

CARBON MARKETS AND MRV

Technical dialogue: What is MRV? Why MRV and Collaboration Matter

*Promoting Carbon Markets in Latin America and the Caribbean- High Level
Regional Dialogue on Carbon Pricing and MRV in the Pacific Alliance
22-24 January, Santiago, Chile*



UNFCCC Secretariat

Gajanana Hegde, Team Leader, SDM programme

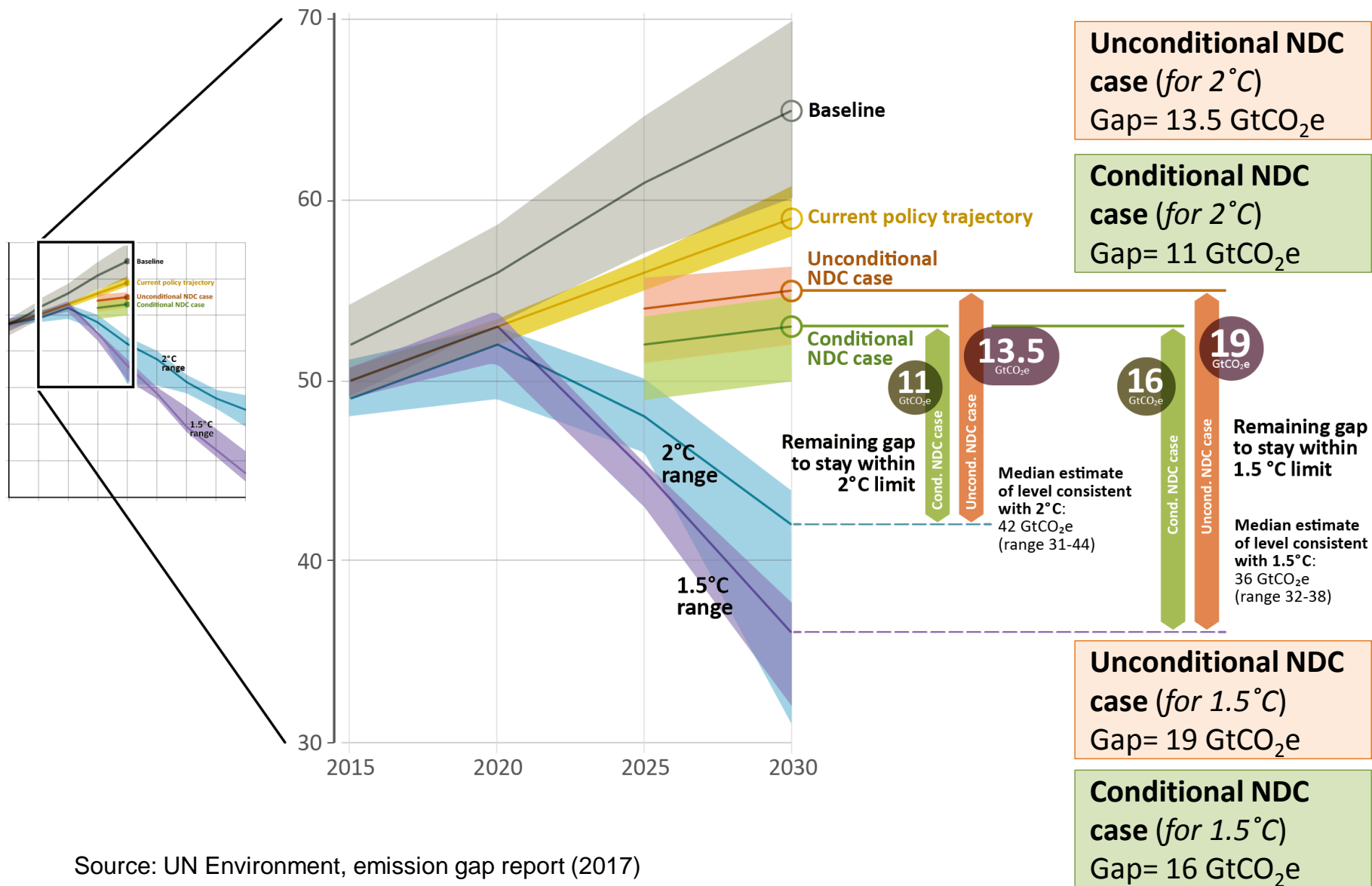
Paris Agreement came to force on 4th November 2016



- To date **173 countries** have formally joined Paris Agreement sustaining rapid momentum for climate action

NDC contributions and the emissions gap

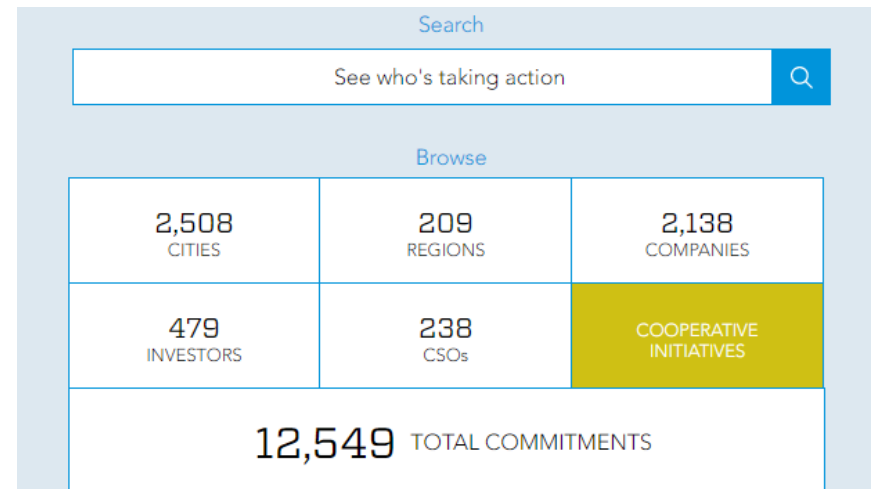
Annual global total greenhouse gas emissions (GtCO₂e)



Source: UN Environment, emission gap report (2017)

NAZCA = Non-State Actor Zone for Climate Action platform

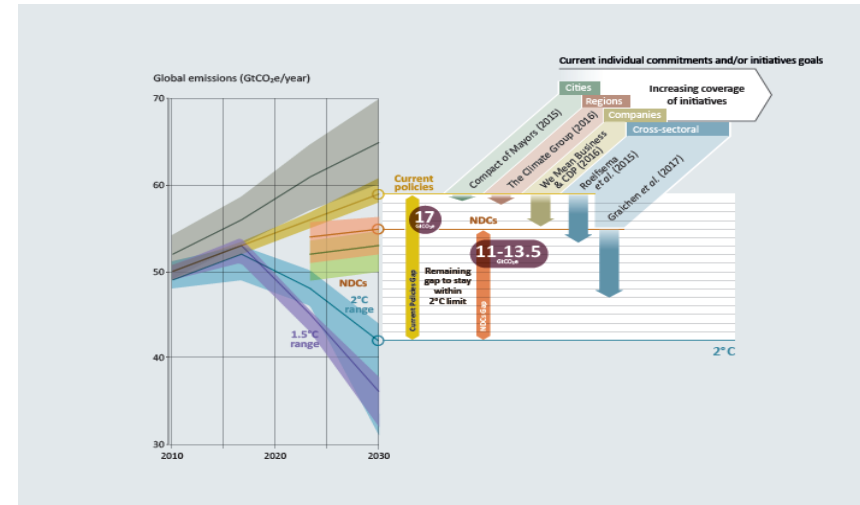
- NAZCA commitments (12549) dominated by
 - Energy access and efficiency (4224)
 - Renewable Energy (3263)
 - Resilience (970)
 - Carbon pricing (886)
 - Private finance (882)
 - Transport (569)
 - Building (515) and
 - Forest (321)



Source :NAZCA portal on UNFCCC website

Why MRV?

- Commitments in NDCs insufficient to meet PA temperature goals
- Contribution by non-Party stakeholders (NPS) to closing Emissions Gap may be significant (> 12,000 climate commitments on NAZCA platform, however varied level of details and transparency)
- **Fit for purpose monitoring and reporting essential to make NPS pledged actions transparent and credible**



Search

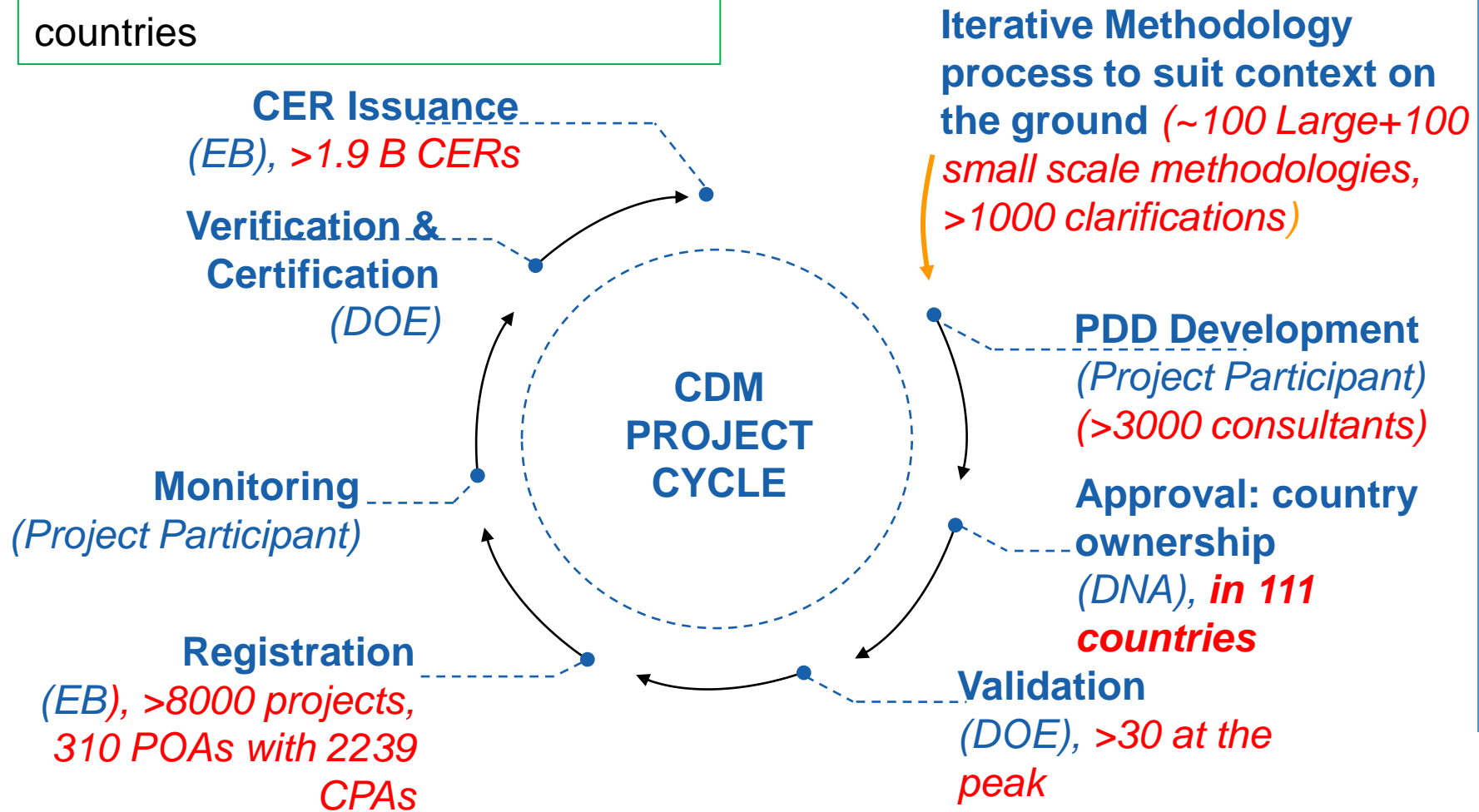
See who's taking action

Browse

2,508 CITIES	209 REGIONS	2,138 COMPANIES
479 INVESTORS	238 CSOs	COOPERATIVE INITIATIVES
12,549 TOTAL COMMITMENTS		

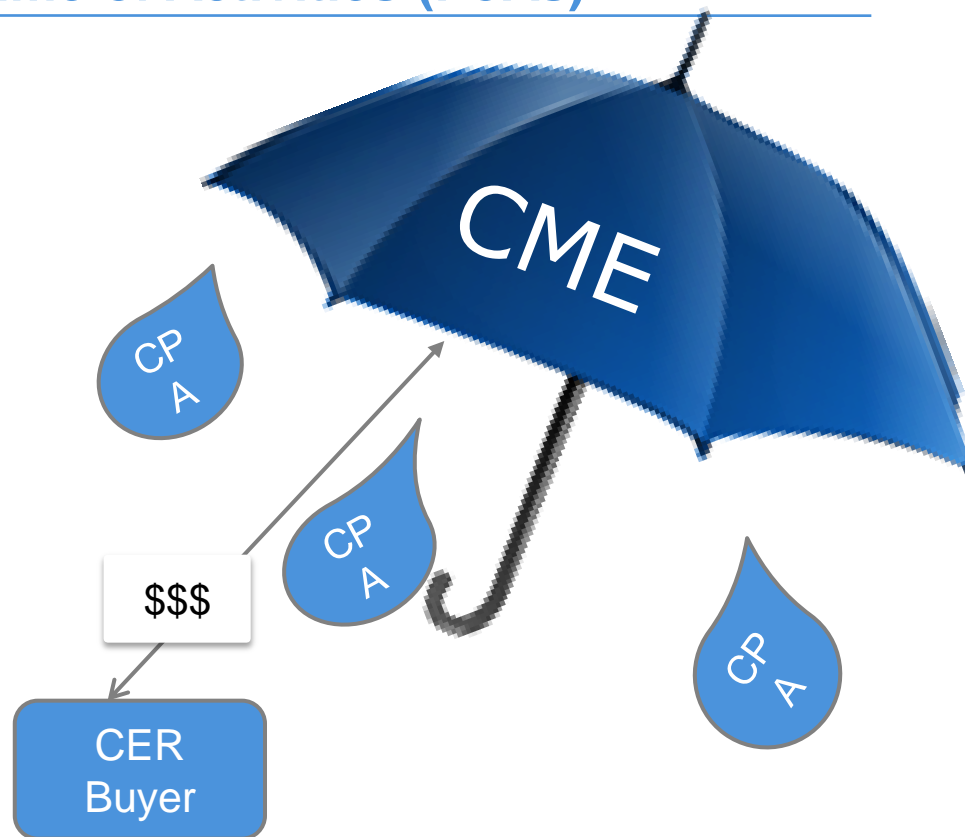
MRV Lessons learnt from Kyoto Mechanisms

Twin aims of CDM: Flexibility to A- I countries And SD in NA-I host countries



MRV Lessons from KP: Programme of Activities (PoAs)

- Unlimited number of similar component project activities (CPA) can be administered under a single programme umbrella
- Scale-up the CDM
 - No specified size limits
 - Can be geographic (e.g. a certain city/province)
 - CPA can be time bound (e.g. activities commencing in a certain year)
- Reduce transaction costs
 - Individual project developers not directly engaged in the CDM process
 - Monitoring and verification possible for a number of CPAs
 - Reduces regulatory risks and uncertainties



CME – coordinating or managing entity

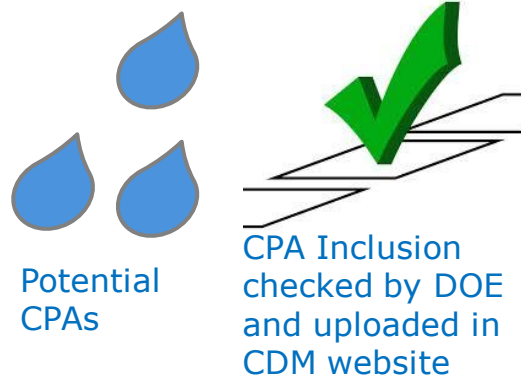
CPA – CDM programme activity

MRV lessons (contd): Delegation of authority



PoA at the time of registration

- Automatic delegation of authority when preset conditions are met
- Unlimited size for CPAs



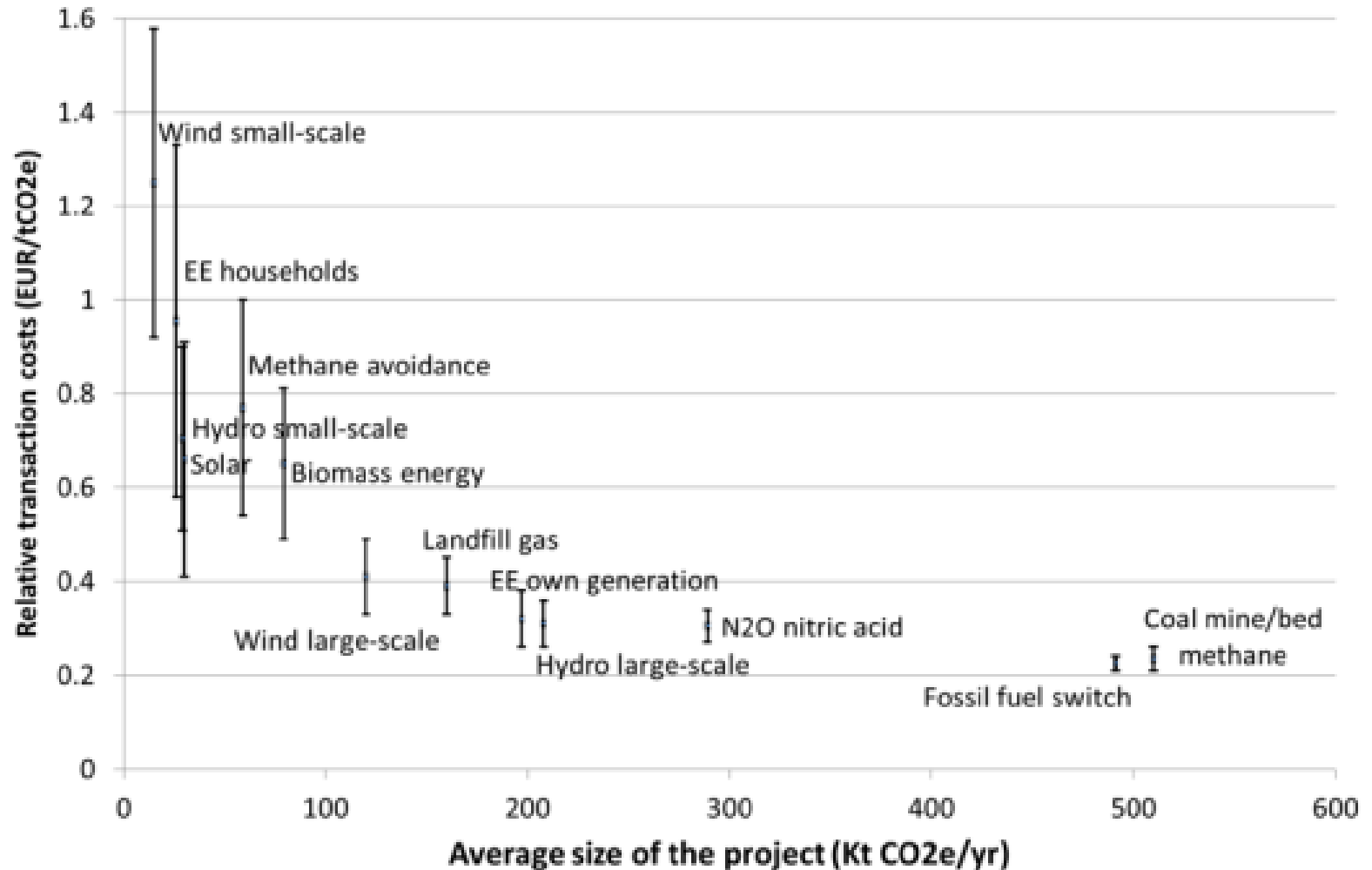
Potential CPAs

CPA Inclusion checked by DOE and uploaded in CDM website



CPA Inclusion over the PoA Lifetime

Size and location matters for MRV transaction costs



Regional approach to baselines; country/region specific standardization

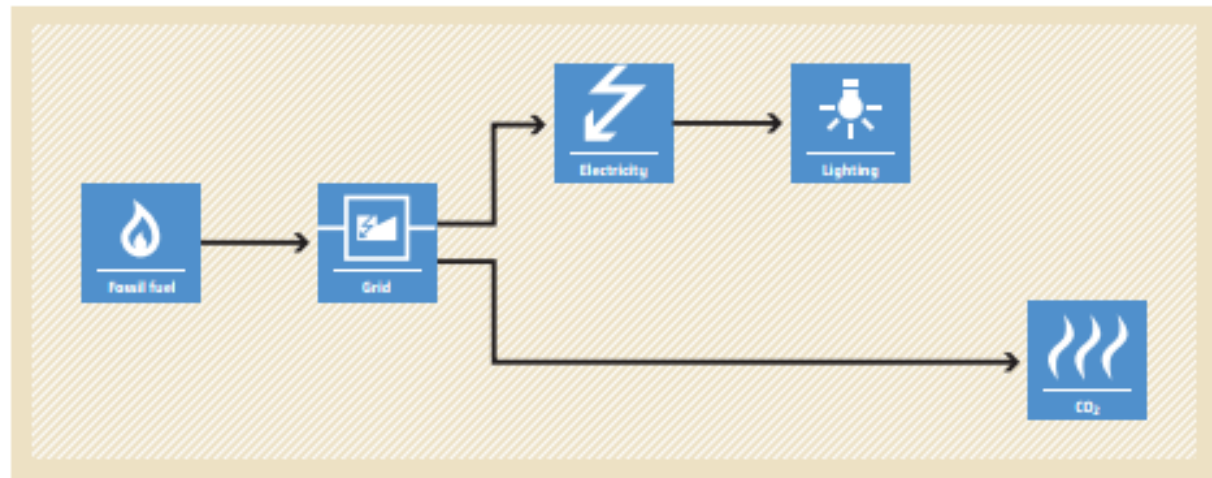
	CDM Methodologies/ tools	Standardized Baselines
Different scope	International Standards	Sector-specific standards (regional, national or international)
Baseline and Additionality	Project-by-project (using historical or actual, most attractive course of action/average of top 20%)	Objective criteria (sector-specific baseline emission factor, positive list)
Relationship	Project boundary and emissions monitoring requirements	To be used in conjunction with an approved methodology/tool



Materiality and transaction costs matter for MRV

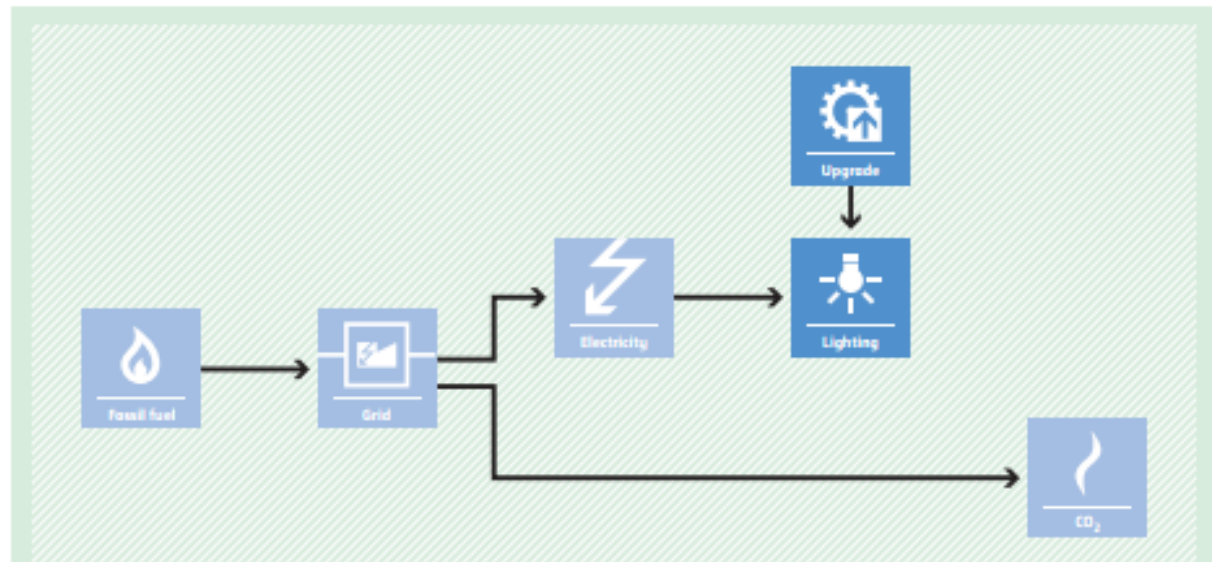
BASELINE SCENARIO

Incandescent lamps (ICLs) are used for lighting in households.



PROJECT SCENARIO

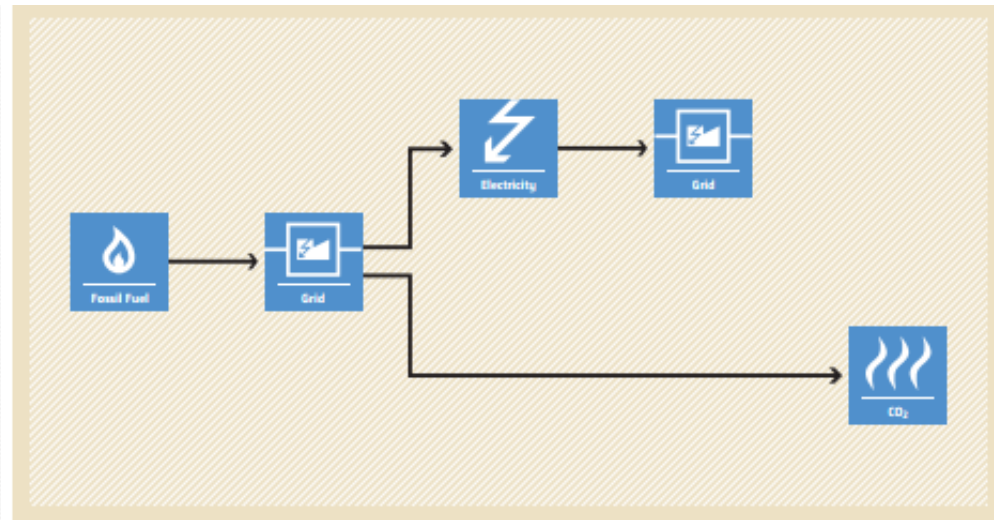
Efficient light bulbs for lighting replace less efficient light bulbs thus reducing electricity consumption and GHG emissions.



Baselines: key component for credible baseline

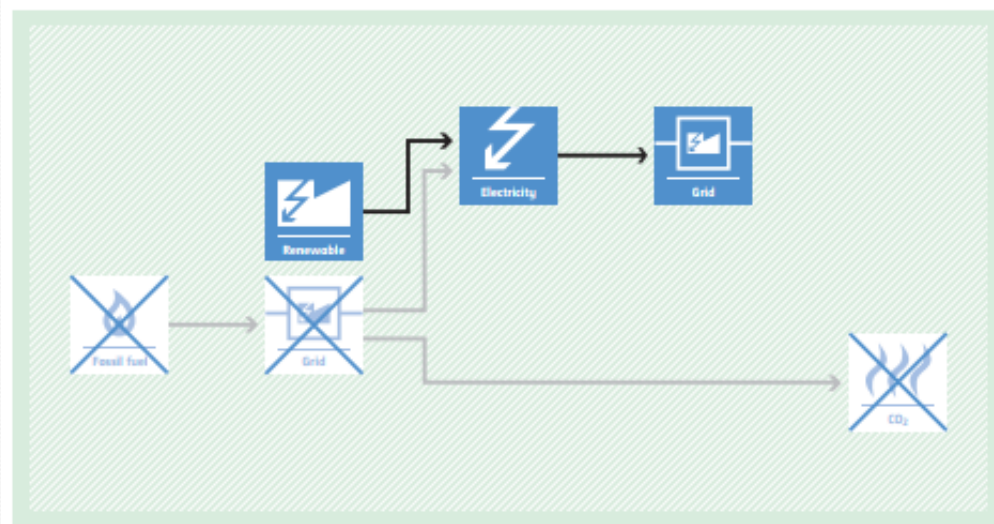
BASILINE SCENARIO

Electricity provided to the grid by more-GHG-intensive means.



PROJECT SCENARIO

Electricity is generated and supplied to the grid using renewable energy technologies.



Secretariat contribution to standardization, simplification and harmonization (ongoing)

- Digitalization of methodologies: easy to use online user interphase (no need for detailed understanding of the mechanism process and rules)
 - Automatic generation project documentation
 - Interphase for monitoring, validation and verification reports included
 - Interphase with tools for default factors (e.g. IFC EDGE tool, Unite for efficiency by UN Environment)
 - Application of technology for climate action (e.g. blockchain)
- Contribution to harmonization of standards by IFI technical working group
- Contribution to development of an ISO standard to assess the alignment of investments with the goals of PA (risks and opportunities for investors, lenders, and insurance underwriters under PA)
- Regional presence (RCC in Panama)



Thank you

