

CLIMATE ACTION AROUND THE WORLD

THE PARIS AGREEMENT IS HISTORIC FOR BEING THE FIRST INTERNATIONAL CLIMATE CHANGE AGREEMENT THAT SEES ALL COUNTRIES, IRRESPECTIVE OF ECONOMIC STATUS, COMMIT TO ACTION. THIS ACTION IS TAKING DIFFERENT FORMS AROUND THE WORLD: A NATIONAL CARBON PRICE, TWEAKING AN EXISTING CARBON MARKET, CROSS-BORDER PARTNERSHIPS, AND BUSINESS AND OTHER NON-STATE ACTORS STEPPING UP. THESE VARIOUS EFFORTS ALL HAVE ONE COMMON THREAD: THEY SHOW WHAT LEADERSHIP ON CLIMATE CHANGE LOOKS IN ALL ITS FORMS. BELOW IS A PROFILE OF SIX INITIATIVES AROUND THE WORLD.



CANADA: IMPLEMENTING THE PAN-CANADIAN APPROACH TO CARBON POLLUTION PRICING

Pricing carbon pollution is one of the key actions Canada is taking to meet its 2030 target under the Paris Agreement. The country is seeking to achieve at least a 30% reduction below 2005 levels of GHG emissions while also supporting economic development through clean growth.

Provinces and territories have the flexibility to implement their own system: either an explicit price-based programme or a cap-and-trade system. Explicit price-based programmes must have a minimum price of C\$10 (US\$7.78) per tonne of CO₂ equivalent (CO₂e) in 2018, and increases annually to C\$50/tCO₂e in 2022. Provinces and territories with cap and trade must have declining annual caps to at least 2022 that correspond, at a minimum, to projected emissions reductions that would have resulted from the application

of an explicit carbon price that year. The benchmark recognises that cap-and-trade systems may be linked to foreign jurisdictions (as is the case for Québec and Ontario, which are – or soon will be – linked to California’s system), and indicates that these linkages may need to be reviewed after the UNFCCC process finalises rules for national accounting of Internationally Transferred Mitigation Outcomes.

Carbon pricing systems are already in place in British Columbia, Alberta, Québec and Ontario. These cover more than 80% of Canada’s population. Most other provinces and territories are taking steps to develop their approaches. The Government of Canada is developing a federal ‘backstop’ that will apply in provinces and territories that do not have a price on carbon that meets the benchmark in 2018.

The proposed backstop includes a carbon levy on fossil fuels and an output-based pricing system with emissions trading for industrial facilities emitting over 50,000 tCO₂e per year (smaller facilities will be able to opt in). Federal, provincial and territorial governments are also working together to develop recommendations for a pan-Canadian framework for offset credits. This would promote consistency and best practices, which in turn should foster the interchange of offsets across Canada.

Kate Rich
Environment and Climate Change Canada



THE PACIFIC ALLIANCE: TACKLING CLIMATE CHANGE ACROSS BORDERS

The Pacific Alliance is a regional agreement seeking to create a common market among its member countries – Chile, Colombia, Mexico and Peru – while promoting sustainable development.

In March 2016, the Pacific Alliance Ministers of the Environment signed a statement calling for the creation of a green growth platform. This statement was the basis for the creation of the Environment and Green Growth Group in the Pacific Alliance in July 2016.

This summer, in Cali, Colombia, the Pacific Alliance Presidents made an explicit commitment to promote a green growth strategy to face the challenges of climate change, as well as establish a voluntary carbon market for the region – including a common system to monitor, report and verify (MRV) emission reductions.

Specifically, the Cali declaration asserts the leaders' conviction to pursue a green growth strategy "as the only avenue to face the challenges of climate change that especially affects the region". They also reaffirmed their support for a ministerial declaration at the UN talks in Lima in 2014 and for the Paris Agreement of December 2015. It also states: "We will intensify the efforts in our countries with respect to measurement, report and verification of CO2 emissions and other GHG with the objective of identifying possible voluntary market mechanisms in the region."

With this, the Pacific Alliance Environment and Green Growth Group has a mandate to continue to work on sustainable consumption and production, green growth, and now MRV and voluntary carbon markets. In doing so, these countries can show how international cooperation on carbon pricing and climate action works for South America.

Rodrigo Pizarro
Ministry of the Environment, Chile



AMERICA'S PLEDGE: NON-STATE ACTORS TAKE CHARGE

Led by Michael Bloomberg, the UN Secretary-General's Special Envoy for Cities and Climate Change, and California Governor Jerry Brown, Special Advisor to the Presidency of COP23 for States and Regions, the America's Pledge initiative

will for the first time aggregate and showcase the commitments of US cities, states, businesses and other "non-Party actors" in a report on the range of climate-related activities across the country. In response to the US government's announcement regarding its intent to withdraw from the Paris Agreement on climate change, the process of developing America's Pledge will not only compile existing sub-national climate action efforts in the US, but will also provide a roadmap for increased climate ambition from these actors, and will transparently demonstrate to the international community how these entities can help continue to drive down US emissions at a time of limited federal leadership.

Commissioned by Brown and Bloomberg, the Rocky Mountain Institute and the World Resources Institute are jointly leading an inclusive analytical effort supporting America's Pledge. As well as showcasing the current scope of action, the initiative will also convey the potential scale of sub-national action. America's Pledge will also consider the impact of sub-national commitments on projected future emissions, comparing against both a business-as-usual (BAU) trajectory of projected greenhouse gas emissions under likely Trump Administration policies, and the US Nationally Determined Contribution of 26-28% reductions against a 2005 baseline by 2025.

Finally, America's Pledge will present a game plan for raising the bar and expanding the map when it comes to non-state actors driving down US emissions. This set of options, which will highlight the significant levers available to states, cities, and businesses to further reduce emissions, will serve as a playbook for enhanced ambition among US climate leaders who are committed to meeting America's commitments under the Paris Agreement.

Aimee Barnes & Dan Firger
Office of Governor Edmund G. Brown Jr & Bloomberg Philanthropies



JAPAN: JOINT CREDITING MECHANISM TRANSFERS TECHNOLOGY, KNOWLEDGE TO DEVELOPING COUNTRIES

Japan and 17 partner countries (as of early September) in Asia, Africa and Latin America are cooperatively implementing the Joint Crediting Mechanism (JCM), a new international market-based mechanism. Under the JCM, 20 emission reduction projects have been officially registered by the Joint Committees, which comprise representatives from Japan and the partner country. A further 102 projects are in the pipeline to be developed and registered in the future. Those projects are expected to reduce greenhouse gas emissions by approximately 1 million tonnes of CO2 equivalent annually. The emission reductions acquired by Japan under the JCM will be counted as extra reductions, on top of its current NDC target.

The Joint Committees have approved 39 methodologies, primarily for energy efficiency and renewable energy projects, which are consistent with sustainable development objectives. These methodologies have been carefully crafted in order to reduce the monitoring,

reporting and verification burden on project participants. In particular, 24 methodologies only require one or two monitoring points or parameters to be measured by project participants, while ensuring environmental integrity by setting conservative default values. This typically leads to an underestimated level of emission reductions.

The JCM, drawing on lessons learnt from existing mechanisms, has been designed so as to promote additional emission reductions from new investments associated with technology and knowledge transfer. This ensures the JCM can play a pioneering role in developing and implementing new initiatives to achieve emission reductions under the Paris Agreement.

Yuji Mizuno
IGES



INDIA: VOLUNTARY CARBON MARKET MAKING THE LINKS

India has finally announced its much awaited plans with regards to establishing a voluntary carbon market. The proposed voluntary market is a boost to climate action, especially since it is backed by the eight-mission National Action Plan on Climate Change, as well as the Government's plan of adding 175 GW of renewable energy to the grid, the "Make In India" campaign, a growing National

Clean Energy Fund and a law requiring 2% of profits before tax to be directed to corporate social responsibility activities. This law we think will be crucial to climate action by companies and will push organisations to go above and beyond carbon neutrality and seek co-benefits in the projects they implement or support.

Although India has market mechanisms in place like Perform, Achieve and Trade for energy efficiency and the Renewable Energy Certificate mechanism, a carbon market opens up opportunities to link the various market-based mechanisms for cost-effective mitigation outcomes, and in turn make the existing systems more effective in their environmental outcomes.

Voluntary markets can also help engage public sector companies and those sectors that have shown interest in reducing emissions, like small and medium-sized enterprises and transport, and improve the transparency of transactions. We believe that the burgeoning ideas for India's voluntary carbon market and the national meta registry, as has been envisaged, will help generate hard data from all of the market-based mechanisms for the National Inventory Management System. This in turn will strengthen India's monitoring, reporting and verification of emissions reductions and related transparency levels, which are crucial elements for the Paris Agreement.

Sandeep Roy Choudhury
VNV Advisory Services

NEW ZEALAND: MAKING THE ETS "LINKING READY"

It's been nearly 10 years since the New Zealand Emissions Trading Scheme (NZ ETS) began. It was originally designed to mirror the Kyoto Protocol but, as the global context has changed, it has been necessary for the NZ ETS to evolve alongside it.

New Zealand recently completed a two-stage review of its ETS. The first stage concluded in May 2016 with a decision to phase-out a transitional measure that



allowed businesses to surrender one emissions unit for every two tonnes of emissions. One-for-one obligations will now apply from 2019 onwards. The second stage concluded in July 2017 and identified a package of four proposals to improve the NZ ETS and support it to meet New Zealand's 2030 target:

- introduce auctioning to the NZ ETS (until now, supply has come from international emission reductions, free allocation, and removals from forestry);
- limit the use of international units when the NZ ETS reopens to international carbon markets;
- determine the supply of units in the ETS over a five-year rolling period; and,
- develop an alternative approach to the current NZ\$25 (US\$17.12) fixed price ceiling.

These changes are important to achieve a balance between domestic and international emission reductions and to better align the supply of units in the NZ ETS with our target. Market participants will also have greater visibility on unit supply in the NZ ETS through the introduction of the five-year rolling period. Crucially, the approach balances the business need for regulatory predictability with the need for the NZ ETS to be able to adapt to changing circumstances.

The changes are also relevant to make the NZ ETS fit for a Paris world and more compatible for linking with other carbon markets globally. Access to carbon markets of high environmental integrity will be part of New Zealand's strategy for meeting the 2030 target.

Sarah Deblock
Ministry of Environment, New Zealand