

Market Mechanisms and the Paris Agreement

Research Workshop Sponsored by the Harvard Project on Climate Agreements

July 6, 2017

Harvard Kennedy School

Purpose and Motivation

Linkage between and among national and regional policy instruments has a variety of potential benefits, as well as legitimate concerns. Indeed, national and sub-national jurisdictions are increasingly considering or implementing linkages.

At the same time, the Paris Agreement's Article 6 and relevant sections of the accompanying Decision provide a vehicle for advancing cooperation among parties in pursuing mitigation. Though negotiators have only begun to elaborate the rules and measures needed to implement Article 6 after 2020, it appears that Article 6.2, in particular, may provide opportunities for linkage — broadly construed to include exchanges of mitigation units between parties with highly heterogeneous Nationally Determined Contributions.

Participants in the workshop, hosted by the Harvard Project on Climate Agreements, will examine, from various perspectives, the evolution of emissions-trading systems and linkage around the world, as it is emerging from choices by participating jurisdictions. They will then discuss the status of Article 6 of the Paris Agreement — how it might be elaborated and implemented, and how it might support, constrain, or otherwise interact with market mechanisms that are emerging outside the Paris-Agreement context.

The Harvard Project is grateful for major support for this workshop from the Harvard University Climate Change Solutions Fund.

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Cambridge, Massachusetts

Agenda

Location of all sessions, including dinner:

Allison Dining Room
Taubman Building, Fifth Floor
Harvard Kennedy School

Wednesday, July 5

6:00 – 8:30 pm **Dinner and reception**

Thursday, July 6

9:00 – 9:15 am **Welcome and self-introductions**

Robert Stavins, Harvard University

9:15 – 9:35 am **Lessons Learned from Cap-and-Trade Experience**

Richard Schmalensee, MIT

9:35 – 9:40 am Response: Emily Wimberger, California Air Resources Board

9:40 – 10:15 am Discussion

10:15 – 10:30 am **Coffee Break**

10:30 – 10:50 am **China's National ETS: Status and Challenges**

Valerie Karplus, MIT

10:50 – 11:00 am Responses: Jackson Ewing, Asia Society Policy Institute

Richard Morgenstern, Resources for the Future

11:00 – 11:30 am Discussion

11:30 – 11:50 am	Heterogeneous Linkage Consistent with the Paris Agreement Gilbert Metcalf, Tufts University
11:50 am – 12:00 pm	Response: Lawrence Goulder, Stanford University
12:00 – 12:30 pm	Discussion
12:30 – 1:30 pm	Lunch
1:30 – 1:50 pm	Carbon Prices and Carbon Markets Joseph Aldy, Harvard University
1:50 pm – 2:00 pm	Responses: James Stock, Harvard University Ian Parry, International Monetary Fund
2:00 – 2:30 pm	Discussion
2:30 – 2:50 pm	Article 6: Structure, Interpretations, Status Andrei Marcu, International Centre for Trade and Sustainable Development
2:50 – 3:05 pm	Responses: Annie Petsonk, Environmental Defense Fund Brian Flannery, Resources for the Future Michele Stua, C+3C Sistemi e Strategie
3:05 – 3:30 pm	Discussion
3:30 – 3:45 pm	Coffee Break
3:45 – 4:05 pm	6.2 and 6.4 Mechanisms: Complementarities and Tensions Axel Michaelowa, University of Zurich
4:05 – 4:15 pm	Response: Sue Biniiaz, United Nations Foundation Alex Hanafi, Environmental Defense Fund
4:15 – 4:45 pm	Discussion
4:45 – 5:00 pm	Summary, Conclusions, and Next Steps