

Piloting Article 6

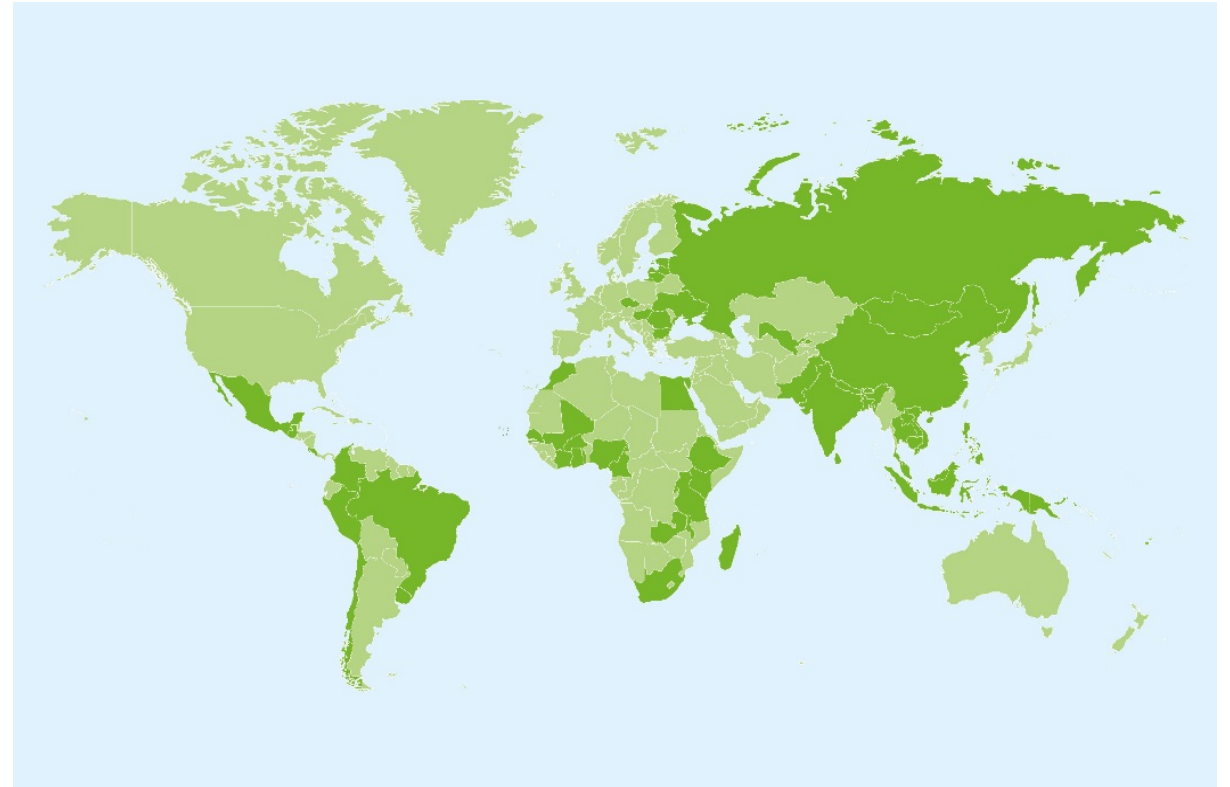
Examples at early stage
from Sweden, Switzerland and Germany

Reflection on Swiss piloting experience

- Informal engagements with 4 countries on-going and identification of further partners
- Objective: acquisition of mitigation outcome for Swiss NDC achievement
- New Paris context: active engagement and clear vision needed in the host country
 - Clarity on NDC implementation plan for different sectors – constitutes the basis upon which activities can be created in a complementary way
 - Authorisation and willingness to commit to non-double counting
- Learning point: internationally agreed rules would considerably lower “transaction costs” in bilateral engagements

The SEA program for international climate initiatives

- Operational since 2002
- 90 bilateral mitigation projects
- 10 multilateral carbon funds
- Estimated 40 million CO₂ e



The SEAs piloting engagements

- The World Bank Group
 - Ci-Dev: Standardized Crediting Framework
 - CPF: New Crediting Instrument
 - TCAF: up-scaled mitigation action
- The Asian Development Bank
 - The Article 6 Support Facility
- The virtual pilots

Overview on German PA piloting activities |

NACAG initiative

- First Post2020 piloting activity
- Launched in Paris (concept combining Kyoto and Paris dimensions)
- Focus on Nitric Acid (focus on secondary / tertiary technologies)
- Volume 80 Mio. €
- Based on the CDM methodology and similar to single CDM projects
- Decided against PoA setting for time restraints
- Actual collaboration progress with 15 countries (including political, economic and technology aspects before investing)
- Extension on the PAF model (NACAP) – auctioning model for technological appropriate installations

Overview on German PA piloting activities II

Differences to CDM compliance uses

- CERs will be canceled until 2021
- No use of ITMOs foreseen
- MOs could be used for NDC compliance of the host country
- However no trading of the achieved mitigation outcome
- Low hanging fruit should be excluded for international trading in collaboration with the implementing country
- Political condition: Permanent self regulation in the host country
- German advantages: Counting for Climate Finance obligation

Overview on German PA piloting activities III

Hurdles

- Uncertainties about Article 6, especially on A6.2 and A6.5
- But internal coordination on side of the host country side is still difficult and time consuming (public and private level with a lot of interactions to harmonize the domestic interests)
- Stable and well-organized secretariate for NACAG (GIZ) and BMU steering division faces challenges by the remaining time for the CDM component
- For the NACAG concept A13 will be sufficient. Preference on having the A6.2 guidance
- In case of losing the CDM component too quickly, BMU together with DEHSt (DNA) will be able to organize the technical and performance oversight with own existing capacity and of course taking advantage from DOEs
- Political decision on this is needed in any case in order for operation until GST in 2023, which could be the final date for starting new investments under NACAG
- Finally we are looking for transferring and accounting options for partners on expected compliance markets and for similar concepts in other sectors