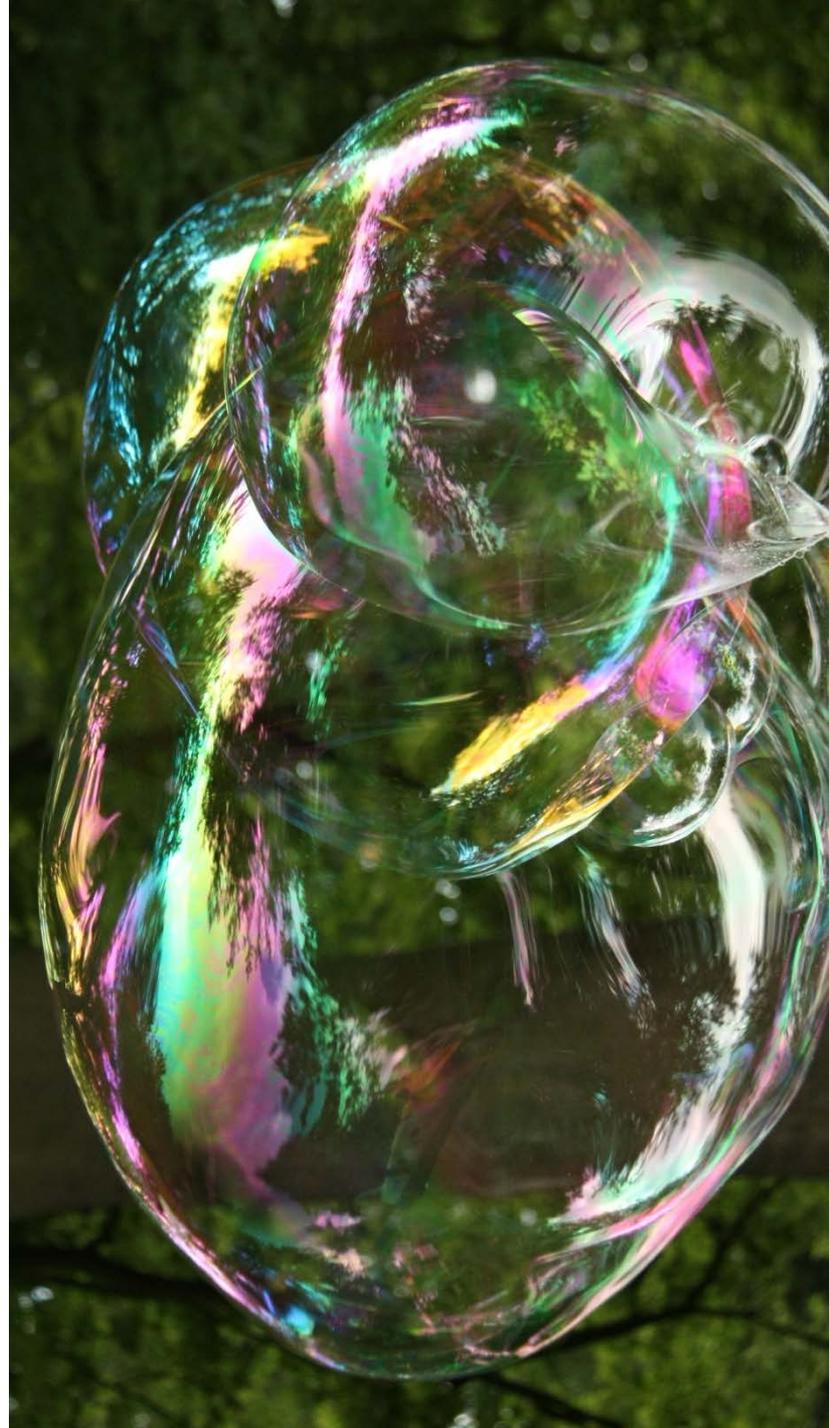




Introduction to the Kyoto Surplus

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Kyoto Rules on Banking

Size of the surplus

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Party Positions on the Surplus

NGO Position



The Kyoto Mechanisms

Emissions Trading (AAUs)

The Clean Development Mechanism (CDM)

Joint Implementation (JI)

Goals

Stimulate **sustainable development** through technology transfer and investment

Help countries with Kyoto commitments to meet their targets by **reducing emissions** or removing carbon from the atmosphere in other countries in a **cost-effective way**

Encourage the **private sector** and **developing countries** to **contribute** to emission reduction efforts

http://unfccc.int/kyoto_protocol/mechanisms/items/1673.php

Current carry-over rules under Kyoto Protocol

Emissions Trading (AAUs)

Full carry over, no restriction on use.

CDM and JI

Carry-over limited to up to 2.5% each of the total amount of AAUs a country received for CP1

Decision 13/CMP.1 Annex paragraph 15 [...] the Party may carry over to the subsequent commitment period:

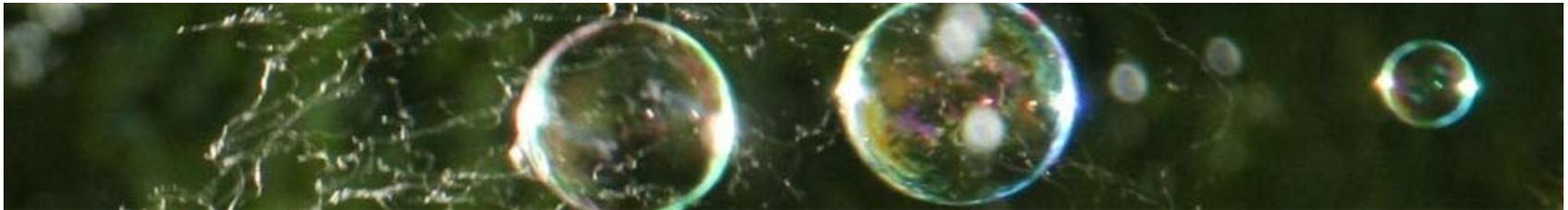
(a) Any ERUs held in its national registry, which have not been converted from RMUs and have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7 and 8, of that Party.

(b) Any CERs held in its national registry, which have not been retired for that commitment period or cancelled, to a maximum of 2.5 per cent of the assigned amount pursuant to Article 3, paragraphs 7 and 8, of that Party

Carry-over (banking): good or bad?

Banking under a tight cap: rewarding countries that reduce emission more than required

→ may motivate overachievement and early action



Banking under weak targets (ie. above BAU projections) lead to accumulation of emission permits and delay active mitigation action

→ creates hot air, undermines climate protection

Size of Surplus



1st Kyoto commitment period: 13-14 billion

**CP2:
Could be over 2 billion**

A short History of the Kyoto Surplus



Where does the surplus come from?

- 1. Political compromise to get countries to ratify KP to ensure the Protocol could come into force. → very weak baselines/targets.**
e.g. Poland: Baseline 1988 emissions, target -6% was set in 1997, when emissions were already more than -20% below 1988.
- 2. US did not ratify the Kyoto protocol, would have bought many AAUs.** (Note, this would not have improved environmental integrity of “hot air” but reduced size of AAU surplus)
- 3. Economic downturn of the last 2 years considerably increased surplus in other nations too.**



UNFCCC Negotiations: Party Positions

Insist on cancelling/use restriction

G-77 and China

LDCs

African Group

AOSIS

EIG

Denmark, Germany, Switzerland UK, and many more

Opposed to cancelling/use restriction

Russia, Poland, Ukraine (and other ex-Soviet states): insist on full carry over

Australia opposed to “stifling overachievement,” want to use surplus to meet domestic targets

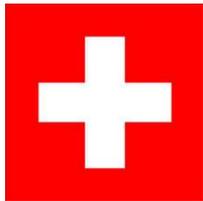
(Not so noble) Silence

EU: silent at UNFCCC negotiation due to internal disagreement

Proposals @COP18 to Address Kyoto Surplus



G-77 and China (submitted in Bangkok August 2012)



Switzerland (submitted before COP18)





NGO Position

- 1) Cancel all AAUs and ERUs including surplus at the end of the CP2; for CDM existing rules should remain.
- 2) Do not allow for trading of carried over Kyoto units, except for units coming from the CDM.
- 3) If a Party's QELRO is higher than its 2012 emissions it cannot participate in the Kyoto mechanisms

Thank You!

We are looking forward
to the presentations and
to a constructive debate.

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