

Article 6 Pilots

October 2018



Who we are

As a privately-held profit-for-purpose company founded in 2006, we enable corporates, capital markets and the public sector to mitigate risks and create value on their sustainability journey.

Our staff of 250+ employees over 16 offices worldwide are passionate about tackling climate change and improving organisations' sustainability performance.



Over 10 years of creating global impact

- Environmental and social impacts
- 1,000+ clients
- Set up in 2006
- Renewables, forestry, agriculture, industry, urban mitigation and adaptation



South Pole's carbon Experience

- Early mover in Gold Standard, +80% of portfolio is Gold Standard verified
- 207 projects issuing credits (CER's,VCU's, et al)
- 15 PoA's
- Projects located in +50 countries, predominately in Latin America and southeast Asia
- Portfolio focused on renewable energy, REDD+, and community-based projects
- Large part of CDM pipeline transitioned to voluntary market by 2012, portfolio now focused on voluntary and compliance markets

South Pole's Article 6 Pipeline

1. South American Pilot: Rural **solar** energy
2. South American Pilot: Renewable energy in **industrial wastewater** facilities
3. South American Pilot: **Solar** energy at industrial facilities
4. North African Pilot: **Wind** energy
5. Southeast Asia Pilot: Originally **solar**, new scope under development

South Pole's Article 6 Pipeline

- All pilots are in a sector within the scope of the NDC
- Several are within energy sector, but host country has not set clear emissions reduction target or identified mitigation potential
- All have support of host country
- All are new investments (not existing projects)
- 2 pilots supported by a 'buyer country,' others supported by an MDB

South American Article 6 Pilots

- Pilots: Rural solar to replace diesel, solar at industrial facilities, bio-digesters in wastewater facilities
- NDC scope: Economy-wide
- Solar additionality: Solar adoption rate very low, and priority is in urban areas and areas without grid-connected electricity.
- Wastewater additionality: No reduction target, not common practice
- Host country has carbon pricing system in place
- Current status: Host country developing implementation plan for the 3 pilots
- Next steps: Bilateral agreements, project development

North African Article 6 Pilot

- Pilot: Grid connected wind energy
- NDC scope: Economy-wide
- Additionality: Displacement of coal power, financial barrier
- Host country does not have carbon pricing system in place
- Approach: PoA-based approach until registration stage, uncertain thereafter; South Pole and MDB as buyers
- Current status: PDD development
- Next steps: Bilateral agreements, project development

Southeast Asian Article 6 Pilot

- Pilot: Originally solar, now new scope
- NDC scope: Economy-wide
- Additionality: Displacement of coal/gas power, activity not specified in NDC
- Host country does not have carbon pricing system in place
- Current status: Original activity will now be taken on by host country and counted in NDC, new scope being agreed
- Next steps: Identification of new scope and bilateral agreements

Takeaways

- Policy additionality: Must look at what is committed in NDC & other government commitments closely in order to identify Art 6 scope
- Capacity building: Many host countries still defining NDC, hard to pick sectors to prioritise under Article 6
- Diplomacy: MoU needed to have 'safe space' for working on Art 6. Bilateral ITMO treaty ultimately needed
- Host Country Buy-In: Article 6 sectors could change mid-way, important to have complete support
- Corresponding adjustments: No host country yet ready to commit to CA's until Art 6 rulebook finalised

Thank you



Contacts

Jeff Swartz

Director Climate Policy and Carbon Markets

j.swartz@southpole.com

southpole.com

Offices and representations worldwide

Amsterdam, Bangkok, Beijing, Bogotá, Hanoi, Jakarta, London, Madrid, Medellín, Melbourne, Mexico City, New Delhi, San Francisco, Singapore, Stockholm, Sydney, Zurich.

