

Harvard Project on Climate Agreements

Webinar: November 1, 2021

Prospects for Article 6: COP-26 and Beyond

Full webinar transcript:

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00:00:06.000 --> 00:00:15.269

Robert Stavins: Well, good morning everyone or good afternoon or good evening or possibly even good middle of the night, depending upon where you are in the world.

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00:00:16.139 --> 00:00:26.370

Robert Stavins: Thanks for joining us at the start of the 26th conference of the parties of the UN Framework Convention on Climate Change top 26 being held.

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00:00:26.820 --> 00:00:37.200

Robert Stavins: This weekend next in Glasgow in Scotland in the United Kingdom i'm rob stephens a professor here at the Harvard Kennedy school and director of the Harvard project on.

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00:00:37.680 --> 00:00:51.840

Robert Stavins: climate agreements, which is sponsoring this event, together with the NL foundation and also holding a site event in person at the talks in Glasgow next week and i'll mention something about that.

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00:00:52.740 --> 00:01:00.300

Robert Stavins: Later, turning to substance, however, the Paris climate agreement, I think, is judged by many observers.

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00:01:01.140 --> 00:01:09.510

Robert Stavins: including myself as a major accomplishment, but there are really two necessary conditions, as I read for its ultimate success.

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00:01:10.200 --> 00:01:20.100

Robert Stavins: One is adequate scope of participation, which has been essentially achieved and the other is adequate ambition of the individual national contributions.

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00:01:20.730 --> 00:01:29.940

Robert Stavins: The irony, the reality really is that the very elements of the Paris Agreement that has fostered such broad stroke participation.

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00:01:30.360 --> 00:01:40.620

Robert Stavins: 97% of global emissions associated with participating countries compared with 14% under the second commitment period of the Kyoto Protocol, namely the structure.

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00:01:41.010 --> 00:01:51.270

Robert Stavins: This very special structure of nationally determined contributions in DC that are anchored voluntarily in national circumstances and domestic political realities.

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00:01:51.840 --> 00:01:58.050

Robert Stavins: This very element, then virtually means that the individual national contributions themselves.

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00:01:58.680 --> 00:02:09.900

Robert Stavins: are unlikely to be what might be judged to be sufficient because it's a global commons problem and each nations incurs the costs of his actions, but the benefits of course are distributed.

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00:02:10.350 --> 00:02:20.070

Robert Stavins: Globally, so a key question has become are there ways to enable and indeed facilitate increased ambition over time.

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00:02:20.730 --> 00:02:26.820

Robert Stavins: The ratchet mechanism, which is in the Paris agreement about every five years trying to be more ambitious.

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00:02:27.420 --> 00:02:35.220

Robert Stavins: is central to this, but the question remains how ambitious will those individual and deasy's actually be.

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00:02:36.060 --> 00:02:57.840

Robert Stavins: One way that greater ambition can certainly be encouraged, is by lowering the cost of achieving any specific target and the linkage of regional, national and even sub national policies from different parts of the world can indeed facilitate that and by linkage, I simply mean.

17

00:02:59.040 --> 00:03:07.290

Robert Stavins: mechanisms that allow for emission reduction efforts to be distributed redistributed voluntarily across jurisdictions.

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00:03:09.090 --> 00:03:22.350

Robert Stavins: This is important because lower costs, as I said, can facilitate greater ambition, this was validated quantitatively by a study last year, I believe, from the environmental Defense fund and I eat a.

19

00:03:23.430 --> 00:03:31.890

Robert Stavins: Linkage now is typically thought of by many people is between cap and trade systems, but of course the regional, national and sub national.

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00:03:32.190 --> 00:03:41.310

Robert Stavins: climate policies around the world are going to be highly heterogeneous and work we've done at the Harvard project on climate agreements together.

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00:03:41.580 --> 00:03:52.380

Robert Stavins: With Michael melon one of our speakers today and have presented at previous COPs has shown how linkage can be between and among a diverse.

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00:03:52.740 --> 00:03:59.580

Robert Stavins: pair of policy instruments, including cap and trade carbon taxes and performance standards.

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00:04:00.030 --> 00:04:14.310

Robert Stavins: But if national governments are to establish such linkages with other jurisdictions and firms, then within those respective jurisdictions are to engage in exchanges of credits and responsibilities.

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00:04:14.670 --> 00:04:25.410

Robert Stavins: That it's going to be very important to attribute the emissions reductions to the correct party in regard to the achievement of its and DC target.

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00:04:25.860 --> 00:04:34.110

Robert Stavins: In particular it'll be important to avoid double counting and this is where Article six of the Paris Agreement comes in.

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00:04:35.040 --> 00:04:42.780

Robert Stavins: As many of you recognize in order to implement the Paris Agreement that negotiators had to adopt some more detailed rules.

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00:04:43.320 --> 00:04:50.280

Robert Stavins: For each part of the agreement, this is the so called rule book, which is complete, except for Article six.

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00:04:51.000 --> 00:05:08.850

Robert Stavins: So at COP 26 the parties to the Paris Agreement will again attempt, for the third time to write the rules for implementing Article six, which is the place where linkage, and such cost reduction can be best achieved.

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00:05:09.720 --> 00:05:25.110

Robert Stavins: In today's event then we're going to examine the potential of Article six and its prospects and COP 26 and beyond, with three real experts on Article six and market mechanisms more broadly.

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00:05:26.250 --> 00:05:38.490

Robert Stavins: First, Michael melling who's the deputy director of the Center for energy and environmental policy, research at MIT and is frequently worked with us, both in.

31

00:05:39.210 --> 00:05:46.110

Robert Stavins: Research and writing and and presentations to sessions like today at the Harvard project on climate agreements.

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00:05:46.620 --> 00:06:00.600

Robert Stavins: Next Kelly desire, who is also a tremendous expert on Article six previously as a key negotiator on the very topic, and now is Vice President and global climate eddie def.

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00:06:01.230 --> 00:06:14.580

Robert Stavins: And i'm pleased to say that Kelly has also worked with us in many previous events and then finally Daniela Agostini the head of low carbon and European energy policies for the NL group.

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00:06:15.090 --> 00:06:24.600

Robert Stavins: Who has also worked with us previously and we look forward to continuing that in the future Now a brief word about logistics before we turn to our speakers.

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00:06:25.440 --> 00:06:37.200

Robert Stavins: The chat function is not available for questions for this webinar will use it, however, to send references or links via the chat to all of you.

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00:06:37.950 --> 00:06:56.700

Robert Stavins: Instead, if you have any questions at any time whatsoever, you need not wait until the end, you can pose your questions by typing them into the Q amp a area in zoom which is at the block bottom of your zoom screen and then i'll turn to those questions later in the session.

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00:06:58.590 --> 00:07:10.050

Robert Stavins: With I should see, though, also, by the way, that we are recording the session so you should be aware of that, but none of your identities are going to show up so you have a confidentiality.

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00:07:10.770 --> 00:07:18.990

Robert Stavins: And anonymity and our speakers have all agreed that we could record, it will post the recording at the website of the Harvard project on climate.

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00:07:19.680 --> 00:07:25.200

Robert Stavins: Agreements with that i'm pleased to turn to my sometime co author.

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00:07:25.860 --> 00:07:37.470

Robert Stavins: Michael melling who's going to start us off with a brief presentation on the prospects for Article six at COP 26, this is a wonderful guide to what to watch for at the negotiations.

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00:07:38.040 --> 00:07:58.560

Robert Stavins: michael's presentation, I will note is based upon a discussion paper he wrote for the Harvard project and the NL foundation, and it was recently released, and you can get a copy of this by going to the link, which is or will soon be available in the chat so with that Michael over to you.

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00:08:00.240 --> 00:08:08.760

Michael Mehling: Thank you very much rob thanks to the Harvard project many colleagues there and to the fellow panelists for a discussion that I look forward to.

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00:08:09.210 --> 00:08:19.530

Michael Mehling: it's, of course, very timely I think many here in the audience will know that Article six, though being only one provision in the Paris Agreement have more than two dozen provisions.

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00:08:19.890 --> 00:08:30.060

Michael Mehling: has had a disproportionate impact with seeing the progress of negotiations, especially in the last two cups so my presentation today will try to unpack, if you like.

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00:08:31.260 --> 00:08:44.040

Michael Mehling: The crunch issues that have or potentially could hold up negotiations towards a rule book towards finalizing the Paris rulebook and i'll try to keep within about 15 minutes so.

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00:08:45.570 --> 00:08:46.350

Michael Mehling: Now.

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00:08:47.700 --> 00:08:57.720

Michael Mehling: I hope my screen is showing correctly so first of all, again, I assume, most in the audience are tuning in because they follow Article six there's a whole community of geeks I think around.

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00:08:58.110 --> 00:09:08.550

Michael Mehling: Both Article six and carbon markets and international climate cooperation with generally but for those who may not be fully familiar a very quickly try to sort of give an overview of Article six So what is it.

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00:09:09.090 --> 00:09:18.690

Michael Mehling: it's a provision in a Treaty provision in the Paris Agreement, of course, and it has three elements, if you like, it sets up three pathways for voluntary cooperation between parties.

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00:09:19.020 --> 00:09:28.800

Michael Mehling: The first is contained in Article six paragraphs two and three, which essentially enables parties to buy laterally a plural laterally to cooperate and relatively decentralized manner.

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00:09:29.220 --> 00:09:36.750

Michael Mehling: to transfer internationally transfer mitigation outcomes then there's Article six, paragraph four, and.

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00:09:37.200 --> 00:09:43.860

Michael Mehling: A few additional paragraphs fleshing that out so six pairs four to seven which creates a new crediting mechanism.

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00:09:44.190 --> 00:09:53.460

Michael Mehling: Many envision that sort of to be a successor to the clean development mechanism of the of the Kyoto Protocol, some have called it, the sustainable development mechanism.

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00:09:53.910 --> 00:10:00.480

Michael Mehling: And finally there's also a framework for non market approaches define and paragraphs eight and nine of.

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00:10:01.320 --> 00:10:09.630

Michael Mehling: Article six and it's important to note that markets, etc, not mentioned anywhere in the Paris Agreement only decent non market approaches and yet.

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00:10:09.870 --> 00:10:24.960

Michael Mehling: it's widely agreed and understood that Article six, paragraph to an article six paragraphs, for which I just described are sort of, if you like, the latest iteration of flexible, you know market mechanisms are trading and flexibility under under the Paris Agreement.

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00:10:26.460 --> 00:10:35.730

Michael Mehling: Why does it matter and why is it worth talking about this on the first day of COP 26 i've tried to underscore the importance of this particular provision.

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00:10:36.090 --> 00:10:45.900

Michael Mehling: and its operational ization first of all there's been a growing number of studies that suggest large potential benefits from using voluntary cooperation under Article six.

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00:10:46.200 --> 00:10:55.230

Michael Mehling: Both to help close the ambition gap and the finance the climate finance gap rob just mentioned already, that there have been studies say from environmental Defense fund.

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00:10:56.160 --> 00:11:03.210

Michael Mehling: Coming out of university of Maryland and the Pacific Northwest national laboratory and several other entities like I eat him.

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00:11:03.930 --> 00:11:09.480

Michael Mehling: One of the most recent ones in the peer reviewed journal, climate change, economics, for instance, suggested that.

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00:11:09.720 --> 00:11:20.400

Michael Mehling: using Article six to the fullest extent could potentially and I have to underscore potentially because, of course, realizing the number of assumptions and and sort of hypothetical.

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00:11:20.940 --> 00:11:29.370

Michael Mehling: parameters, but still, in theory at these potentially could help reduce the cost of meeting current indices by up to 300 billion by 2030.

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00:11:29.850 --> 00:11:36.690

Michael Mehling: And that would essentially how the cost of achieving our current pledged you know current climate pledges indices.

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00:11:37.050 --> 00:11:43.920

Michael Mehling: Other studies from environmental Defense Fund, the World Bank and others have suggested, roughly the same magnitude of savings so roughly half.

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00:11:44.280 --> 00:11:56.220

Michael Mehling: The cost of achieving our current pledges, or if you wanted to put it in a different way, you could almost double ambition at no extra cost, and given the ambition gap that the UN.

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00:11:56.700 --> 00:12:01.260

Michael Mehling: Environment programs emissions gap report, for instance, just again affirmed.

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00:12:02.010 --> 00:12:11.970

Michael Mehling: Recently, we need that we really need every two we have at our disposal to try and close that ambition gap and, indeed, Article six could get us about halfway.

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00:12:12.210 --> 00:12:21.000

Michael Mehling: to closing the ambition gap to achieving two degrees Celsius which may not be you know it's already relevant and in a big step potentially.

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00:12:21.390 --> 00:12:26.880

Michael Mehling: The second aspect is the finance gap always C D and other entities just recently reminded us that.

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00:12:27.180 --> 00:12:39.900

Michael Mehling: Developed countries are still lagging behind with with the hundred billion US dollar pledge of providing climate finance to developing countries, and of course there's the much, much bigger climate finance challenge, not just in these.

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00:12:41.160 --> 00:12:52.710

Michael Mehling: north, south transfers, but more generally in investing in a low carbon future economy and again if we used Article six to the Max A recent study just published, I think, a month ago.

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00:12:53.130 --> 00:13:02.550

Michael Mehling: By some of the authors also involved in earlier work suggested that the size of financial flows under Article six could reach 1 trillion US dollars per year by 2050.

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00:13:03.120 --> 00:13:15.960

Michael Mehling: And not only could that help close that gap to the US dollar \$100 billion climate finance pledge of north to south, if you like, but it would also get as a certain ways towards closing that much, much bigger gap.

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00:13:16.290 --> 00:13:23.010

Michael Mehling: of achieving you know the necessary investment in a low carbon future which, for instance, the climate policy initiative recently.

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00:13:23.370 --> 00:13:37.140

Michael Mehling: estimated to be up to four and a half trillion US dollars per year by by 2030 to stay on track to 1.5 degrees centigrade so again a massive challenge in every piece that can help us there is worth taking into consideration.

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00:13:37.560 --> 00:13:53.790

Michael Mehling: Also important is to note that the univ triple C secretariat recently concluded it synthesis reported in DC so if nationally determine contributions affirming that 87% of parties intend to use Article six, as a source of finance or as a tool to achieve their indices.

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00:13:54.930 --> 00:14:01.650

Michael Mehling: So I think that sort of underscores why there is tremendous potential behind Article six and many parties.

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00:14:02.010 --> 00:14:14.490

Michael Mehling: intend to use that potential to leverage that potential, but at the same time it's really important to underscore that securing these benefits is entirely dependent on how we operationalize Article six, we can both.

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00:14:15.420 --> 00:14:28.140

Michael Mehling: undermine them by having insufficiently stringent rules on environmental integrity accounting, etc, but we can also prevent leveraging Article six, by making it so restrictive and so hard to use that nobody takes it up anymore.

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00:14:28.500 --> 00:14:34.950

Michael Mehling: And that's why operational ization of Article six, so one of the big topics on the agenda 26 is so important.

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00:14:35.430 --> 00:14:45.180

Michael Mehling: First of all, as a Treaty provision it's replete with ambiguous terms, this is what's often called constructive ambiguity was the last provision agreed in Paris in 2015.

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00:14:45.660 --> 00:14:56.550

Michael Mehling: And many parties sort of were able to only overcome differences in what they wanted to see in the text by agreeing on vague terms of general terms that require further interpretation and operational ization.

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00:14:56.790 --> 00:15:02.340

Michael Mehling: And indeed, they included mandates in Article six itself and in the company decision decision.

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00:15:03.810 --> 00:15:11.670

Michael Mehling: to negotiate these these details guidance and Article 6.2 rules modalities and procedures and Article six, paragraph four.

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00:15:12.000 --> 00:15:22.740

Michael Mehling: And the subsidiary body and scientific and technological advice is essentially the channel through which these negotiations have been happening currently under the they're able chairmanship of toasting panel panel.

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00:15:24.060 --> 00:15:32.610

Michael Mehling: However, as rob was already hinting twice we've we've had a go at this at cup 2014 Polish sitting kassovitz it and it costs 25.

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00:15:32.880 --> 00:15:43.350

Michael Mehling: Under the Chilean presidency, however, in Madrid in 2019 and twice we failed to agree on this last open item of the Paris rulebook of the Paris Agreement work Program.

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00:15:44.070 --> 00:15:56.130

Michael Mehling: There have been no new draft decisions, the latest thing we have our three versions of proposed decisions of the cup 25 presidency, which obviously we're not able to secure consensus, but are often considered.

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00:15:56.430 --> 00:15:59.010

Michael Mehling: A sort of a natural starting point for the formal.

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00:15:59.430 --> 00:16:06.120

Michael Mehling: Discussions as the resume this week, but in the interim during the pandemic, given that there haven't been formal negotiations what we've seen.

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00:16:06.390 --> 00:16:14.010

Michael Mehling: Is a lot of informal consultations, including at a high level, but still always emphatically informal or technical dialogues.

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00:16:14.280 --> 00:16:26.610

Michael Mehling: Again substance has has organized the whole number of these dialogues on specific issues in wild these have been considered constructive and certainly advanced understanding of issues and also other parties positions.

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00:16:27.330 --> 00:16:33.180

Michael Mehling: They have also seen many of the same dividing lines, the same fault lines come up again and again on each of the main issues.

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00:16:33.690 --> 00:16:46.200

Michael Mehling: And so there's still I think one has to honestly affirm, despite their having been hopefully made good progress during the last two years there's still a chance that Article six will again evade a.

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00:16:46.650 --> 00:16:56.790

Michael Mehling: consensus among parties and a robust rulebook the discussion paper that the Harvard project just released a few weeks ago that rob mentioned.

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00:16:57.300 --> 00:17:12.390

Michael Mehling: is an attempt to identify the crunch issues, if you like this big dividing lines between parties and discuss each of them sort of step by step, going through some of the elements and i'll go through them in sequence.

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00:17:13.350 --> 00:17:18.240

Michael Mehling: But what I think is important to highlight right away, is most of the.

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00:17:18.720 --> 00:17:26.790

Michael Mehling: issues under the article six rulebook are technical in nature on these, we have seen a lot of progress since that the discussions began several years ago.

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00:17:27.270 --> 00:17:30.810

Michael Mehling: The ones that still remain are, in many ways, primarily political.

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00:17:31.170 --> 00:17:41.790

Michael Mehling: And so it's not about finding a quick fix a silver bullet some accounting methodology so it's really about reconciling very different interests and economic motivations and other sort of.

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00:17:42.300 --> 00:17:49.320

Michael Mehling: motivations of parties which are on some issues still relatively far apart and have to still be brought together.

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00:17:50.250 --> 00:18:01.230

Michael Mehling: The number of issues that would fall in this category of let's say fault lines are crunch issues has definitely narrowed down and in ministerial consultations early this year, and also in some work.

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00:18:01.860 --> 00:18:06.300

Michael Mehling: Several sort of informal options papers released by the subset chair.

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00:18:06.750 --> 00:18:17.280

Michael Mehling: ponyo ponyo these have been kind of narrowed down to a small handful that are really the crunch issues and ministerial consultation identified three and then a number of additional issues that are also mentioned in.

106

00:18:18.300 --> 00:18:23.100

Michael Mehling: Chairman final final options paper and i'll focus on three of these.

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00:18:23.790 --> 00:18:31.440

Michael Mehling: Five of these each of these are highlight what the issue is what the positions of different parties are where the disagreement, if you like, lies.

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00:18:31.770 --> 00:18:41.040

Michael Mehling: What the options for compromise might be in the implications and finally i'll also look at what would happen if we don't REACH compromise in the negotiations.

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00:18:41.910 --> 00:18:51.750

Michael Mehling: These are the five issues and i'll go, as I said, through each of them in sequence, and I want to highlight that it is primarily a mapping exercise the parties have their positions for good reasons.

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00:18:52.170 --> 00:18:55.350

Michael Mehling: Again it's not about sort of finding, you know that.

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00:18:56.190 --> 00:19:05.400

Michael Mehling: an academic finding this is the right solution, this would solve everybody's problems that's not going to be the case, so instead I think what What matters is understanding, where parties are coming from.

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00:19:05.610 --> 00:19:14.340

Michael Mehling: Why, they have different views and what a common let's see landing zone might be to reach agreement and instead of going through them on this slide let me go through each of them.

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00:19:14.580 --> 00:19:21.240

Michael Mehling: At a relatively high level in the next few slides, but in the paper, you will see sort of a short description of each of the issues.

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00:19:21.690 --> 00:19:31.890

Michael Mehling: Looking at the description, as I mentioned a proposal, the last sort of proposal in a formal proposed decision of COMP 25 to 30 iteration of that top 25 presidency.

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00:19:32.160 --> 00:19:40.620

Michael Mehling: Proposal the breakdown of the disagreements, some of the compromise options and then analysis and, as I said, a mapping of the positions and all of this based.

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00:19:40.860 --> 00:19:49.320

Michael Mehling: On an annex of a few 22 pages roughly setting out sort of all the written statements submissions etc have parties on these issues.

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00:19:49.800 --> 00:19:58.200

Michael Mehling: And now i'll sail through the five issues, unfortunately, time is not enough to kind of go into much depth so i'll really try to give a snapshot on each of them.

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00:19:58.620 --> 00:20:07.770

Michael Mehling: So, first of all, one that's important to accounting rob mentioned a huge issue is preventing double counting and this is relating to Article six, paragraph for.

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00:20:08.070 --> 00:20:15.750

Michael Mehling: The question of whether or not when can credit mitigation emission reductions outside the scope of a national determined contribution of the host country.

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00:20:15.990 --> 00:20:21.900

Michael Mehling: And if so, whether or not that requires a corresponding adjustment to prevent double counting.

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00:20:22.410 --> 00:20:34.200

Michael Mehling: And there's a range of positions as with each of these issues from some who think there should be no crediting at all, primarily, arguing that if you allow crediting you create a dynamic incentive never to expand the scope of your indices.

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00:20:34.560 --> 00:20:42.120

Michael Mehling: all the way through saying no crediting should be allowed anything well there's even definitions what is outside of the scope of an indie see.

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00:20:42.360 --> 00:20:51.870

Michael Mehling: Some parties have suggested that any effort that's not set out in the NBC itself is additional, for instance, not just in the gases are sector is not covered by the NBC.

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00:20:52.320 --> 00:21:03.510

Michael Mehling: And the sort of landing zone between this let's say extreme ends of the of the of the spectrum of us would be to have a compromise in which some crediting is allowed, but perhaps.

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00:21:04.080 --> 00:21:15.840

Michael Mehling: will require corresponding adjustment at least after a certain transition period or opt out period and indeed that is also what the crop 25 presidency texts and its third iteration would have proposed.

126

00:21:16.890 --> 00:21:31.320

Michael Mehling: With the the parties to well to decide on an opt out timeline for the corresponding adjustment, after which parties would have to host countries would have to adjust for each emissions reduction outside the scope of NBC.

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00:21:32.610 --> 00:21:42.660

Michael Mehling: The second issue and there'll be one that's very similar on overall mitigation and global emissions which we'll get to in two slides, but the second and reply relates to share proceed.

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00:21:42.960 --> 00:21:51.600

Michael Mehling: Article six, paragraph four of the Paris agreement clearly states in the Treaty text that parties that transact is emission reductions should.

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00:21:52.110 --> 00:22:03.570

Michael Mehling: apply a share of proceeds, which would flow to adaptation finance this is reminiscent of what under the Kyoto Protocol happened with proceeds from the clean development mechanism where 2% levy.

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00:22:03.870 --> 00:22:14.070

Michael Mehling: was levied and then would flow into the adaptation funding under the don't have amendment, in fact, that was expanded to all the flexible mechanisms of the Kyoto Protocol.

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00:22:14.700 --> 00:22:24.900

Michael Mehling: The question now is should this also apply to Article six, paragraph to the international transfer mitigation outcomes which is fundamentally different in nature from Article six, paragraph four.

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00:22:25.260 --> 00:22:33.660

Michael Mehling: And again party positions range from required no sheriff proceeds some parties say that this would, for instance, make it extremely hard to.

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00:22:34.560 --> 00:22:43.890

Michael Mehling: implement it no transfers, for instance, in the context of linked emissions trading systems if each time, you would have to apply a levy a penalty if you like.

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00:22:44.370 --> 00:22:52.710

Michael Mehling: Say between Quebec and California it just isn't suited to all types of transactions, unlike accrediting mechanisms, such as Article six, paragraph four.

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00:22:53.190 --> 00:23:02.910

Michael Mehling: Whereas the typically developing countries that have been insisting on predictable adaptation, finance and also have underscored that if we don't have a sheriff proceeds under Article 6.2.

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00:23:03.210 --> 00:23:11.580

Michael Mehling: That would be an imbalance that would cause parties to prefer using six, paragraph two, instead of six paragraphs, for if the share proceeds only applies to the latter's.

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00:23:11.880 --> 00:23:18.450

Michael Mehling: And so it's really hard to imagine how can compromise be found between these two positions which have been relatively adamant.

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00:23:18.690 --> 00:23:32.160

Michael Mehling: And one suggestion, and this is indeed what the presidency of cop 25 picked up was to have it be voluntary strongly encouraged so and exhort satori approach strongly encouraging it but not making it mandatory.

139

00:23:32.670 --> 00:23:40.920

Michael Mehling: Either encouraging a share of proceeds to be applied or a commitment to applying share proceeds and to transfer and contribute these resources to adaptation.

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00:23:43.470 --> 00:23:53.280

Michael Mehling: Now, perhaps the most divisive and thorny issue is what to do with the overhang of unused pre 2020 Kyoto Protocol units, and specifically the.

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00:23:53.640 --> 00:24:01.890

Michael Mehling: Certified emission reductions issued under the Clean Development Mechanism, there were great concerns especially a cop 25 when this sort of came to a head.

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00:24:02.310 --> 00:24:13.380

Michael Mehling: Overnight, you know some environmental NGOs came out with numbers that suggested that if we allow transition to full transition of legacy units, we could see up to 5 billion, if you like, unused.

143

00:24:14.040 --> 00:24:26.400

Michael Mehling: tons of five gigatons of units swamp essentially flow into the Paris Agreement context and essentially dilute any kind of effort and make it unnecessary to actually mitigate for a long, long time.

144

00:24:26.760 --> 00:24:36.600

Michael Mehling: So a big concern about that and so many parties have said, there should be no transition at all many civil society groups, of course, also been on that side that there should be absolutely no transition.

145

00:24:37.050 --> 00:24:41.670

Michael Mehling: Some countries, and when can imagine, which countries these are especially countries where there have been.

146

00:24:41.940 --> 00:24:54.660

Michael Mehling: A lot of cdn activities in the past, so would that would be betraying you know the the interest of project developers that trust and confidence, this would undermine the future carbon market if we if we started out by essentially appropriating.

147

00:24:55.230 --> 00:25:03.870

Michael Mehling: Those who developed in good faith projects in the previous under the previous regime and so on and so forth, and so where to find a compromise.

148

00:25:04.410 --> 00:25:12.720

Michael Mehling: Here the ideas or the suggestions have been the options to have some form of conditional transition to not entirely excluded, but definitely.

149

00:25:12.990 --> 00:25:19.440

Michael Mehling: To narrow down how many units could transfer over into the Paris, if you like, framework and the third Presidency.

150

00:25:20.040 --> 00:25:30.210

Michael Mehling: The third version of the presidency proposal would have suggested that with certain cutoff dates for project registration unit issuance and use and i'll come back to that what that actually means.

151

00:25:30.450 --> 00:25:34.590

Michael Mehling: Later on, but this could be again a potential compromise your landing zone.

152

00:25:35.040 --> 00:25:42.060

Michael Mehling: Then overall mitigation global missions that can keep short it's very similar to the share of proceeds essentially six, paragraph two.

153

00:25:42.420 --> 00:25:46.260

Michael Mehling: does not mention overall mitigation global mission some parties think that it would be.

154

00:25:46.950 --> 00:25:56.370

Michael Mehling: Again, creating the symmetry and imbalance between six two and six, for if we don't apply some sort of discount to ensure that every transaction results, not only in the.

155

00:25:56.670 --> 00:26:01.650

Michael Mehling: zero sum game, if you like, in an opposite, but an actual reduction an actual climate benefit.

156

00:26:01.950 --> 00:26:09.870

Michael Mehling: And here to the compromise that has been explored or mentioned is sort of to make it voluntary to strongly encourage it, but not to make it mandatory.

157

00:26:10.110 --> 00:26:16.530

Michael Mehling: Again, with a view to resistance, especially by those parties that, for instance, want to explore linking of the missions trading systems.

158

00:26:17.220 --> 00:26:30.330

Michael Mehling: Finally, one issue that's really hard to summarize in one slide, and so I won't go into much detail but it's, how will we define baselines and the requirement of additionality under Article six, paragraph four.

159

00:26:30.690 --> 00:26:36.270

Michael Mehling: And essentially the despite there being various views there's sort of some convergence here, this is a bit more technical.

160

00:26:36.630 --> 00:26:46.860

Michael Mehling: But the the let's say the spectrum ranges from having it be more prescriptive and especially more aligned with the framework of the Paris Agreement that dynamic ambition cycle, if you like.

161

00:26:47.190 --> 00:26:56.790

Michael Mehling: As opposed to relying more on the approaches that had been used under the Kyoto Protocol, for instance, looking at historical emissions levels for a baseline or business as usual and instead.

162

00:26:57.450 --> 00:27:03.600

Michael Mehling: With this more greater ambition were Paris aligned would be, for instance, looking at best available technology and.

163

00:27:04.200 --> 00:27:15.390

Michael Mehling: The top 25 Presidents in fact suggested, you know only agreeing to have the definition of baselines additionality and others such principles and methodologies deferred to future decisions.

164

00:27:17.340 --> 00:27:28.470

Michael Mehling: Now, what are the prospect for compromise on all these issues, I think that already the crop 25 Presidents he had identified a number of landing zones which I mentioned and highlighted in that sort of spectrum of views.

165

00:27:28.920 --> 00:27:40.170

Michael Mehling: The thing is, if we had those already in December 2019 and that last version on the 15th of December have use changed sufficiently for compromise to be now possible, two years later.

166

00:27:40.680 --> 00:27:49.710

Michael Mehling: And what's clearly the case is that we have, through all these technical dialogues and informal consultations, been able to improve our understanding of where party stand.

167

00:27:50.130 --> 00:28:03.390

Michael Mehling: but also in certain technical and quantitative issues, for instance, the implications of a transition of legacy units here, for instance, a slide that the univ triple C secretariat released in October, earlier this month in which it showed that.

168

00:28:04.020 --> 00:28:07.890

Michael Mehling: depending on where we set for instance a cutoff date for project registration.

169

00:28:08.520 --> 00:28:13.710

Michael Mehling: You dramatically reduce from the theoretical total of units that could be translated or transition.

170

00:28:13.980 --> 00:28:23.460

Michael Mehling: You reduce it down by an order of magnitude from over three gigs 10s down to potentially only 150 172 even 50 depending on what the.

171

00:28:23.820 --> 00:28:33.870

Michael Mehling: cutoff date would be so these kinds of this kind of data, these kinds of information should help also parties to understand what the implications of positions of options are.

172

00:28:34.650 --> 00:28:43.260

Michael Mehling: Still, even when it comes to green on cut off dates opt out timelines etc, those are again choices that have to be made on which agreement would be necessary.

173

00:28:43.800 --> 00:28:52.440

Michael Mehling: And there's always also risk that some issues that may not be visible could bubble up again if there's disagreement on other parts of COP 26, for instance.

174

00:28:52.710 --> 00:29:02.700

Michael Mehling: These things can then come up again in the context of Article six, nothing is agreed until everything is agreed is a familiar mantra in this climate negotiations.

175

00:29:03.480 --> 00:29:05.280

Michael Mehling: If we do not get a compromise.

176

00:29:06.090 --> 00:29:18.030

Michael Mehling: From as an international lawyer, the basic principle is that if parties don't agree if they do not see their sovereign sovereignty on a specific issue and commit to it, it remains within their sovereign prerogative so.

177

00:29:18.450 --> 00:29:21.930

Michael Mehling: If parties are unable to adopt guidance on Article six, paragraph two.

178

00:29:22.350 --> 00:29:29.610

Michael Mehling: that's unlikely to prevent them from continuing to cooperate dielectric multilateral it more transfers there's been some discussion, whether a.

179

00:29:30.000 --> 00:29:37.740

Michael Mehling: Paragraph and decision agency may one on enhance transparency framework, the modalities procedures and guidelines on transparency.

180

00:29:38.040 --> 00:29:43.920

Michael Mehling: indicates that Article 6.2 can move forward or not, but by and large, I think you know, the fact that.

181

00:29:44.310 --> 00:29:50.550

Michael Mehling: parties already engaging and pilot activities suggest they will not be prevented from continuing exploring this and indeed.

182

00:29:50.790 --> 00:30:03.060

Michael Mehling: There is no need for a centralized infrastructure or governance structure, under Article 6.2 to have this move forward indeed there's been exercises to map the number of pilot activities, mostly under Article 6.2.

183

00:30:04.110 --> 00:30:17.880

Michael Mehling: The unit has a dq partnership has a wonderful database that shows you already have 45 pilots over a billion dollars committed to these piloting activities most still in a preparatory phase, but still, they are slowly moving forward.

184

00:30:19.260 --> 00:30:25.740

Michael Mehling: Article six, paragraph four is different, the stakes are much higher there because it does require a centralized supervisory body and procedures.

185

00:30:26.250 --> 00:30:31.650

Michael Mehling: And if we don't get those rules modalities procedures that mechanism at least will not be able to operate.

186

00:30:32.070 --> 00:30:40.200

Michael Mehling: And so, trying to formulate, which is very difficult, after mapping sort of all these different views positions and the reasoning behind them some takeaways I would say.

187

00:30:40.800 --> 00:30:47.700

Michael Mehling: parties did agree to have Article six in the Paris Agreement, so they have an interest clearly they've put that in the binding international treaty.

188

00:30:48.150 --> 00:30:52.140

Michael Mehling: But they did so, to allow for higher ambition to promote environmental integrity.

189

00:30:52.470 --> 00:31:00.270

Michael Mehling: So that is absolutely important and it's important to underscore what I think rob already hinted that that the market approaches themselves do not create ambition.

190

00:31:00.600 --> 00:31:09.540

Michael Mehling: We shouldn't expect ambition from use of markets, per se, but rather because markets enable greater ambition, by reducing costs unlocking finance and investment.

191

00:31:10.380 --> 00:31:18.990

Michael Mehling: what's important though to notice that neither the most restrictive or the most permissive outcomes of crop 26 are going to allow that greatest possible ambition.

192

00:31:19.260 --> 00:31:30.930

Michael Mehling: It really has to be a balance if the strictest most stringent rules make it impossible or so costly to use Article six, we will simply not take advantage of those costs, reducing potentials that I mentioned earlier.

193

00:31:31.410 --> 00:31:40.680

Michael Mehling: And the pressure of course is huge for negotiators to come to an agreement after so many after two COPs, this is the one outstanding issue, so there will be pressure to move forward.

194

00:31:41.040 --> 00:31:44.760

Michael Mehling: And there's been this sort of saying, especially in environmental NGO community.

195

00:31:45.690 --> 00:31:54.090

Michael Mehling: no deal is better than having a bad deal, I think that when it comes to accounting that's absolutely true, it has to be absolutely safe if we don't get that right.

196

00:31:54.300 --> 00:32:00.690

Michael Mehling: we'll see a repeat of some things that we've seen with earlier carbon markets, and this would undermine and destroy confidence in the market.

197

00:32:01.380 --> 00:32:12.090

Michael Mehling: But I also think that there will be pressured sort of an understanding that any compromise on the sort of hardline environmentally best outcome might be a defeat for the climate, and I think it's important to understand that.

198

00:32:12.600 --> 00:32:23.100

Michael Mehling: Compromise is not necessarily the worst outcome in some of those issues I mentioned political issues, it is that compromise that would allow using Article six and using it to increase ambition.

199

00:32:23.520 --> 00:32:34.230

Michael Mehling: And with that i'll conclude one slide and I think the slides are being made available to summarize some of the work that rob mentioned earlier in the Harvard project on climate agreements and thanks again for allowing me to participate.

200

00:32:36.900 --> 00:32:44.850

Robert Stavins: Well, thank you very much, Michael that was fantastic as all of you can see, this new work that Michael has done.

201

00:32:45.720 --> 00:32:54.360

Robert Stavins: is both comprehensive on the issues before the negotiating parties regarding Article six and it's also very detailed, so I encourage you.

202

00:32:54.720 --> 00:33:05.730

Robert Stavins: to download and read the paper again the link to the paper is in the chat questions have begun to come in, but I want to encourage you, at any time.

203

00:33:06.450 --> 00:33:17.760

Robert Stavins: insert your questions, using the Q amp a function and after we've heard from our two additional speakers who we're going to turn to next then i'll go to your questions.

204

00:33:18.150 --> 00:33:31.020

Robert Stavins: And with that, I am delighted to turn things over to Kelly desire, who knows a lot about this issue and Article six we're interested to hear whatever you have to say Kelly thanks.

205

00:33:31.080 --> 00:33:45.000

Kelley Kizzier: Thanks to the magic for putting this event together and to make went into a great paper and, as you say, comprehensive analysis vicious I think it puts it together really well and I know i'm definitely going to be distributing it to explain this.

206

00:33:46.080 --> 00:34:04.470

Kelley Kizzier: In a more thorough way than I usually am able to, I think the analysis shows that interest in cooperation to international corporate market is booming and I hope that this momentum facilitates agreement on Article six in Glasgow.

207

00:34:05.520 --> 00:34:14.070

Kelley Kizzier: Michael as well highlighted the progress and potential compromises on the table at the end of cup 25 in Madrid, and if we can bank this progress that cup 26 I think we're in good shape.

208

00:34:15.210 --> 00:34:29.340

Kelley Kizzier: In addition to what you set out in the presentation, I want to mention a few other things that might help agreement in Glasgow just to put them on the table for consideration, I mean you already mentioned the clarity that they that we now have in terms of the impact of CDs transition.

209

00:34:30.930 --> 00:34:39.420

Kelley Kizzier: These numbers weren't available to parties in Madrid, so it is an important advance, we also have the United States back at the table and that's.

210

00:34:40.200 --> 00:34:42.510

Kelley Kizzier: Important for many reasons, the to point out is.

211

00:34:43.260 --> 00:34:58.500

Kelley Kizzier: First negotiators won't be trying to wrangle the text to train and share the article six rules also apply to countries that are parties to the Paris Agreement and that did have everyone jumping through some hoops and second the ufo be available at the political level.

212

00:34:59.610 --> 00:35:09.120

Kelley Kizzier: So throughout the US have been involved at a technical level, but they were political no show during the trump administration that it's going to be important that they'll be there.

213

00:35:10.350 --> 00:35:18.750

Kelley Kizzier: When we get to the high level segment in week two and we've also seen more in terms of the rules for a chaos Garcia.

214

00:35:19.410 --> 00:35:23.700

Kelley Kizzier: So the a camp counselor important decision about which programs are eligible mercia.

215

00:35:24.120 --> 00:35:34.800

Kelley Kizzier: And they took an important vintage decision limiting eligibility to project registered for 2016 onwards, and I wonder if this will help negotiators determine a cutoff date.

216

00:35:35.760 --> 00:35:47.040

Kelley Kizzier: applicable to article sex and we're also seeing incredible volumes in the voluntary carbon market more accurately for credits us towards voluntary climate goals.

217

00:35:47.970 --> 00:36:01.080

Kelley Kizzier: So the presentation pointed out, the number of pilots moving forward in even in the absence of an article six walls, but I would add the uptick in the voluntary market to this and and hope that it provides refresh momentum and agreed tools.

218

00:36:02.190 --> 00:36:12.510

Kelley Kizzier: I totally agree with michael's assessment that many compromises are possible and also totally agree that we need to avoid a situation where perfect stands in the way of the good.

219

00:36:13.650 --> 00:36:16.320

Kelley Kizzier: We have to find a compromise and.

220

00:36:17.490 --> 00:36:25.380

Kelley Kizzier: I hope that, with these changes and with the extra time that we've had between cup 25 and 26.

221

00:36:26.940 --> 00:36:29.880

Kelley Kizzier: We have a good compromise on the table in Glasgow.

222

00:36:30.990 --> 00:36:31.410

Thanks.

223

00:36:33.450 --> 00:36:34.650

Robert Stavins: Well, thank you very much.

224

00:36:35.130 --> 00:36:45.630

Robert Stavins: Kelly and I'll remind all of you, I see questions keep coming in, but I want to encourage everyone, we want this to be participatory for you to insert your questions, using the Q and A function.

225

00:36:46.800 --> 00:36:52.440

Robert Stavins: Because I'll be getting to them soon and now please to turn to Dan yeah.

226

00:36:54.870 --> 00:37:06.600

Daniele Agostini: hey Thank you Rob and, as I said, my logistics day or the complicated so allow me from some margin case my connection and doesn't hold up as usual.

227

00:37:07.860 --> 00:37:20.310

Daniele Agostini: Thank you very much to Harvard MIT for working for the foundation on this great study I think it's a really interesting and important piece of work and sort of laying out in a very simple way issues.

228

00:37:20.880 --> 00:37:28.770

Daniele Agostini: which ones are technical which ones are political which ones are all hybrid, of course, but also it's very effective in the way it's presented.

229

00:37:29.760 --> 00:37:40.230

Daniele Agostini: As an and we've been very, very close to the developments with an Article six and the global current markets we've been very active, but the Kyoto Protocol and.

230

00:37:40.860 --> 00:37:50.310

Daniele Agostini: In thinking with stakeholders, how to best make a carbon markets work we've also contributed very proactively at the debate in Europe on the ETS.

231

00:37:50.670 --> 00:37:58.260

Daniele Agostini: And we're quite active within I eat on sitting on the board of I eat today and also within ck It now.

232

00:37:58.860 --> 00:38:08.850

Daniele Agostini: This article six paper is very important parking Michael, you said you said, the benefits are really significant again we're talking \$300 billion by 2030.

233

00:38:09.210 --> 00:38:15.900

Daniele Agostini: that's a good amount of resources and one of the key issues, of course, is how those three buildings are going to distribute it.

234

00:38:16.380 --> 00:38:22.200

Daniele Agostini: More and more, we realized that one of the key challenges with decarbonisation the distributional impacts.

235

00:38:22.680 --> 00:38:32.370

Daniele Agostini: So I think it needs to be emphasized on why it is so difficult to find a compromise on Article six, because in the end it's really happens benefits are going to share between.

236

00:38:32.640 --> 00:38:44.190

Daniele Agostini: The investor country and the host countries, and that is very important, if you look at their numbers, then I he does issue with it study again by 2030 almost 100 and \$7 billion a year.

237

00:38:44.640 --> 00:38:54.150

Daniele Agostini: over 4.5 to get tons of CO2 traded, I mean that's that's very important very significant it does require attention.

238

00:38:54.540 --> 00:39:04.740

Daniele Agostini: at the technical level, most of all, it requires a lot more attention at the political level, our senses that not enough attention has been placed on getting the mandate.

239

00:39:05.190 --> 00:39:15.600

Daniele Agostini: Of the political mandate to resolve the issues and it is an important mandate, because I mean I remember already having a discussion on this on a panel income feature.

240

00:39:16.290 --> 00:39:20.850

Daniele Agostini: What the UN SEC managers to do with Glasgow is fundamental.

241

00:39:21.480 --> 00:39:34.470

Daniele Agostini: If you look at to to extreme scenarios is the irrelevant scenario, if we do not get this chapter of the Paris Agreement finalize what is happening, we have voluntarily markets that are blossoming around the world.

242

00:39:34.860 --> 00:39:42.270

Daniele Agostini: We have national compliance markets that are bossing around the world in a coordinated way, and the UN.

243

00:39:42.720 --> 00:39:49.590

Daniele Agostini: runs the risk of being irrelevant and putting together in coordinating in different systems afterwards is going to be a lot more difficult.

244

00:39:50.220 --> 00:39:58.200

Daniele Agostini: The other extreme scenario is that the UN takes another four or five years to finalize these rules and then interviews on the market exposed.

245

00:39:58.440 --> 00:40:10.140

Daniele Agostini: undermining the credibility in the dynamics that the private sector has been setting up within these markets so that's why it is extremely important that progress is actually made in Glasgow on musicians.

246

00:40:11.280 --> 00:40:21.240

Daniele Agostini: Now, from a private sector point of view, I know that negotiations are very intense and we see it, of course, for us, the three parameters are volumes prices.

247

00:40:21.600 --> 00:40:37.740

Daniele Agostini: And the legal certainty of the ownership of some of these titles in all of these three issues there is too much insurance for the private sector and that's why there's a lot of stopping go big investors, like us, are serving what's going on but they're getting an easy.

248

00:40:38.760 --> 00:40:46.740

Daniele Agostini: We tried to look at these negotiations, all those two dimensions and so, in that sense we're really focusing on the three issues.

249

00:40:47.310 --> 00:41:03.480

Daniele Agostini: Sectoral sort of Origination of these credits and so, of course, the debate over inside outside the sea is very important timing how quickly these rules will be finalized, but also again jurisdictions, what are the key.

250

00:41:04.740 --> 00:41:15.480

Daniele Agostini: approaches and attitudes that governments are assuming so that's the background, from which you know private sector to like us, and again it remind somebody give me no not, no, no.

251

00:41:15.870 --> 00:41:23.070

Daniele Agostini: We have almost 100 gigawatts of installed power generation around the world, moving more than half of that is renewables.

252

00:41:23.370 --> 00:41:30.060

Daniele Agostini: We serve a 6070 million clients with our networks, and we have 75 million customers around the world, so again.

253

00:41:30.390 --> 00:41:41.160

Daniele Agostini: We play a large part, we operate in more than 30 countries and so we're following very intensely these negotiations and Article six and the three main issues are the ones that are listed.

254

00:41:41.640 --> 00:41:50.490

Daniele Agostini: Michael obviously The first one is account is the scope, where are where is the interface between.

255

00:41:50.940 --> 00:42:01.260

Daniele Agostini: What can be created an article six would will be treated in one way or another, first that's very important because established the interface also between voluntary and compliance markets.

256

00:42:01.590 --> 00:42:12.630

Daniele Agostini: Today, Article six, negotiations are particularly relevant because they will in the outcome will influence the role that voluntary markets will have completed compliance markets.

257

00:42:12.990 --> 00:42:28.620

Daniele Agostini: If we look at the numbers Today we see voluntary markets with 0.2 billion tons whereas compliance markets are running over 10 billion tons with McKinsey estimates that these numbers by 2013 the voluntary market could multiply by a factor of.

258

00:42:29.880 --> 00:42:40.950

Daniele Agostini: by a factor of almost 100 by 2050 now the growth of his voluntary markets will depend in my eyes entirely by the outcome of the negotiations of Article six.

259

00:42:41.340 --> 00:42:53.730

Daniele Agostini: To what extent that the seller voluntary markets and compliance markets will be running in parallel, or to what extent compliance market may erode and restrain the expansion of voluntary markets.

260

00:42:54.180 --> 00:43:05.490

Daniele Agostini: that's why the debate on accounting and where the credit can be part inside outside and you see inside or outside the actions developed by parties.

261

00:43:05.760 --> 00:43:11.100

Daniele Agostini: is really important for shedding how these two different markets are going to be interacting.

262

00:43:11.790 --> 00:43:21.600

Daniele Agostini: The second big issue is that additionality issues and Michael mentioned, and I think here is the usual you know all the issue that we've been dragging along.

263

00:43:21.960 --> 00:43:26.010

Daniele Agostini: Since Marrakech, if you want to think a group of us were already there.

264

00:43:26.760 --> 00:43:42.780

Daniele Agostini: Its flexibility versus robustness very important if we go back to the COP nine in Milan, we see how the since we're basically excluded by current markets by insisting on too much robustness that made them not viable for actually.

265

00:43:43.350 --> 00:43:58.020

Daniele Agostini: accessing their current markets in a fluid way that we stopped a lot of financing that could have flown towards far as treated preventing the fire station, but also agriculture and today, maybe we will be in a very different place if COP nine.

266

00:43:59.040 --> 00:44:11.250

Daniele Agostini: had a different outcome, on the other side of spectrum, we see what happened in the ETS where maybe not enough robustness was placed and incorporate in the system, and we had a flooding of.

267

00:44:11.580 --> 00:44:23.730

Daniele Agostini: ups with credits coming from outside and that undermined the long term sustainability of the system of importing those credits, I think, Michael you mentioned that in the paper very rightfully.

268

00:44:24.270 --> 00:44:28.620

Daniele Agostini: The third and last issue that we follow very close, of course, is the legality.

269

00:44:29.460 --> 00:44:37.950

Daniele Agostini: How this transition of unused emission reductions will be treated as fundamental, because there are investors put money on these things.

270

00:44:38.340 --> 00:44:47.220

Daniele Agostini: who believe that they have value and so suddenly wiping out that value could be undermining again the long term profitability of the system.

271

00:44:47.760 --> 00:44:59.130

Daniele Agostini: On the other hand, we also realize that we need to have the environment, the integrity of the system protected and, as I mentioned, we were ready to learn our lessons to Europe when it was flooded with.

272

00:44:59.670 --> 00:45:09.300

Daniele Agostini: credits coming from an outside Europe, so again just to conclude, I would say, definitely guidance is critical, although I understand the legal.

273

00:45:09.600 --> 00:45:21.450

Daniele Agostini: Discussions of well creating can occur also without strong guidance really going to CC going back to those two scenarios of extremely relevant or exposed or undermining of markets.

274

00:45:21.810 --> 00:45:32.400

Daniele Agostini: I believe that it is fundamental that Article six is consolidated in that chapter is closed in in Glasgow within that.

275

00:45:33.060 --> 00:45:38.400

Daniele Agostini: discussion again balancing flexibility and robustness is fundamental.

276

00:45:38.880 --> 00:45:50.640

Daniele Agostini: And we really hope that there will be a very pragmatic approach, but a pragmatic approach that holds everybody on board, we need to make sure that everybody is strong and resolve these rules and that the big cities.

277

00:45:50.880 --> 00:46:00.360

Daniele Agostini: are cleared, so that the markets can talk can take off with greater certainty and i'll leave it to that, and thank you again rob for this opportunity for very interesting to me.

278

00:46:01.800 --> 00:46:08.040

Robert Stavins: Thank you Danielle a, so now we have time we're going to go right to your questions, rather than mine because.

279

00:46:08.400 --> 00:46:15.300

Robert Stavins: We have limited time left, and we have some very interesting questions that have come in, but don't hesitate to put more questions into the Q.

280

00:46:15.690 --> 00:46:26.940

Robert Stavins: Q amp a now because of the time what i'm going to do, in some cases is combined questions from different people into a single question and I apologize in advance if I can't get to all of them.

281

00:46:27.450 --> 00:46:33.330

Robert Stavins: The first one, which is for Michael but then, others are certainly welcome to comment.

282

00:46:33.780 --> 00:46:48.210

Robert Stavins: is something that you covered Michael both in detail in your presentation and also actually on your summary slide but it's a very controversial issue, so I want to you know, bring it up, so that everyone can hear a concise response to it.

283

00:46:48.600 --> 00:46:54.240

Robert Stavins: And that is that all of this business, particularly Article 6.2.

284

00:46:55.260 --> 00:47:11.880

Robert Stavins: about shifting responsibility to lower costs and, hopefully, thereby increase ambition immediately does not lower emissions there's not a net reduction in emissions as a result of a linkage.

285

00:47:13.020 --> 00:47:23.220

Robert Stavins: And that seems to go against in the views of the questioner, I take it very objective of the Paris Agreement itself what what's your response to that.

286

00:47:24.900 --> 00:47:30.660

Michael Mehling: um it's it's it's a good question it's a fair one, because I think it's it reflects a view that many.

287

00:47:30.960 --> 00:47:41.730

Michael Mehling: Stakeholders hold and some of the sort of more critical positions on use of markets, my answer will hardly surprise you rob so the way I would answer, that is to say that the idea of course is.

288

00:47:43.980 --> 00:47:44.400

Michael Mehling: We have.

289

00:47:45.510 --> 00:47:55.590

Michael Mehling: an enormous challenge, and one of my slides show with the finance the investment challenge you know 345 trillion per year that we need to invest into transforming our economies, we will not have.

290

00:47:55.860 --> 00:48:03.930

Michael Mehling: That money available just lying around even with stimulus packages in the billions and trillions as we've gotten used to it seems in recent years.

291

00:48:04.770 --> 00:48:09.630

Michael Mehling: it's going to be hard to meet that that financial challenge, and so, if countries can lower.

292

00:48:10.080 --> 00:48:14.490

Michael Mehling: The cost of achieving their indices by achieving mitigation elsewhere.

293

00:48:14.730 --> 00:48:22.740

Michael Mehling: That may unlock additional finance for additional mitigation without that additional mitigation of course you're right, it would be a zero sum game.

294

00:48:22.920 --> 00:48:32.970

Michael Mehling: But I also want to highlight sort of the other side of this often it's portrayed as taking away the low hanging fruit for those host countries that are selling off let's say the cheap abatement opportunities.

295

00:48:33.330 --> 00:48:44.970

Michael Mehling: That is not that's one very one sided view of describing that, of course, those host countries are benefiting from a from an influx of climate finance sometimes also have clean technologies and capacities.

296

00:48:45.720 --> 00:48:51.960

Michael Mehling: That in itself, I think, is also an important and go to this, because it can help accelerate build capacity build understanding.

297

00:48:52.230 --> 00:49:00.360

Michael Mehling: and build the ability for these host countries to mitigate and strengthen their own ambition so it's true just sort of on paper.

298

00:49:00.540 --> 00:49:11.040

Michael Mehling: In theory, you could describe it as just sort of a zero sum game in practice I think it's much, much more than that and there's benefits on both sides it's a given take on which I think both sides have a win, win.

299

00:49:12.870 --> 00:49:16.110

Robert Stavins: Kelly, I see you nodding, did you want to comment on this.

300

00:49:17.310 --> 00:49:25.380

Kelley Kizzier: No just to say that I think you can take that same sort of analysis from the country level to the company level because he sees the same criticisms applied.

301

00:49:26.190 --> 00:49:35.670

Kelley Kizzier: At a company level, so if a company has some costs and all sorts of capital investments that mean they can't reduce to zero today, or they can't make as much progress as they would like today.

302

00:49:36.690 --> 00:49:53.310

Kelley Kizzier: I don't think our message should be you should just stop trying when it comes, you know reductions in your own operation or nothing if those reductions can be achieved outside their operation in the near term that's just more climate action, so it isn't a zero sum.

303

00:49:54.900 --> 00:50:03.750

Kelley Kizzier: You know, it is, we hope, facilitating countries and companies and even individually against them, they doing more than they would otherwise do.

304

00:50:05.040 --> 00:50:11.160

Robert Stavins: Great well thanks to both of you, you actually wound up responding to what the next question was that that.

305

00:50:11.790 --> 00:50:16.140

Robert Stavins: came in which had to do with essentially a distribution equity issue of.

306

00:50:16.770 --> 00:50:22.590

Robert Stavins: You know the if if what we're seeing is that there are lower cost opportunities in developing countries.

307

00:50:22.950 --> 00:50:42.150

Robert Stavins: And then, those are facilitated doesn't that mean the wealthier countries are quote unquote escaping are getting a pass and I think you Michael you in particular address that you raise that issue so thanks for that, what about another question is, what about non market issues.

308

00:50:43.170 --> 00:50:49.200

Robert Stavins: Were where did those come in, maybe explain it and maybe also an assessment of where it stands.

309

00:50:51.030 --> 00:50:52.800

Robert Stavins: Michael can you try to try that.

310

00:50:53.130 --> 00:50:55.560

Michael Mehling: Well, I was hoping that Kelly might.

311

00:50:58.410 --> 00:50:58.620

Michael Mehling: know.

312

00:51:00.210 --> 00:51:08.220

Michael Mehling: It is a very, very obscure sort of a difficult one to grasp I think i've often heard it described as it means everything and nothing.

313

00:51:08.550 --> 00:51:15.840

Michael Mehling: And parties are in the process of trying to flesh it out and start making sense, what exactly do we mean with non market approaches.

314

00:51:16.440 --> 00:51:24.660

Michael Mehling: i've heard of a few things that could be fit under that you know clubs and other activities that are not strictly transfers of emission reductions or it most.

315

00:51:25.560 --> 00:51:38.940

Michael Mehling: But of course cooperation could be so many other things so anybody who is more familiar with, that the papers very much about the market side of things, six four and six to anybody that's more familiar with that will have a better answer, I think the Niger.

316

00:51:41.640 --> 00:51:43.050

Robert Stavins: Daniela has something to say.

317

00:51:45.660 --> 00:51:58.020

Daniele Agostini: yeah i'm always also been intrigued I think complete your view of Michael I definitely see you know, as some of you may know, and has been very active in trying to deploy it so.

318

00:51:58.560 --> 00:52:13.710

Daniele Agostini: zero emission assets and more and more, of course, we seem to be keys private, public partnerships as a key playing a key role so i'm starting we're working on trying to better understand like initiatives like renew Africa.

319

00:52:15.270 --> 00:52:20.880

Daniele Agostini: Partnerships between governments and private sector players working on decarbonizing.

320

00:52:22.560 --> 00:52:34.950

Daniele Agostini: Emission economies of Africa, a way for so those approaches, where of course you do not have training, but you do have you know the true spirit of Article six Corporation.

321

00:52:35.250 --> 00:52:49.740

Daniele Agostini: So I think there's a lot to be explored on that side as well, because more and more these keys are playing a very important role in great being the private and public sector together in deploying zero emission acids.

322

00:52:50.340 --> 00:52:56.640

Daniele Agostini: Okay, very challenging very challenging area, but it should receive more attention.

323

00:52:57.480 --> 00:52:57.900

Kelly.

324

00:52:59.280 --> 00:53:10.140

Kelley Kizzier: I will just go back to the Paris agreement text and Wednesday 21 so under Article six to it's clear by these are developing items under six four rules modalities and procedures so.

325

00:53:11.250 --> 00:53:16.590

Kelley Kizzier: I, I also want to be clear that what we're developing under six eight is sort of less concrete, it is.

326

00:53:18.000 --> 00:53:36.180

Kelley Kizzier: we're developing a work program for draft decision on what this can be so actually part of the exploration of what six they can be is the result right, the result of his exploration of what it can be so it is less concrete, even in the deliverable expected from families America thinks.

327

00:53:37.050 --> 00:53:40.890

Robert Stavins: Okay, thanks for that, so a very specific question.

328

00:53:41.940 --> 00:53:55.350

Robert Stavins: Is with regards to Brazil now Brazil was one of the country's has been very vocal and and probably very effective on Article six and one of the reasons we haven't gotten the rulebook finalized until now.

329

00:53:56.520 --> 00:54:02.130

Robert Stavins: And in terms of at least two of the issues that you've actually three of the issues that you mentioned.

330

00:54:03.090 --> 00:54:20.280

Robert Stavins: There was a recent statement in the press, I don't remember where it came up and one of our questioners references it that Brazil had signaled that may might be opening to compromise, and so the question is to read it directly as Brazil, changed its position.

331

00:54:21.930 --> 00:54:22.890

Robert Stavins: Does anyone know.

332

00:54:23.910 --> 00:54:28.350

Michael Mehling: What I think will will only have a clear answer when Brazilians had a chance to.

333

00:54:29.370 --> 00:54:39.600

Michael Mehling: opine on on the different issues on the different questions on the table, but tracing the formal submissions and informal submissions to some of the work program over the last two years.

334

00:54:39.930 --> 00:54:44.190

Michael Mehling: That Brazil is made, I didn't detect that there seemed to be a slight shift, for instance on the.

335

00:54:44.610 --> 00:54:55.680

Michael Mehling: In an outside scope of in DC where Brazil signal that a compromise option with you know, a cut off on an opt out timeline and then the corresponding adjustment may be something they could could accept.

336

00:54:56.250 --> 00:55:03.990

Michael Mehling: Which signal to me that may be coming out of crop 25 were Brazil was clearly one of the parties holding on to a very unpopular.

337

00:55:04.560 --> 00:55:13.800

Michael Mehling: view and very unpopular demands might be signaling some compromise some willingness to compromise Kelly might be more attuned to the to the latest developments there.

338

00:55:14.850 --> 00:55:26.940

Kelley Kizzier: So I think you're right this submission signaled some movement, they just might be clear, you know Brazil has always been open to compromise so and they've been at the table, they just have red lines like anyone else.

339

00:55:27.990 --> 00:55:40.260

Kelley Kizzier: So it's not as if Brazil have been refusing to consult they've they've been consulting with other parties for hours and hours on that they just have red lines that current across other parties red lines right.

340

00:55:41.520 --> 00:55:42.750

Kelley Kizzier: And I do think.

341

00:55:44.340 --> 00:55:52.590

Kelley Kizzier: resolved in the champion of a certain position but they're not alone in that and it's important to take that into account, so it is probably.

342

00:55:54.420 --> 00:55:59.550

Kelley Kizzier: Maybe not half the room and half the room, but it is closer to that and we sometimes see characters.

343

00:56:00.330 --> 00:56:06.990

Robert Stavins: Okay, well, the environmental Defense fund can maintain good relationships with the Brazilian negotiate negotiating team Kelly.

344

00:56:09.210 --> 00:56:16.920

Robert Stavins: i'll take what you the answers from the two of you is that we don't know and there may or may not be a change.

345

00:56:17.370 --> 00:56:26.730

Robert Stavins: The statement that they're open to compromise, according to Kelly they've always been open to compromise, but they have certain things in which they won't compromise so there's no change so we'll all.

346

00:56:27.210 --> 00:56:36.150

Robert Stavins: eagerly await developments in Glasgow another question has come in, which is, again, is one that you really addressed Michael in your.

347

00:56:36.660 --> 00:56:49.830

Robert Stavins: Presentation but because it's so important, I want to give you an opportunity to just very briefly, if you could respond to it, and that is what are the provisions under linkage which.

348

00:56:51.240 --> 00:57:05.280

Robert Stavins: of carbon pricing mechanisms in two different countries that avoid double counting and I want to emphasize i'm going to quibble with the nature of the question itself, it says linkage among carbon pricing mechanisms, but linkage can be among.

349

00:57:06.030 --> 00:57:21.750

Robert Stavins: performance standards as well leakage can be between performance standards and carbon pricing mechanisms that's a fundamental misperception that seems to be quite pervasive so what how is double counting avoided if you could just address that briefly because it's so important, Michael.

350

00:57:22.500 --> 00:57:26.400

Michael Mehling: Absolutely, thank you, Robin thanks to the question of course or the questioner.

351

00:57:27.090 --> 00:57:33.240

Michael Mehling: I would point to the work that Rob Getmetcalf and I have authored in the Harvard project in the past, where we look at.

352

00:57:33.540 --> 00:57:46.170

Michael Mehling: sort of these things, primarily comes down to accounting and I'm speaking about compliance policies right now the voluntary market and there were a few questions that's a slightly different animal, but in particular if units are our trends.

353

00:57:46.860 --> 00:57:58.080

Michael Mehling: are sold out or transferred outside of the US California sells a California compliance entity cells to a cubicle compliance any transferred out of the US to Canada to the province of Quebec.

354

00:57:58.470 --> 00:58:11.190

Michael Mehling: and Canada counts that towards it's in DC you definitely will have to have a corresponding adjustment under Article six, paragraph two, that would be, I think the core sort of the most important element there but robust and counting generally.

355

00:58:13.980 --> 00:58:15.120

Robert Stavins: Well, thanks for that.

356

00:58:16.590 --> 00:58:33.330

Robert Stavins: there's a comment it's coming from someone from Brazil and I just want to I would love to include it because we were just naming Brazil one particular part of the agreement, but I honestly don't understand the language of the question, so, if you would like to.

357

00:58:34.770 --> 00:58:39.300

Robert Stavins: restate it I would love to in included.

358

00:58:40.410 --> 00:59:05.040

Robert Stavins: And with that I want to ask whether it's come, this question has come in, is the cdn going to continue or is six for going to replace that the questioner says that some parties are continuing to work with cdn want to continue to work with cdn do any of you have an answer on that.

359

00:59:10.260 --> 00:59:10.830

Robert Stavins: i'm Kelly.

360

00:59:12.060 --> 00:59:16.890

Kelley Kizzier: i'm not sure I have an answer, I have a few I think I think six portion places to.

361

00:59:17.670 --> 00:59:21.000

Kelley Kizzier: get a protocol mechanism, and it should not continue.

362

00:59:22.410 --> 00:59:25.470

Kelley Kizzier: In the 2020s the armed it's it's need.

363

00:59:27.330 --> 00:59:28.380

Robert Stavins: And I don't see any.

364

00:59:28.380 --> 00:59:31.050

Robert Stavins: disagreement from others so thanks for that.

365

00:59:32.370 --> 00:59:46.710

Robert Stavins: There, there are several questions about voluntary carbon markets and I don't know if these are from people who are traders or in private industry that are interested in voluntary carbon markets so i'm.

366

00:59:47.550 --> 01:00:01.560

Robert Stavins: summarizing a lot of them what's the relationship between voluntary carbon markets and Article six, as a whole that's that's a broad question, but I think that puts together a lot of the interest or concern that's out there.

367

01:00:04.290 --> 01:00:17.280

Michael Mehling: You know i'll if it's okay unless than nearly you were also I would go ahead, because I think that's the advantage of answering first that can be the crude basic one and then Kelly or than the other can expand and make it more elegant so.

368

01:00:17.670 --> 01:00:26.280

Michael Mehling: they're fundamentally different things, of course, Article six is about activities between parties now six, paragraph for could involve the private sector, but by and large, you know this is.

369

01:00:26.460 --> 01:00:31.950

Michael Mehling: The Paris agreement, this is an intergovernmental treating and this mechanism deals with how to account for transfers.

370

01:00:32.220 --> 01:00:41.460

Michael Mehling: between countries, between parties and the voluntary carbon market, of course, is dominated by corporates and even buy retail you know individuals like like like us here.

371

01:00:41.790 --> 01:00:54.330

Michael Mehling: If we went to opposite of flight, etc, but there is one area where there's a sense that that could be relevance of what comes out of negotiations on Article six and it's rule book for the voluntary carbon market, specifically on whether or not.

372

01:00:55.560 --> 01:01:07.590

Michael Mehling: The countries in which corporates, for instance, participate in cross border voluntary carbon market transactions will have to account for that transfer under the Paris Agreement towards their in DC and.

373

01:01:08.340 --> 01:01:15.150

Michael Mehling: there's different views on that so some parties in the voluntary carbon market, say, well, if a company in, say, Germany trades.

374

01:01:16.380 --> 01:01:26.490

Michael Mehling: vr is say to to a US company and it never gets factored into the NBC you know, towards the end to see the US is not counted towards progress to is in DC.

375

01:01:26.820 --> 01:01:32.910

Michael Mehling: That would be no need to account for it under the Paris Agreement some other say, well, if you don't do that you might create loopholes.

376

01:01:33.090 --> 01:01:40.590

Michael Mehling: And they they suggest, like the gold standard foundation for instance suggest that you should have a corresponding adjustment once you have these international transfers.

377

01:01:40.800 --> 01:01:47.940

Michael Mehling: Even if it's in the voluntary carbon market and not counted towards the indices different views and I think each has some some some.

378

01:01:48.360 --> 01:01:59.490

Michael Mehling: compelling arguments for it and frankly I haven't made up my mind myself, one thing I will say is that I think that the voluntary carbon rate is may not be terribly popular, but in the long run.

379

01:01:59.850 --> 01:02:10.830

Michael Mehling: You know, we will have every second every activity every mission covered by some kind of compliance obligation so maybe it's a question that eventually will resolve itself anyway, but that might be a little bit too long term.

380

01:02:12.420 --> 01:02:13.560

Robert Stavins: Daniela did you.

381

01:02:13.590 --> 01:02:21.390

Daniele Agostini: want to disagree, I think, no, I agree with Michael said, how could I not too and.

382

01:02:22.200 --> 01:02:31.110

Daniele Agostini: I think for us in the private sector is a very important issue again we look at what happened in other areas and, for instance, if you look at the renewable energy, space in Europe.

383

01:02:31.410 --> 01:02:40.080

Daniele Agostini: We did have a problem between accounting for national compliance for their normal energy target and circulation of guarantee of origins.

384

01:02:40.470 --> 01:02:46.140

Daniele Agostini: And so, at some point, they were going in parallel, providing two separate streams or remuneration for projects.

385

01:02:46.380 --> 01:02:53.430

Daniele Agostini: And that some point that was instead of a regulatory intervention at some point said no, you can either use it in one way or the other, you can't.

386

01:02:54.120 --> 01:02:58.380

Daniele Agostini: Do both, so in that sense we really think we need to have clarity.

387

01:02:58.710 --> 01:03:08.040

Daniele Agostini: So you have two scenarios again where these two markets go in parallel, but it has to be a clear to the public that one thing is what corporates are claiming and one thing is what.

388

01:03:08.280 --> 01:03:18.780

Daniele Agostini: Governments are doing more and more there's pressure on corporate to deliver, and there is a risk that what corporates who is then add on to what governments are doing and then you're going to have a lot of confusion and a county.

389

01:03:19.230 --> 01:03:26.490

Daniele Agostini: So there's a need clarity that can either go in parallel, or the other part, where I think Michael you're referring.

390

01:03:26.820 --> 01:03:34.920

Daniele Agostini: To it as well, is a number of the emission reductions in voluntary markets that scope is slowly going to move into the compliance market.

391

01:03:35.250 --> 01:03:44.040

Daniele Agostini: However, voluntary markets can play a key role in traditional finance and I think we have a huge problem with preventing different station.

392

01:03:44.310 --> 01:03:56.910

Daniele Agostini: And the entire web plus title activities and South America, there is a lot of space there for these voluntary markets to keep to have those financial flows going into but there needs to be clarity in terms of timeline.

393

01:03:57.330 --> 01:04:01.680

Daniele Agostini: Until when these credits on the voluntary market can be playing in one way and.

394

01:04:02.010 --> 01:04:06.660

Daniele Agostini: I won't point instead those host countries that are receiving that voluntary market finance.

395

01:04:06.930 --> 01:04:14.040

Daniele Agostini: will be will have to either you know, keep them for their own purposes or do those corresponding adjustments.

396

01:04:14.280 --> 01:04:22.950

Daniele Agostini: I think it is a very complex issue, but it does need to be resolved and more clarity needs to be put in this area, otherwise we'd have going to have too much uncertainty.

397

01:04:23.250 --> 01:04:33.630

Daniele Agostini: And that's going to stop that you know very desirable flow of economic resources into projects in in countries like in South America, Asia, but most of all.

398

01:04:34.710 --> 01:04:42.570

Robert Stavins: Thank you Danielle because we're very short on time with the remaining questions i'm going to ask all of you to be exceptionally brief in your response.

399

01:04:43.050 --> 01:04:50.040

Robert Stavins: But i'm going to address about seven of them with one response because what's clear from quite a few of the questions.

400

01:04:50.310 --> 01:04:58.080

Robert Stavins: Is that there's some confusion over markets reductions and the role of the Paris Agreement and all of this, so i'm going to restate.

401

01:04:58.590 --> 01:05:11.580

Robert Stavins: Very quickly, what I said in my introductory comments that individual jurisdictions two countries can form a linkage that has nothing to do with the Paris Agreement it's been taking place for years right, the European Union.

402

01:05:11.850 --> 01:05:21.570

Robert Stavins: and Switzerland California Quebec not to do with the Paris Agreement and then companies within those two jurisdictions can decide to engage in a trade.

403

01:05:21.780 --> 01:05:32.580

Robert Stavins: And, as we said they don't have to both be cap and trade mechanisms, the policies in the two jurisdictions, they could be carbon taxes or performance standards, but if that happens, then the questions comes up.

404

01:05:33.090 --> 01:05:44.070

Robert Stavins: Who gets the credit for that under there in DC that's where Article 6.2 of the Paris Agreement comes in and it only comes in there, so as Michael just said, and I know as Kelly.

405

01:05:44.370 --> 01:05:54.990

Robert Stavins: has said many times in the past it's an accounting mechanism principally to prevent double counting now another question i'm going to turn to all of you for that's come in.

406

01:05:55.890 --> 01:06:03.870

Robert Stavins: is one that reminds me of something that Kelly, I guess, your predecessor net co hang at the environmental Defense fund.

407

01:06:04.950 --> 01:06:08.340

Robert Stavins: said when we were together in Madrid, at the last COP.

408

01:06:08.760 --> 01:06:19.110

Robert Stavins: And when there was no agreement and Article six and he said well wait these markets which sort of illustrated by what what I just said, are going to go forward without Article six, and I think he said.

409

01:06:19.410 --> 01:06:39.000

Robert Stavins: That badly written rules would be worse than no rules being finalized an Article six and that's, the question has come in, the question is is no agreement among around Article six, better than a week or court agreement on Article six.

410

01:06:43.290 --> 01:06:44.910

Robert Stavins: Okay Kelly go for it.

411

01:06:45.720 --> 01:06:51.630

Kelley Kizzier: um yeah so I understand that sort of call to action, but I think it needs to be balanced with.

412

01:06:52.740 --> 01:07:03.690

Kelley Kizzier: The warnings Michael is giving us right that we do need to find balance here and no agreement unless that agreement is perfect, is not going to get us anywhere and we're going to see markets and fans.

413

01:07:04.200 --> 01:07:10.530

Kelley Kizzier: In the absence of any rules, so I do think we put some framing on that screen the certainty that Daniele was talking about.

414

01:07:11.910 --> 01:07:12.480

Kelley Kizzier: and

415

01:07:13.590 --> 01:07:18.870

Kelley Kizzier: do our best to get a robust accounting system we're better off than waiting until the rules are absolutely perfect.

416

01:07:21.300 --> 01:07:30.390

Robert Stavins: Thank you for that anybody else want to so something that's come in on Brazil, I don't believe it's from the question or from before.

417

01:07:30.930 --> 01:07:38.550

Robert Stavins: But that is there is some good news, the commenter says from the Congress in Brazil.

418

01:07:39.420 --> 01:07:49.050

Robert Stavins: The idea being to put pressure and that this could put pressure on the Brazilian delegation and Glasgow as the country's position, Article six.

419

01:07:49.710 --> 01:08:03.930

Robert Stavins: This is a quotation from the commenter could lead the world to another stalemate, to the negotiations i'm going to endeavor to put that link into the suppressed link, I believe, from Brazil, I will endeavor to put that into the chat.

420

01:08:05.310 --> 01:08:12.780

Robert Stavins: while others are speaking so that we can make it available to everyone i'm.

421

01:08:12.930 --> 01:08:24.240

Daniele Agostini: Just do certain directors to feed on on what Kelly was saying on that issue, I think, and also Michael said, you know no agreement is better, you know, then a bad agreement.

422

01:08:25.050 --> 01:08:37.770

Daniele Agostini: I think one of the other scenarios is partial agreement so some of those issues more clarity on what's really at stake on the NBC is now one of the complexities of courses that, as we know, in Paris.

423

01:08:38.520 --> 01:08:46.650

Daniele Agostini: Number France and often that you know nothing is closed, you know you can't close anything if everything is closed so.

424

01:08:47.070 --> 01:08:55.470

Daniele Agostini: But it will be important to give you know to stakeholders clarity, a bit more clarity on what the issues are and having convergence, at least on.

425

01:08:55.830 --> 01:09:02.700

Daniele Agostini: On some of those issues and and I think you're saying rob you know you're right, you know NBC isn't not in disease but.

426

01:09:03.150 --> 01:09:10.200

Daniele Agostini: In the eyes of a private investor this this concept that also in the seeds of course evolve in time as Michael was saying.

427

01:09:10.560 --> 01:09:22.710

Daniele Agostini: And so what's outside at NBC today could be inserted in DC tomorrow, so what happens at that stream of credits I invested in is it's only going to you know disappear from my.

428

01:09:23.640 --> 01:09:30.720

Daniele Agostini: You know the remuneration on my project or not, and so maybe there's also some progress that needs to be done by connecting.

429

01:09:31.080 --> 01:09:38.670

Daniele Agostini: These negotiations with the outside world of the stakeholders and better explain some of these issues so that they can better manage the risks.

430

01:09:39.180 --> 01:09:47.820

Daniele Agostini: of investing in some of these areas at the moment we have a bit you know you're either you know way into the technical negotiations in your standard.

431

01:09:48.120 --> 01:10:02.520

Daniele Agostini: or you're out there, trying to do projects with a lot of ambiguity and uncertainty and I think there needs to be better outreach maybe from the negotiating community and I guess I could say that now, it was Kelly you're out of it sort of.

432

01:10:03.870 --> 01:10:17.730

Daniele Agostini: Michael you're not in it, but really trying to understand what the issues are is real challenge for the normal people out there and I think it's going to bring a lot of frustration, to the market, but to the general stakeholders that are trying that have very high expectations.

433

01:10:20.280 --> 01:10:28.650

Robert Stavins: So a question that's just come in, is referring to the carbon border adjustment mechanism that's forthcoming.

434

01:10:29.130 --> 01:10:37.080

Robert Stavins: In 2023 in terms of accounting and 2025 in terms of implementation in the European Union if they stick on that schedule and the question is.

435

01:10:37.350 --> 01:10:53.130

Robert Stavins: Does that need to be accounted for now, in Article six or they're going to be problems for Article six, when the sea Bam comes in, I think the answer is no, but maybe I haven't thought about it enough can any of can either of you disagree with me.

436

01:10:53.880 --> 01:10:55.350

Michael Mehling: That fully agreed rob.

437

01:10:55.710 --> 01:10:58.980

Michael Mehling: there's no transfer occurring there no transcript emission reductions.

438

01:10:59.310 --> 01:11:00.270

Robert Stavins: Right okay.

439

01:11:00.300 --> 01:11:11.250

Daniele Agostini: Good i'll start with Michael he's got a great research project on the round table very marketable and I completely agree with you rob.

440

01:11:13.020 --> 01:11:23.400

Robert Stavins: So, again there's a lot of interest in voluntary markets, because I think we have a number of people from the private sector who are watching this and they want to know you know what's going to.

441

01:11:23.730 --> 01:11:34.560

Robert Stavins: be there to help facilitate and to get an investment in their projects, so this is a from a questioner looking at renewable projects.

442

01:11:35.100 --> 01:11:56.280

Robert Stavins: for electricity generation to reduce CO2 emissions and if one is in a country that lacks a carbon credit market such as Azerbaijan, Georgia or Kazakhstan, then, how would it be possible to generate carbon credits and sell them.

443

01:12:01.440 --> 01:12:02.070

Robert Stavins: Yes, Kelly.

444

01:12:02.550 --> 01:12:11.940

Kelley Kizzier: Any theoretically it's possible using what we lose we refer to as the voluntary commitment and what when we say that what we really mean are these credits are certified by.

445

01:12:12.930 --> 01:12:21.210

Kelley Kizzier: standard setting bodies that are not governmental right there there's a major standard setting bodies that will certified credits.

446

01:12:21.870 --> 01:12:29.520

Kelley Kizzier: And they are in themselves non governmental organizations, I would just point out that it's a little tricky when it comes to renewable energies, specifically because.

447

01:12:29.880 --> 01:12:39.480

Kelley Kizzier: Fewer and fewer of those standard setting bodies will actually certify renewable energy credits because renewable energy is this a success story right it's it's becoming.

448

01:12:40.500 --> 01:12:53.190

Kelley Kizzier: Cost competitive with faculty also it's then almost by definition, in many cases not additional so isn't isn't eligible to be credited for competitive market.

449

01:12:54.990 --> 01:13:15.180

Robert Stavins: So a final question is a abroad one, but if any of you would like to address it again very briefly because of time, and that is if if the negotiations fail again that's the language of the questioner, and I assume that refers to on the rule book for Article six.

450

01:13:16.560 --> 01:13:28.560

Robert Stavins: Does that perhaps mean the Paris Agreement itself and that article is just poorly designed and another strategy, all together, will need to be identified.

451

01:13:30.570 --> 01:13:43.620

Michael Mehling: And i'll give it a quick for a shot, I think you know if you put yourself back six years in Paris December 2015 there's this tremendous pressure to close the deal to come out with an agreement to not repeat what happened in Copenhagen.

452

01:13:44.190 --> 01:13:51.060

Michael Mehling: Six years prior and many parties have to sort of swallow some things that they would have liked to have discussed in on the table.

453

01:13:51.300 --> 01:14:00.660

Michael Mehling: But in the interest of getting the deal out, they just sit back and didn't put it on the table and Article six was don't forget the last thing that was agreed in Paris at night essentially.

454

01:14:01.020 --> 01:14:05.220

Michael Mehling: So it's no surprise, I think that now that we're having time to negotiate to let every party.

455

01:14:06.030 --> 01:14:15.690

Michael Mehling: Really expound on their views and their preferences and interests that it's taking a lot longer because the pressure is kind of gone, but it's mounting again and the voluntary carbon market, etc.

456

01:14:16.020 --> 01:14:30.000

Michael Mehling: it's mounting, so I think that i'm optimistic that might be sort of my final word I am optimistic that we will see something maybe as as Daniela said, not the whole book, but really sort of principles and a work program for the next steps that would be still I think a good outcome.

457

01:14:30.390 --> 01:14:36.810

Robert Stavins: So, because of time that is going to be the final word word, and it is nice to have it to be an optimistic one.

458

01:14:37.830 --> 01:14:40.200

Robert Stavins: So we're going to bring this session to a close, but I want to.

459

01:14:40.200 --> 01:14:51.000

Robert Stavins: tell all of you, if you want to hear more from this group on this topic, because this, this is a very interesting and very important topic, and you can see it's a great group, we have here.

460

01:14:51.510 --> 01:15:08.640

Robert Stavins: The same group of experts, possibly with an additional panelists are going to participate with me and an official site event in person at cup 26 in Glasgow and Wednesday November 10 at 4:45pm Greenwich mean time.

461

01:15:09.600 --> 01:15:16.050

Robert Stavins: And so you can find that in the directory of the site events and will be within the blue zone for that.

462

01:15:16.890 --> 01:15:26.940

Robert Stavins: That side event, maybe stream lived overseas over the UN have triple c's website we're not sure about that yet we're waiting for the final word from the UN F triple C.

463

01:15:27.360 --> 01:15:41.250

Robert Stavins: And i'll mention that that event will be co sponsored again with the NL foundation who co sponsored us today the details for all of that are in the chat so finally.

464

01:15:42.180 --> 01:15:50.070

Robert Stavins: thanks for the paper Michael thanks for our three panelists Michael melling Kelly desire and Daniel.

465

01:15:50.550 --> 01:16:04.710

Robert Stavins: Agostini and also thanks for all of you who attended, including those who submitted some really wonderful questions, we hope to see many of you in Glasgow until then stay safe and stay healthy bye bye.

466

01:16:05.940 --> 01:16:06.690

Daniele Agostini: And you're all.

467

01:16:07.320 --> 01:16:08.250

Michael Mehling: Right, thank you.

