



COP21 side-event

"The role of ambition in the Paris agreement and the impact of hot air on the EU's climate policies"

- Meeting Report -

5 December 2015

Carbon Market Watch organized an event at the EU pavilion during the COP21 climate summit on Wednesday 05/12/2015.

A key consideration for the Paris treaty is how to incentivise real additional climate action while avoiding the build-up of "Hot Air". The lack of environmental integrity of market mechanisms under the Kyoto Protocol -such as the Joint Implementation- has undermined the viability of this international climate treaty. Furthermore, the EU experience with the Emissions Trading System (ETS) shows that it has been severely oversupplied and has consequently accumulated a large amount of hot air permits. The event aimed to bring forward ideas on how we can avoid the problems of the past and keep hot air out of the Paris climate treaty and the EU's climate policies.

The event tied into the launch of 'CAPMAN: Taking carbon out of the game'. CAPMAN is a free [online computer game](#) aiming to highlight the issues of "Hot Air" at Paris and raise ambition levels amongst attendees at the negotiations. The CAPMAN game was officially launched after the side event, with Damian Meadows the first official player.

Links to the panelists' presentations:

- Damian Meadows, ['Position of the EU on achieving 2030 reductions'](#)
- Femke de Jong, ['The impact of hot air on the EU's climate policies'](#)
- Lambert Schneider, ['Has Joint Implementation reduced GHG emissions?'](#)

Links to relevant Carbon Market Watch material:

- [Game over for Hot Air?](#)
- [Beware hot air in the Paris climate talks](#)
- [Policy Brief: The EU's Hot Air - lifting the fog](#)
- [Policy Brief: Avoiding hot air in the 2015 Paris agreement](#)

Play 'CAPMAN: Taking carbon out of the game' at: <http://www.cap-man.net/>

Detailed summary of the presentations:

Damien Meadows, European Commission, *Position of the EU on achieving 2030 reductions*

Damien Meadows [presented](#) the European climate legislation currently in force and the development of EU legislation for 2030 reductions. He highlighted that Europe's climate targets may have been undermined by the use of offset credits that do not reflect real emission reductions. Damien placed the onus on the United Nations (UN), claiming that international institutions should try and solve the problem of non-additional credits by nurturing credible projects. Furthering this point, Damien pointed out that the use of credits from HFC-23 and adipic acid projects in the EU ETS has been banned since 2013, as the UN was not able to guarantee the environmental integrity of these international offsets. Bringing the debate towards the perceived benefits of international offsets, Damien stated that offset credits are "not looked well upon".

Lambert Schneider, Stockholm Environment Institute, *Has Joint Implementation reduced global GHG emissions?*

Emphasising the divergent quality of Joint Implementation (JI) projects, Lambert Schneider [stated](#) that about three-quarters of Joint Implementation (JI) credits may not represent actual emission reductions. In a random sample of 60 projects, 73% of the offsets came from projects for which additionality was not plausible (e.g. these projects would have proceeded even without carbon revenues). The use of JI credits to meet mitigation targets may have increased global greenhouse gas emissions by 600 MtCO₂. In the EU Emissions Trading System (EU ETS) the poor quality of JI projects may have undermined the EU's climate target by some 400MtCO₂. In his closing remarks, Lambert put forward his recommendations for the Paris agreement:

- International oversight on future market mechanisms.
- Eligibility rules for the use of carbon trading: high ambition and multi-year emission budgets are required to avoid "hot air" trade.
- International rules for accounting of unit transfers.

Femke de Jong, Carbon Market Watch, *The impact of hot air on the EU's climate policies*

Femke de Jong [opened](#) by calling for a Paris climate agreement that incentivizes real action on the ground. Expounding on the term "hot air", she pointed out that it can mean many different things, but ultimately comes down to carbon credits that do not represent real emission reductions. Drawing the debate towards the tangible effects of "hot air", Femke highlighted the impacts of non-additional credits from the Kyoto Protocol's offsetting mechanism on the EU's climate target. In the EU ETS around 1.5 billion offsets credits have been used so far, and 60-75% of these credits may not represent real emission reductions. This could have undermined the EU's 2020 climate target by some 1 GtCO₂. Femke concluded with the following recommendations for the Paris agreement:

- Create rules regulating the use of carbon markets, so that only countries with ambitious targets and adequate carbon budgets can trade carbon units.
- Create a robust international accounting framework to avoid double counting.
- Move away from international offsets and instead provide financial support for climate actions in developing countries.
- Do not allow non-permanent land use offsets into carbon markets.