



Should and could the UNFCCC develop a linking framework within the ADP

David Hone

*Chief Climate Change Adviser
Royal Dutch Shell plc*

Chairman

International Emissions Trading Association

Carbon pricing, not “should”, but “must”

A world of disparate energy focussed “climate” pledges

- ✓ CO₂ per GDP
- ✓ Renewables targets
- ✓ Efficiency improvements
- ✓ Fuel mandates

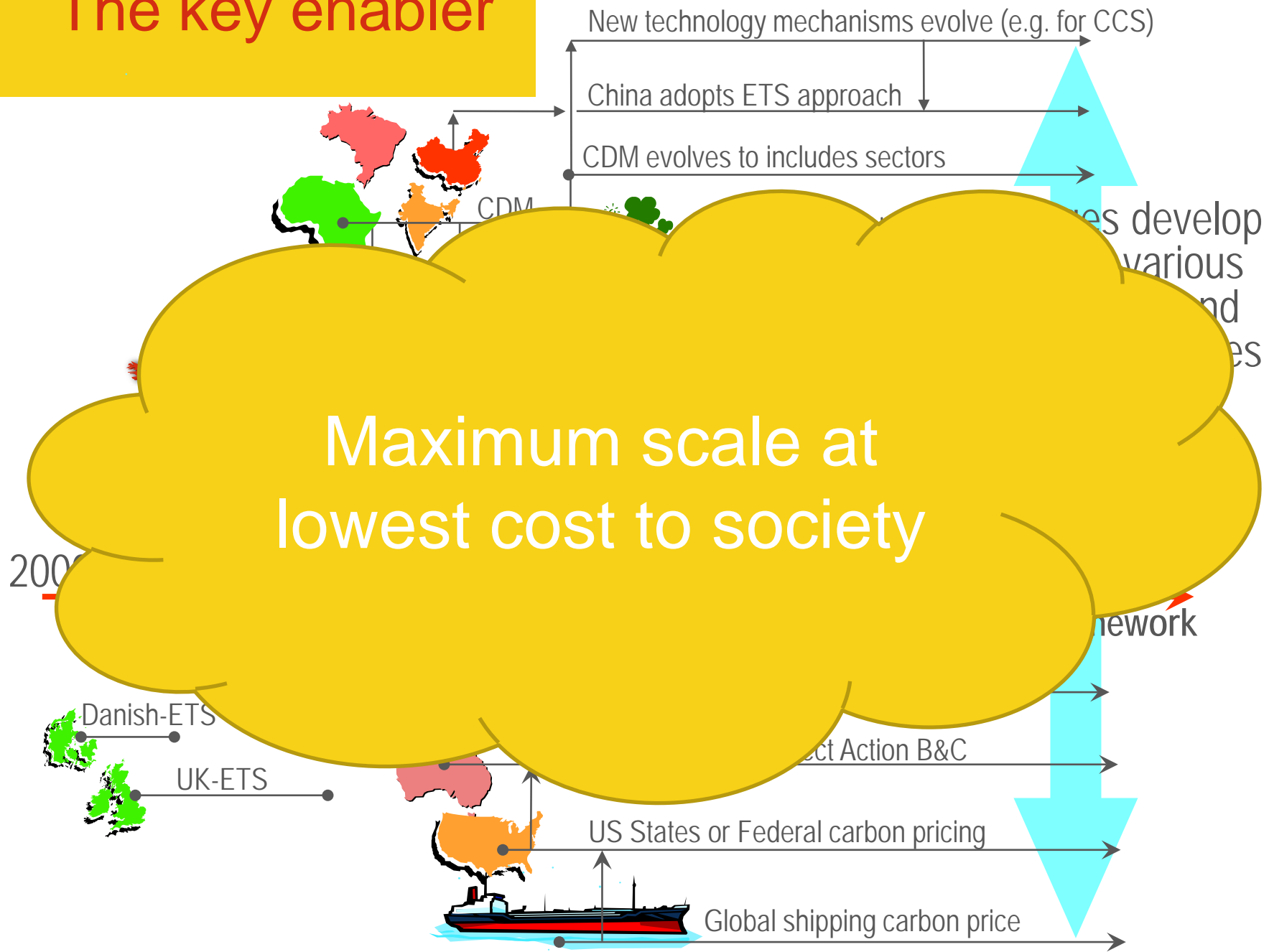
. . . . but without widespread coordinated carbon pricing,

. . . might have a more secure and cost effective energy system,

. . . . but probably won't deal with rising emissions

. . . . and if it does it will have cost far more than it needed to.

The key enabler



The “glue” in the current system

The AAU;

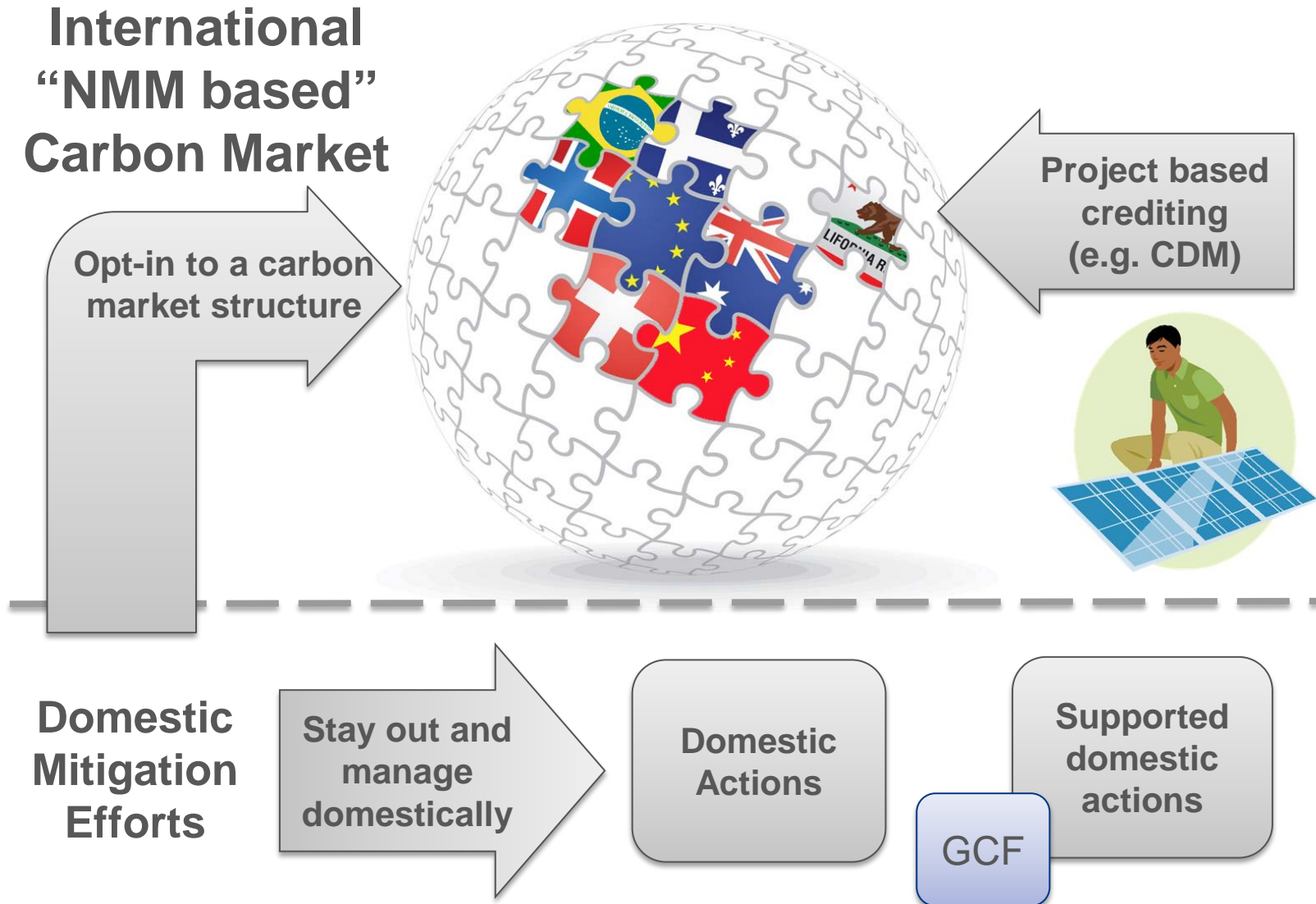
- Establishes compatible supply / demand across borders;
- Ensures legitimacy and environmental integrity;
- Binds systems together with a common MRV protocol;
- Leads to the management of emissions on an absolute basis.

Linkage is simplest between compatible systems with absolute targets. Otherwise complex arrangements such as gateways may need to be developed.

The roles of the FVA and the NMM

- The Framework for Various Approaches (FVA) recognises that a bottom up process is underway (in response to a global need, e.g. 2°C goal).
- Market based linkages between various approaches can improve the cost effectiveness of the pathway forward.
- But we need some “glue”.
- The New Market Mechanism (NMM) should be created to act as the linking instrument between the approaches under the FVA.
- The NMM needs to do far more than project crediting.

A structure for the FVA and NMM



If you build it, they will come

If You Build It, They Will Come



Bloomberg

It doesn't have to be a dream



FIELD OF DREAMS

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