



1962 2012

New Market Mechanisms to mobilize private sector engagement

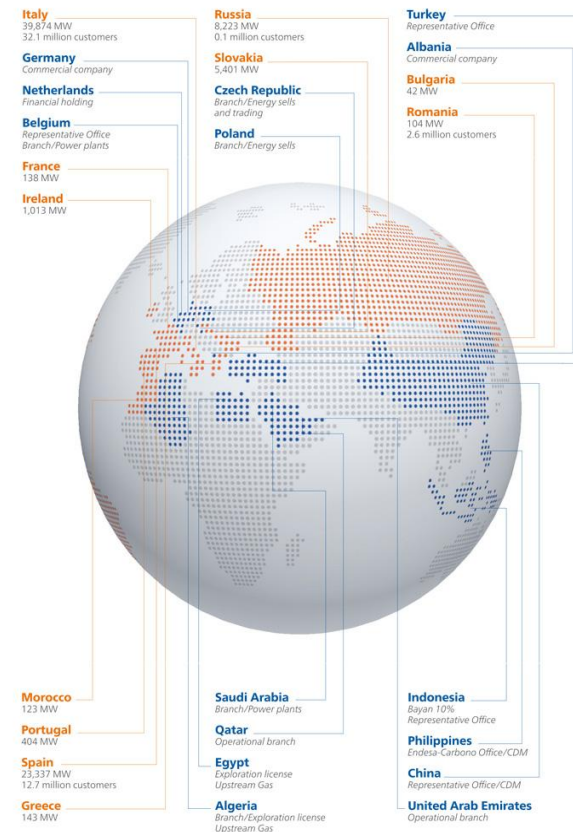
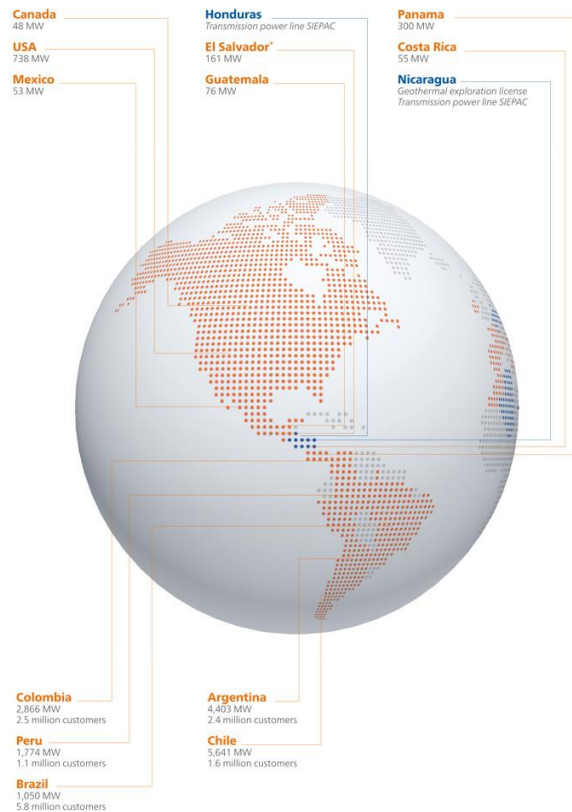
Simone Mori

Executive Vice President, Enel Group

Doha, December 3, 2012



Enel Group overview

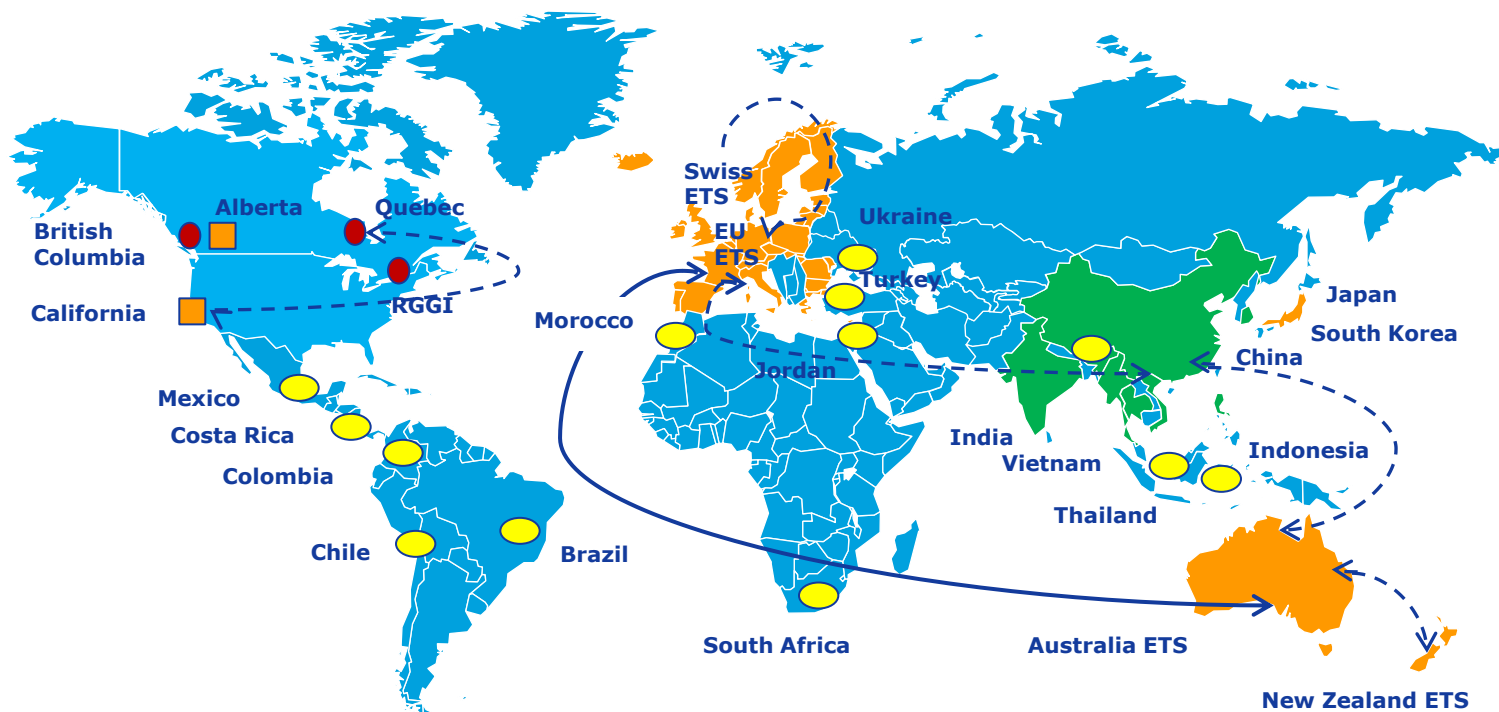


Enel in the world

- 40 countries of 4 continents
- 97 GW of installed capacity
- 61 million customers
- 17.7 bn € EBITA
- 27 bn € investments 2011-15
- 75k employees
- 291 TWh produced
- 244 TWh sold
- 510 TWh distributed

Source: Enel pro-forma as of 30.06.2011.
*Non-consolidated partnership with LaGEO

Moving to a fragmented carbon market world?



■ Operational
 ● Legislation in place, non yet operational
 ■ Proposed
 ● ETS in development/Partnership for Market Readiness

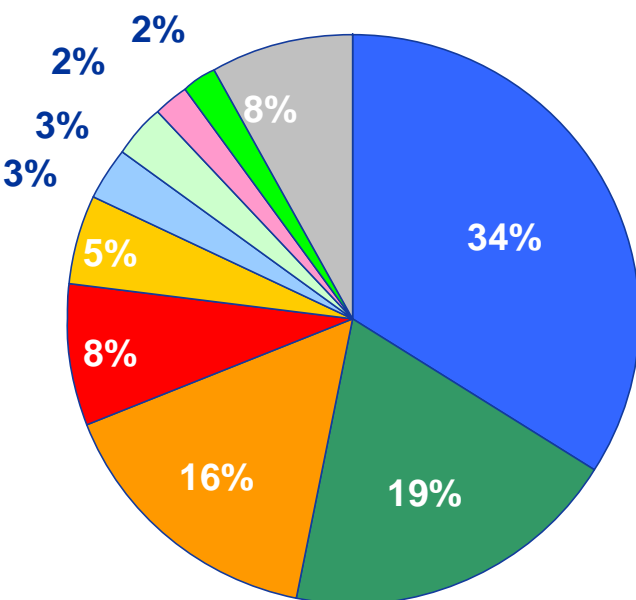
—→ Already discussed linkages
 - - - → Possible linkages

The collapse of the prices in the largest carbon markets



The Voluntary market experience

Voluntary standards



 **VERIFIED CARBON STANDARD** (VSC alone + VCS with other standards)

 **CCB Standards** (CCB with other standards)
The Climate, Community & Biodiversity Alliance

 **CLIMATE ACTION RESERVE**

 **The Gold Standard**[®]
Premium quality carbon credits

 **bmV**
Brasil Mata Viva

 **Forest Carbon Standard International**

 **Chicago Climate Exchange**
(closed from July 2010 and incorporated into ICE, Intercontinental Exchange)

 **American Carbon Registry (ACR)**

 **ISO-14064**

 **Other:**
 **SOCIALCARBON**[®] 1%

Plan Vivo 1%

CDM 1%

NZPFSI 0.3%

Non-descript 4.7%



New market mechanisms could have a difficult application without a common framework (FVA) under a UNFCCC body

- In a international context where **carbon credit demand is low**, new market mechanisms could come across serious obstacles to develop
- **A common framework is needed** to set shared rules on the use of domestic and international compliance mechanisms with a **clear top-down approach**:
 - A **common framework at UNFCCC level**, setting the standards for environmental integrity and accounting
 - An **independent authority**, ensuring application of standardized global measurement, reporting and verification methodologies
 - A **common carbon currency**, eventually supported by a credit conversion mechanism

How should the New Market Mechanisms look like?

Main features of NMM:

- **Simple**, with limited transaction and capacity building costs
- Supporting **both domestic and international action**
- **Incentives must be right for both developing and developed countries and for the private sector**
- **Risks must be acceptable and manageable** in order to attract the required investments
- **Sectoral trading more straightforward.** Crediting requiring proper incentives on virtuous investors vs non performers

Conclusions

- **A common Framework under the UNFCCC is urgently needed** to address the increasing market fragmentation
- A decision on **New Market Mechanism would provide an additional instrument for those** countries that cannot afford the design of full-blown domestic market mechanism
- Agreement on the Framework and the NMM would support **developing countries in reaching their domestic** target in harmony with international pledge