

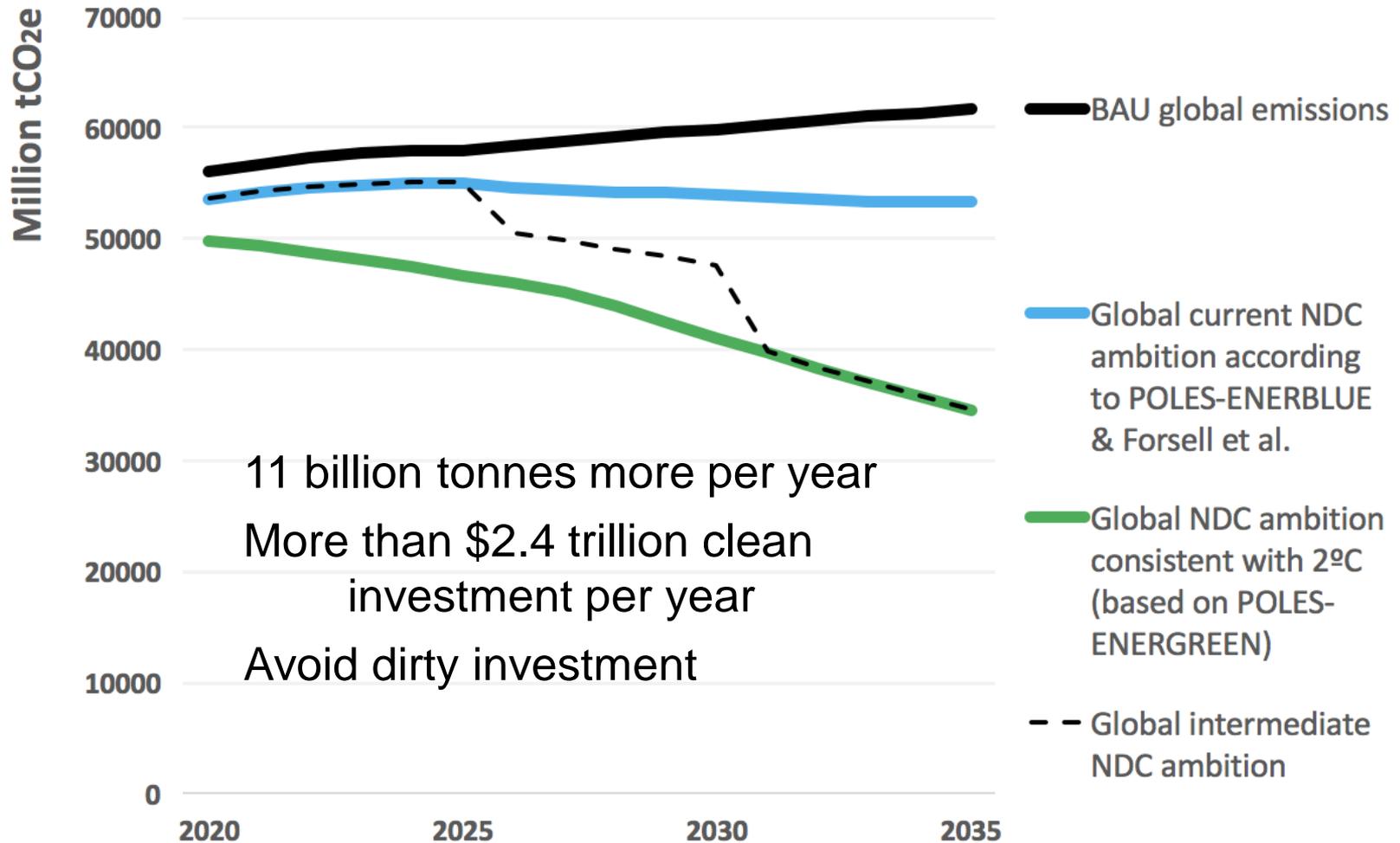
Climate Teams: A mechanism to 'breathe life' into Article 6.2 and support more ambitious global action

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Current NDC ambition as perspective



Key findings from new EDF modelling

Global use of carbon markets could allow **nearly double climate ambition** relative to current NDCs at the same total cost.

- Even limited international emission trading can support significant increases in ambition.

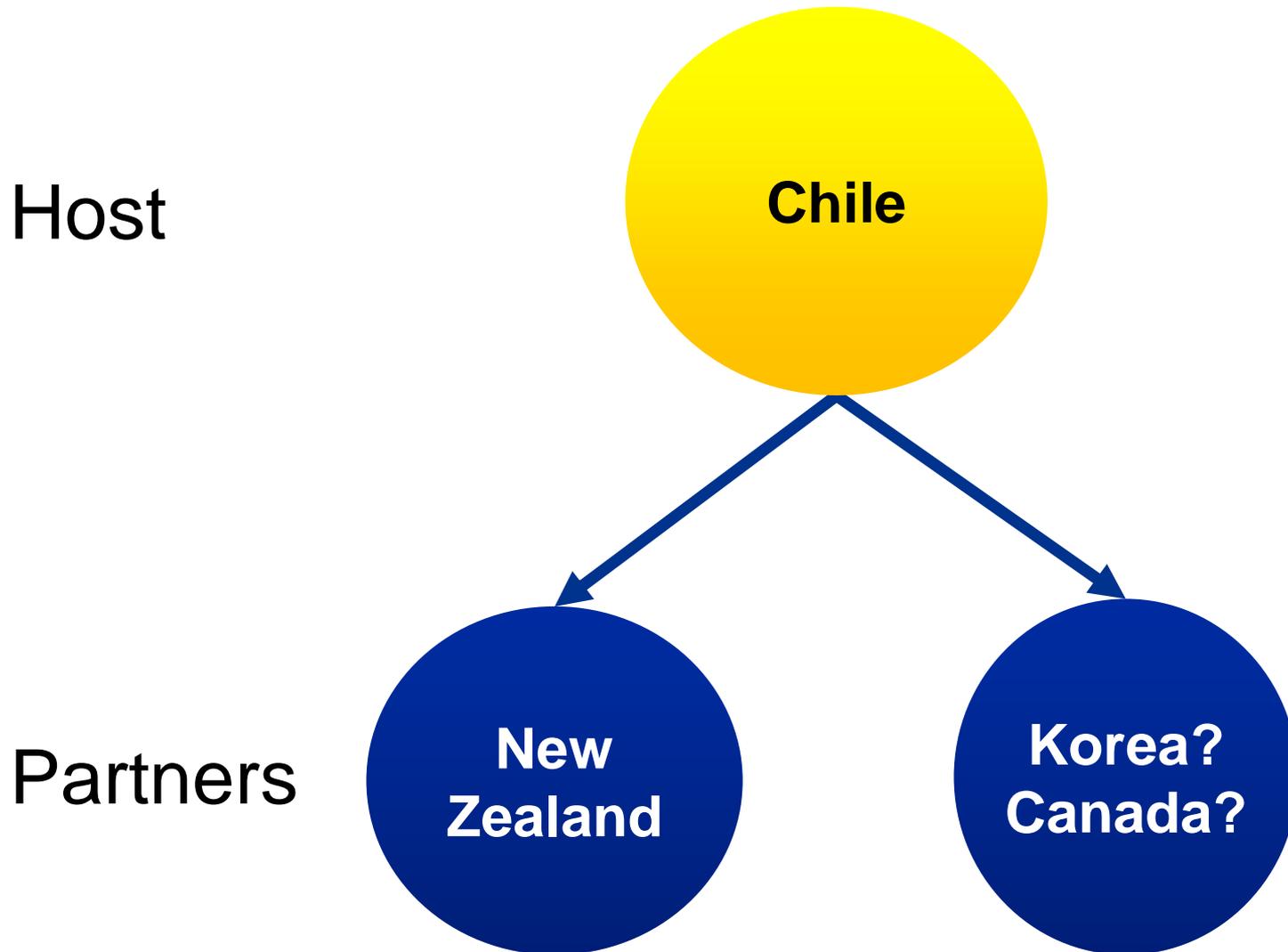
Reducing deforestation is a key driver (~1/2) of greater ambition.

Priority to ensure the development of well-designed, high-integrity international market approaches.

Key messages

1. Effective transfers across countries will help the world transition to net zero emissions at less cost and faster.
2. Great work is being done to increase **demand** for reductions with environmental integrity – **supply** requires attention
3. Large-scale transfers for additional mitigation and enhanced mutual ambition require shared vision, trust and true collaboration
Not just arms-length market transactions
4. A ‘climate team’ is one mechanism that can mobilize resources and accelerate the transition of developing or emerging economies to low emissions.

Working together to accelerate mitigation – choose your partners



Climate teams: funding credible large-scale international mitigation

What 'hosts' need

1. Guarantee of income flow if they make large, costly (economically or politically) systemic changes

e.g. Transition to renewable electricity sector

institutions to facilitate closure of coal generators

large scale solar plants, micro-hydro

grid infrastructure to manage intermittency

Electrification of transport

Electrification of bus fleet (or hydrogen)

Charging infrastructure for electric vehicles

Ability to attract investment

What 'partners' need

1. 'Internationally transferrable mitigation outcomes' to meet ambitious international targets during period of domestic transition to low emissions
2. Credible units in the eyes of domestic taxpayers and voters

and in the eyes of other countries – to encourage reciprocal cooperation

Both: Co-benefits associated with resource transfers
– e.g. air quality, poverty reduction

Supply: Host country

Regions - jurisdictions
Companies
Sectors

**Demand:
Partner countries**

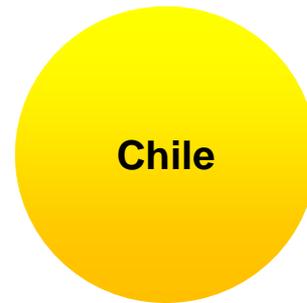
Airlines – ICAO
Companies with CSR

Investment and mitigation action

Host government – policy and investment
Partner governments – technical assistance
Companies – investment

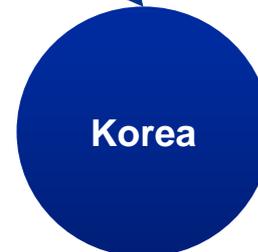
Addressing the risk of lack of supply: host constrained to transfer to team

Host



Chile could
choose to hold
a share of
additional units

Partners



Credible demand

Partners must demonstrate

domestic action up to limits of short-term potential mitigation at 'reasonable cost'

credible commitment to financing and broader support

Credible supply

Host must demonstrate

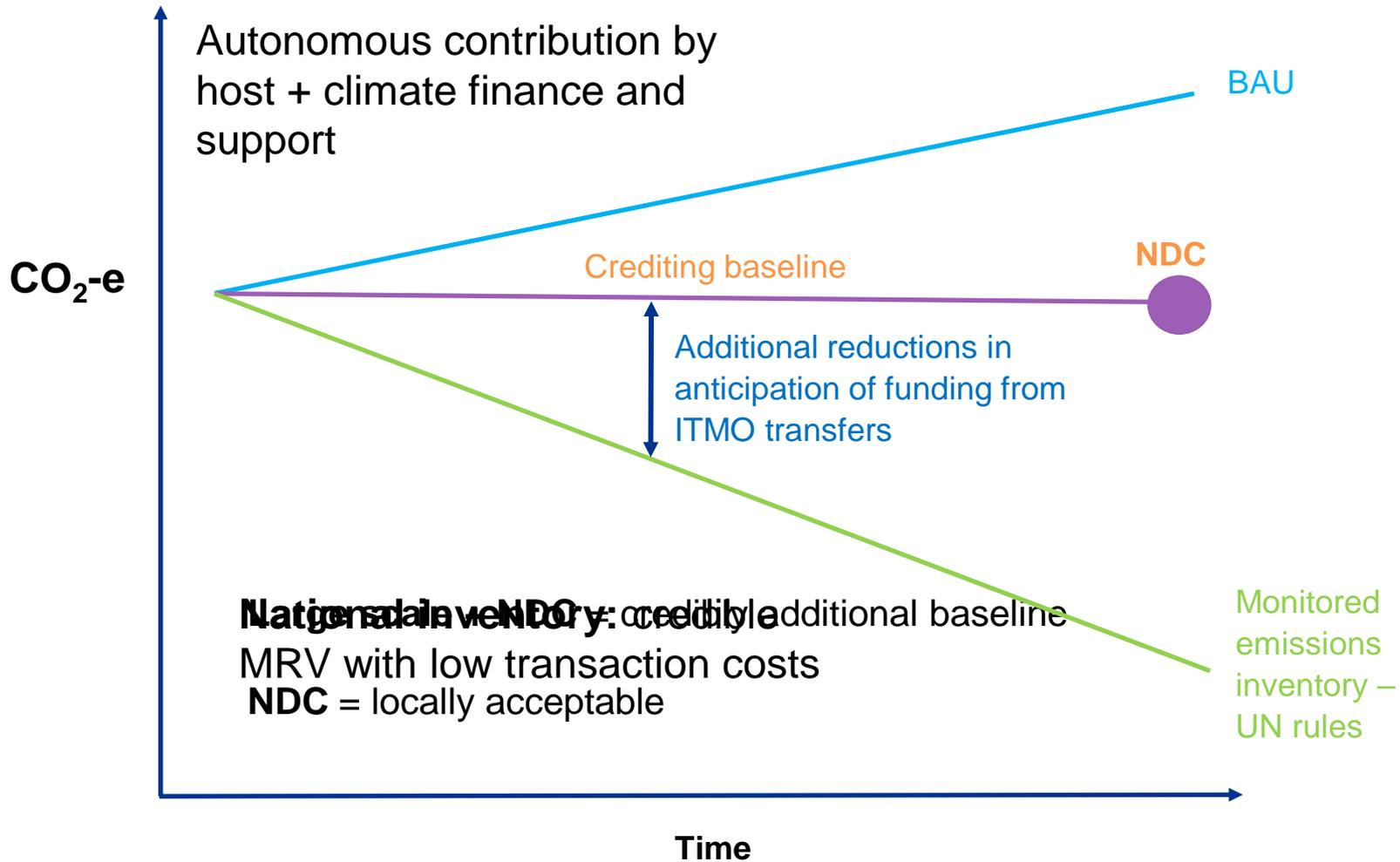
credible potential to exceed absolute NDC
– at a cost that it is not reasonable to expect host to bear alone.

policy and institutional capability – e.g.
ETS/strong tax, innovation policy, strategic investment planning;

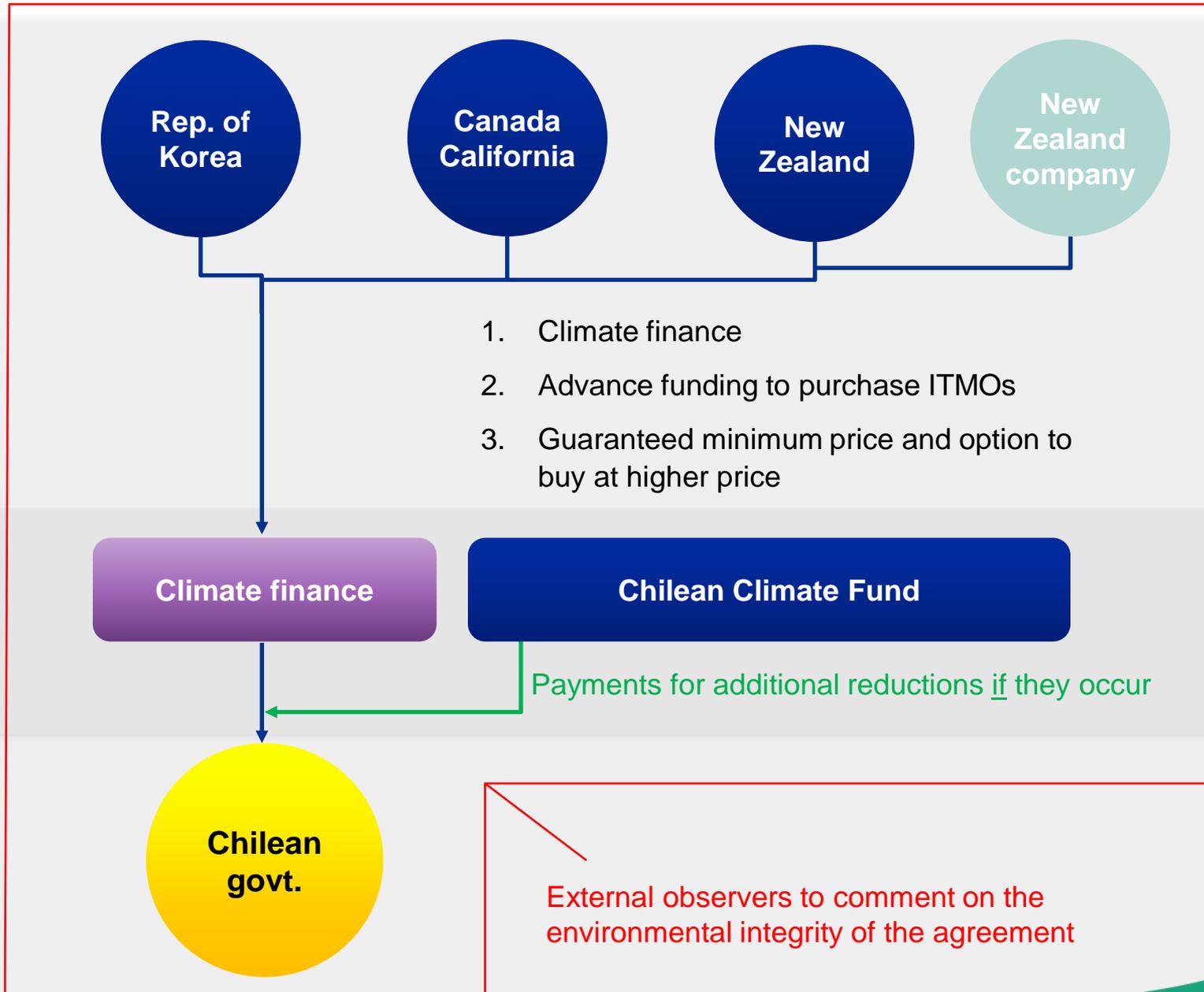
and/or

specific transformational projects – e.g.
closing coal power plants

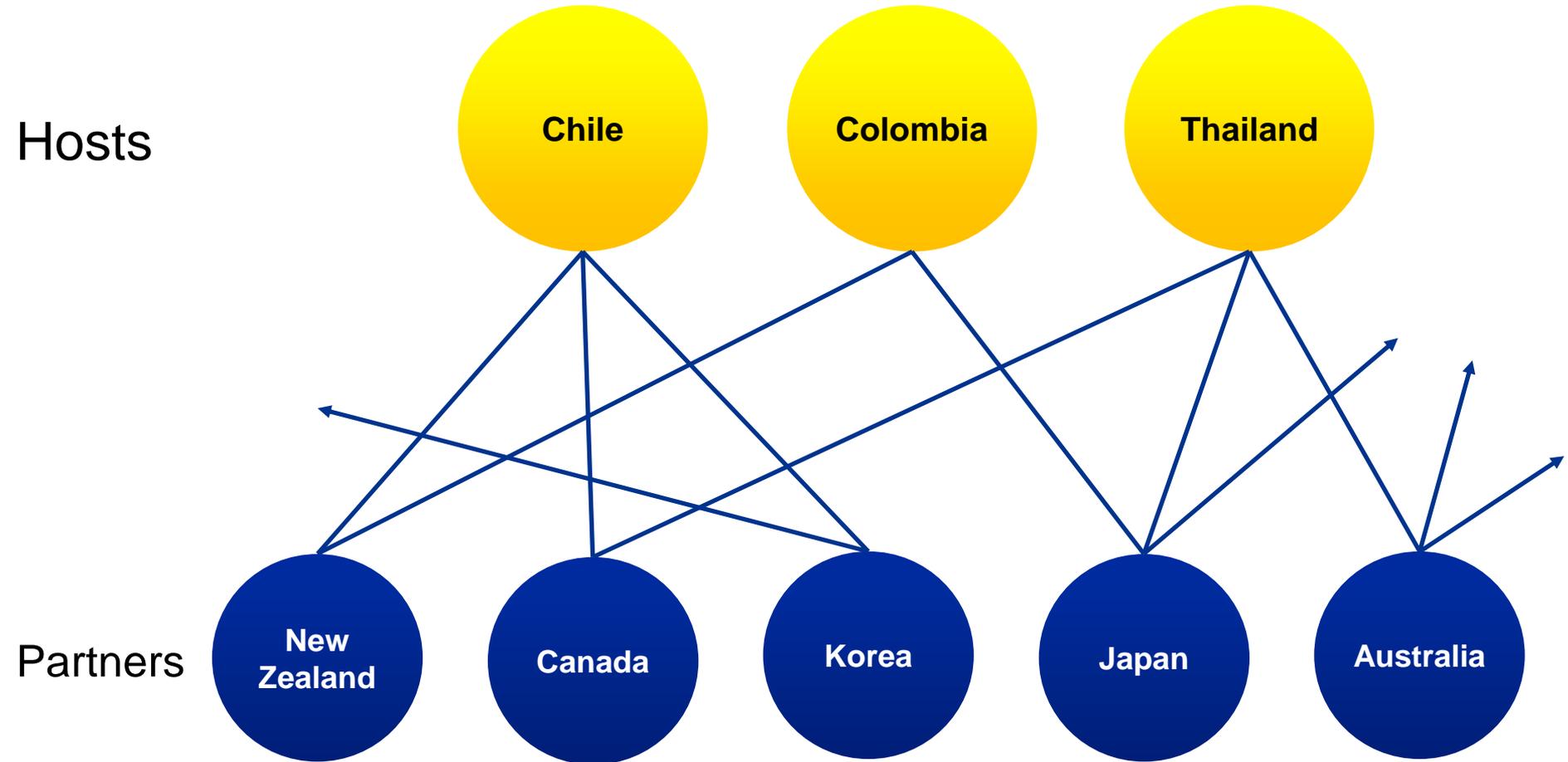
Defining ITMOs for transfer



What is a 'Climate Team' agreement?



Network of climate teams instead of one integrated global market



First steps for a host

Engage in discussions with potential partners to explore forming a Climate Team.

- a) Create a credible case that host is able to achieve its NDC and mitigate beyond that within the time frame of the agreement
 - b) Establish robust monitoring of sectoral and national emissions
 - c) Recruit partners to form a Climate Team
- 

Steps for negotiation

1. Clearly establish commitments on long-term pathway to net zero emissions for host and partner countries
2. Set up governance arrangements
3. Develop and establish, in negotiation with partners and with external international oversight, a credible baseline for large-scale transfers
4. Negotiate price range of ITMOs
5. Establish up-front amount committed by each partner
6. Agree on timing of payments and actual transfer of ITMOs
7. Agree on rules about private sector involvement for both host and partners
8. Agree on complementary actions: technical cooperation; policy actions; enable clean investment; stop dirty investments

Think large and small

Cooperate on a **large**-scale reductions and transfers to address a large problem – be brave.

Large multi-year agreements

Work in **small** groups to build trust and capability

this is what matters for creating supply and gaining the benefits from trade - not liquidity

Consider working closely in an ambitious climate team

www.climateteams.org

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