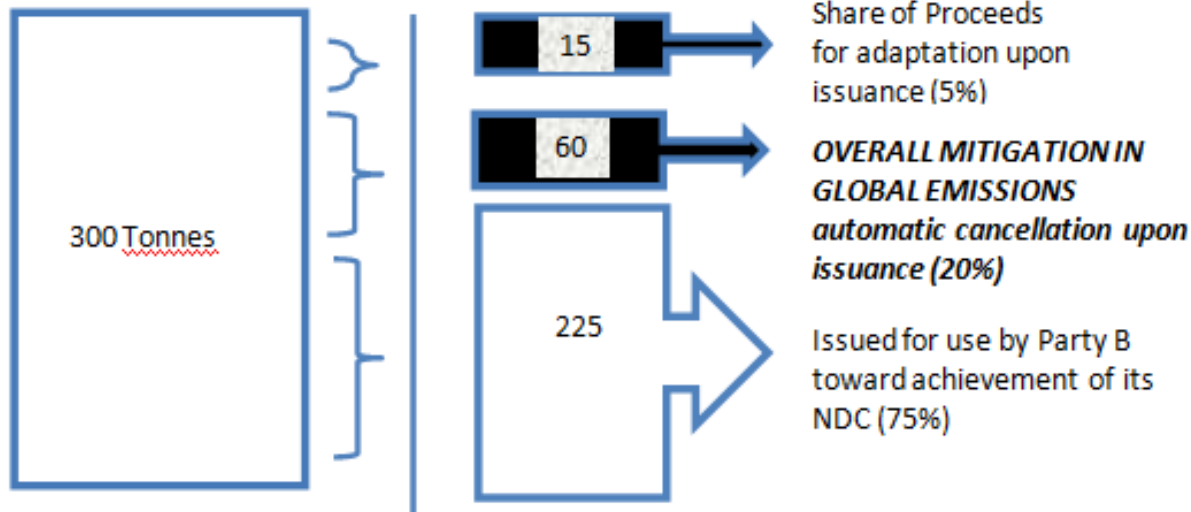# Overall mitigation of global emissions: AOSIS proposal

Overall mitigation in global emissions through fixed percentage cancellation of units

Example if 20% cancellation for overall mitigation, 5% for share of proceeds for adaptation, 300 tonnes of verified reductions achieved in the Host Party were assumed

Emission Reductions achieved and available for crediting in Host Party A

Credits available for issuance and transferred

300 Tonnes

15

Share of Proceeds for adaptation upon issuance (5%)

60

OVERALL MITIGATION IN GLOBAL EMISSIONS *automatic cancellation upon issuance (20%)*

225

Issued for use by Party B toward achievement of its NDC (75%)

Caveats

- AOSIS proposal did not endorse a specific figure for OMGE

- Technical work commissioned

- **Preliminary results**

- Not full modelling with actual supply and demand curves, but with *hypothetical* supply and demand curves – as no functioning market at the moment

- Model allows comparing a reference case, in which the principle of overall mitigation is not implemented, with the situation in which the principle of overall mitigation is implemented.

- Assumes overall mitigation is implemented by cancellation or discounting of the verified emission reductions or removals before they are transferred and used elsewhere.

- Three scenarios for the rate of overall mitigation: 10%, 30% and 50% - figure supplied by consultants - not dictated

Elements

- Three scenarios for the elasticity of demand: 'inelastic', 'elastic' and 'very elastic'
- Two scenarios for the shape of the credit supply curve: 'flat' and 'steep'
- The combination of these scenarios leads to a total of 18 scenarios
- Results illustrate how implementing overall mitigation, in comparison to the reference case, changes:
    - the number of offset credits transacted;
    - the offset credit price;
    - the value of the market;
    - the rents for offset credit suppliers; and
    - the costs of the buyers of the offset credits.

Table 2　Results from the simplified model

Demand curve	Supply curve	Rate of overall mitigation	Credits transacted	Credit price	Market value	Supplier rents	Costs of buyers	Abatement[1]
SCENARIOS			**RESULTS: Changes compared to the reference scenario**					
Inelastic	Flat	10%	0%	11%	11%	11%	11%	11%
		30%	0%	43%	43%	43%	43%	43%
		50%	0%	100%	100%	100%	100%	100%
	Steep	10%	0%	11%	11%	11%	11%	11%
		30%	0%	43%	43%	43%	43%	43%
		50%	0%	100%	100%	100%	100%	100%
Elastic	Flat	10%	-1%	11%	10%	9%	11%	11%
		30%	-3%	41%	36%	32%	40%	41%
		50%	-8%	93%	79%	65%	90%	92%
	Steep	10%	-3%	7%	4%	3%	7%	11%
		30%	-10%	26%	13%	9%	24%	39%
		50%	-21%	53%	21%	11%	47%	79%
Very elastic	Flat	10%	-2%	10%	8%	6%	10%	11%
		30%	-7%	39%	30%	21%	38%	40%
		50%	-15%	88%	60%	36%	81%	85%
	Steep	10%	-4%	6%	1%	-1%	6%	11%
		30%	-15%	20%	2%	-5%	18%	36%
		50%	-30%	40%	-3%	-17%	34%	70%

Note: The model and its parametrization are described in Annex II. 1) The change in abatement is determined in comparison to the verified emission reductions or removals in the transferring country without implementation overall mitigation.

SCENARIOS			RESULTS: Changes compared to the reference scenario					
Demand curve	Supply curve	Rate of overall mitigation	Abatement[1]	Credits transacted	Credit price	Market value	Supplier rents	Costs of buyers
Inelastic	Flat	10%	11%	0%	11%	11%	11%	11%
		30%	43%	0%	43%	43%	43%	43%
		50%	100%	0%	100%	100%	100%	100%
	Steep	10%	11%	0%	11%	11%	11%	11%
		30%	43%	0%	43%	43%	43%	43%
		50%	100%	0%	100%	100%	100%	100%
Elastic	Flat	10%	11%	-1%	11%	10%	9%	11%
		30%	41%	-3%	41%	36%	32%	40%
		50%	92%	-8%	93%	79%	65%	90%
	Steep	10%	11%	-3%	7%	4%	3%	7%
		30%	39%	-10%	26%	13%	9%	24%
		50%	79%	-21%	53%	21%	11%	47%
Very elastic	Flat	10%	11%	-2%	10%	8%	6%	10%
		30%	40%	-7%	39%	30%	21%	38%
		50%	85%	-15%	88%	60%	36%	81%
	Steep	10%	11%	-4%	6%	1%	-1%	6%
		30%	36%	-15%	20%	2%	-5%	18%
		50%	70%	-30%	40%	-3%	-17%	34%