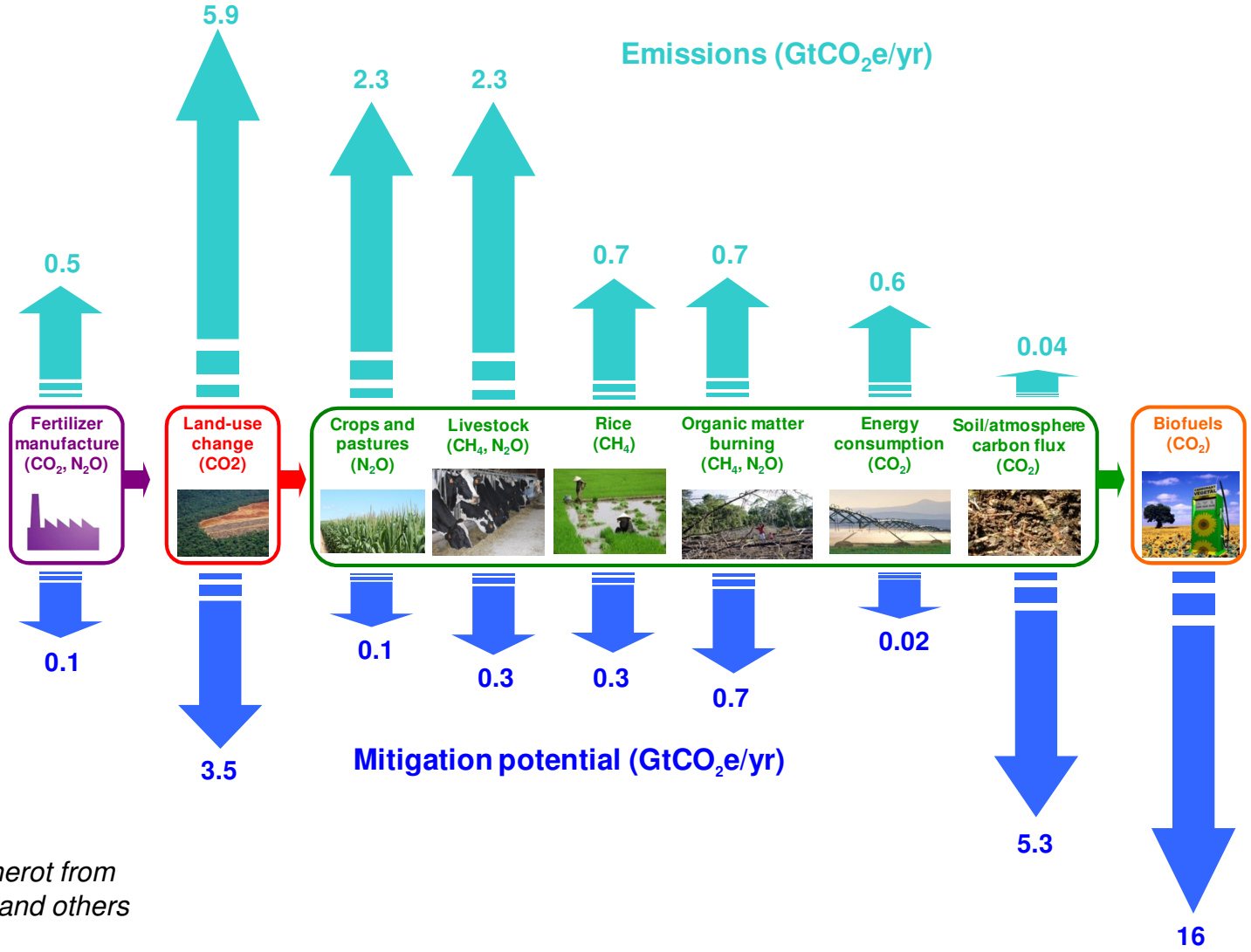
Monitoring and project mechanisms in diffuse sectors

Innovation Expertise Reliability

cdc climat research

Caisse des Dépôts GROUP

- Emissions and mitigation potential from agriculture



Source: Foucherot from IPCC, FARM, and others

Monitoring and project mechanisms in diffuse sectors

Innovation Expertise Reliability

cdc climat research

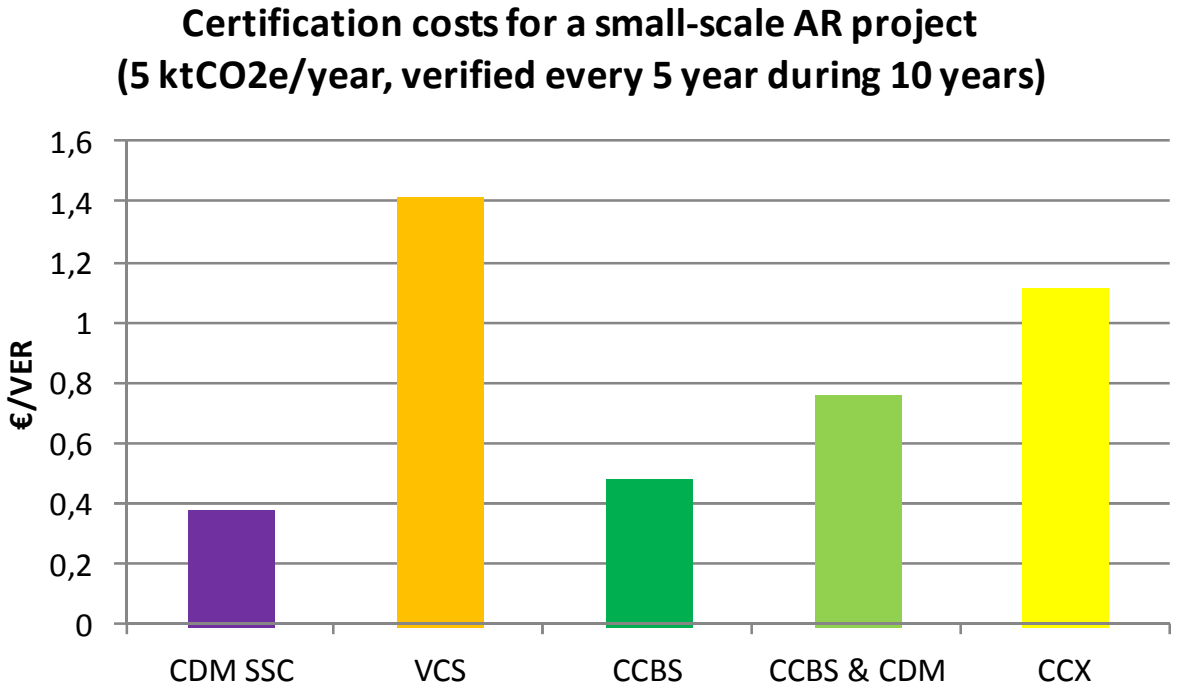
Caisse des Dépôts GROUP

- Agriculture and forestry in current project mechanisms
  - Out of 170 $MtCO_2e$ abated yearly in the CDM: 0 $MtCO_2e$ for forestry and 5 $MtCO_2e$ for agriculture
  - 47% of credits traded on the voluntary market in 2010 (mostly REDD, with state-of-the-art remote sensing monitoring)
  - Only three technologies in agriculture due to transaction costs: biomass, livestock methane, and reduced tillage (CCX)

Monitoring and project mechanisms in diffuse sectors

- Reducing transaction costs in project mechanisms
  - Current transaction costs: up to 200 000 € per project
  - Simplification of the procedure: PoAs, standardized baselines, sampling, …
  - Better and cheaper monitoring

Source: CDC Climat Research



Monitoring and project mechanisms in diffuse sectors

Innovation Expertise Reliability

cdc climat research

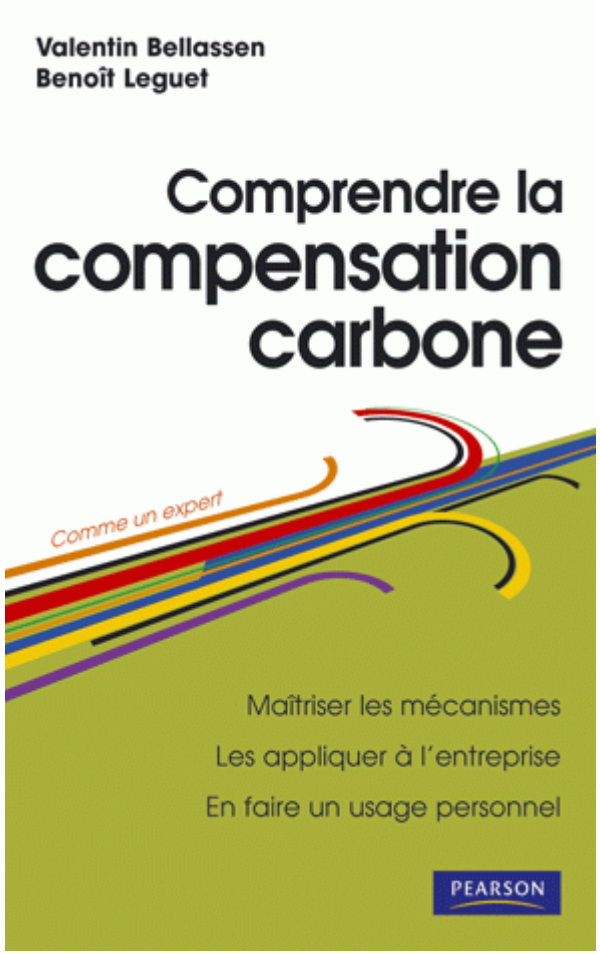
Caisse des Dépôts GROUP

- Moving away from “emissions factors”
  - Jurisdictional approach is here to stay: JI and REDD+
  - Current monitoring at jurisdiction level is based on (IPCC) “emissions factors”
  - Example of the French JI PoA on legumes and N_2O emissions
    - No advantage for legumes under 1996 IPCC Guidelines
    - Current science and 2006 Guidelines show that the culture of legumes reduces N_2O emissions
    - A change in the French national inventory was necessary
  - Monitoring emissions rather than “activity data” would simplify the relation between practices, project level accounting and jurisdictional level accounting

- Take home messages
  - The emissions and mitigation potential from diffuse sector (eg. agriculture and forestry) are substantial
  - Projects mechanisms (eg. CDM) have to far failed to reduce these sources
  - The cost and coarseness of current monitoring techniques are partly responsible for this failure
  - Getting away from “emissions factors” improves the effectiveness of REDD and JI … and removes barriers to future inclusions in cap-and-trade systems

More about …

Carbon offsetting



www.pearson.fr

Climate economics