



Copenhagen: Outcome on Carbon Markets

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Copenhagen Accord

- Political Agreement of 43 Countries
- Mitigation Commitments and Actions - Pledging exercise to 31st January
- Finance – 100bn to be mobilised, High Level Group to pursue; includes public and private finance
- Markets – Agree to pursue various approaches including market approaches



Copenhagen Negotiations

- Three or four Levels?
- Leaders Summit – the Accord
- Proposals for Convention Decisions – held over
 - High-level Decision – which became the basis for the Accord
 - Subsidiary Decisions – including one on various approaches referenced in the high level decision
- Proposals for Kyoto Protocol Decisions and Amendments – held over
 - Numbers
 - Mechanisms
- Ordinary Business - done
 - Decision on CDM/JI etc



Broad Positions of Parties

- EU and most of KP parties want a legally binding instrument building on the Kyoto Protocol – binding national caps and MRV – new market approaches
- US separate instrument under the Convention – incorporating MRV'd commitments and actions by advanced economies.
- G77-BASIC continuation of the Protocol for Annex I with binding national caps, additional own and internationally supported action by DC under the Convention
- AOSIS – proposal for a new protocol under convention



Market Discussion

- EU proposed CDM Reform and New Mechanisms
- New Mechanisms
 - EU Sectoral Crediting and Trading
 - South Korean Proposal on NAMA crediting
 - New Zealand Hybrid Proposal
- CDM Reform
 - EU most active – supported by some
 - Governance
 - Standardised Baselines
 - HCFC22 Alternatives



Market Outcome

- 1bv – Convention –
 - a consolidated text on markets with options for new mechanisms
 - broader support – Colombia, Chile, Costa Rica, Peru
 - Indications of flexibility China – if targets agreed
- CDM Reform Decision – moderately pleased
 - Looking at procedures and appeals
 - Looking at standardised approaches



Prospects for 2012

- **Continuing uncertainty on international framework to Mexico**
 - Political Imperative of Making the accord work
 - Targets
 - Rallying Finance
 - Delivering a legally binding agreement through UNFCCC
- **BUT there is the prospect of significant country lead “bottom up” development**
 - EU phase 3
 - US Trading Scheme
 - Support to “readiness” on trading
 - importance of bilateral arrangements
 - CDM consolidation and improvement