

Joint Implementation

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AWG-KP 5

Chair of the
JI Supervisory
Committee

In-session workshop on means to
reach emission reduction targets

Overview

Joint Implementation - JI Track 1 & Track 2

Track 2 (JISC)

- Scope
- Project cycle

Status/experiences so far

Challenges

Concluding messages

Joint Implementation | Basics of the mechanism

Joint implementation

- The mechanism known as “joint implementation”, defined in Article 6 of the Kyoto Protocol, **allows Annex B Parties to acquire** emission reduction units (ERUs) **issued for projects implemented in other Annex B Parties that reduced emissions or enhanced removals**

Benefits

- Joint implementation offers advantages of **flexibility** and **cost efficiency** (lowest marginal cost of abatement) regarding the fulfillment of the Kyoto commitments
- The host Party may profit from **foreign investment** and **technology transfer**

Joint Implementation | Basics of the mechanism (II)

Additionality - projects shall provide a reduction in emissions/enhancement of removals that are additional to any that would otherwise occur

Crediting period - projects starting as of the year 2000 may be eligible as JI projects if they meet the relevant requirements, but ERUs may only be issued for a crediting period starting after the beginning of the year 2008. The status of emission reductions /enhancement of removals by JI projects after the end of the first commitment period may be determined by any relevant agreement under the UNFCCC.

Track 1 – supervised by Party - if a host Party meets all the eligibility requirements to transfer and/or acquire ERUs, it may verify emission reductions or enhancements of removals from a JI project as being additional. Upon such verification, the host Party may issue the appropriate quantity of ERUs.

Joint Implementation | Basics of the mechanism (III)

Track 2 – supervised by the JISC - the verification of emission reductions or enhancements of removals as being additional occur through the verification procedure under the Joint Implementation Supervisory Committee (JISC):

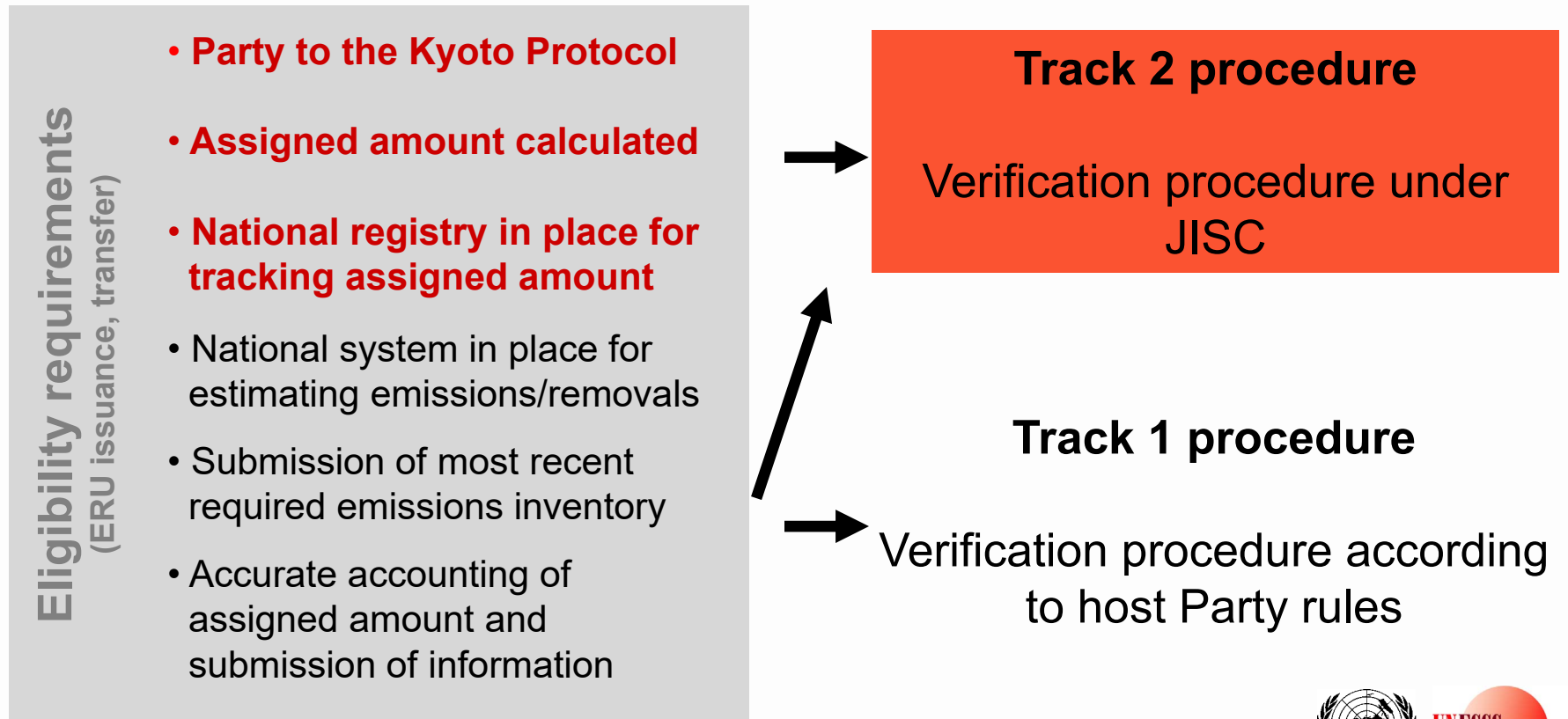
- An independent entity accredited by the JISC determines whether the relevant requirements have been met
- Subject to final positive determinations (by the JISC), the host Party may issue and transfer ERUs

Choice of Track 1 or Track 2 - a host Party which meets all the eligibility requirements may choose to use Track 1 or the Track 2 (JISC) verification procedure

Joint Implementation | Basics of the mechanism (IV)

Two track approach

JI Track 1/Track 2 - eligibility required for ERU issuance/transfer



Joint Implementation | Scope – Track 2

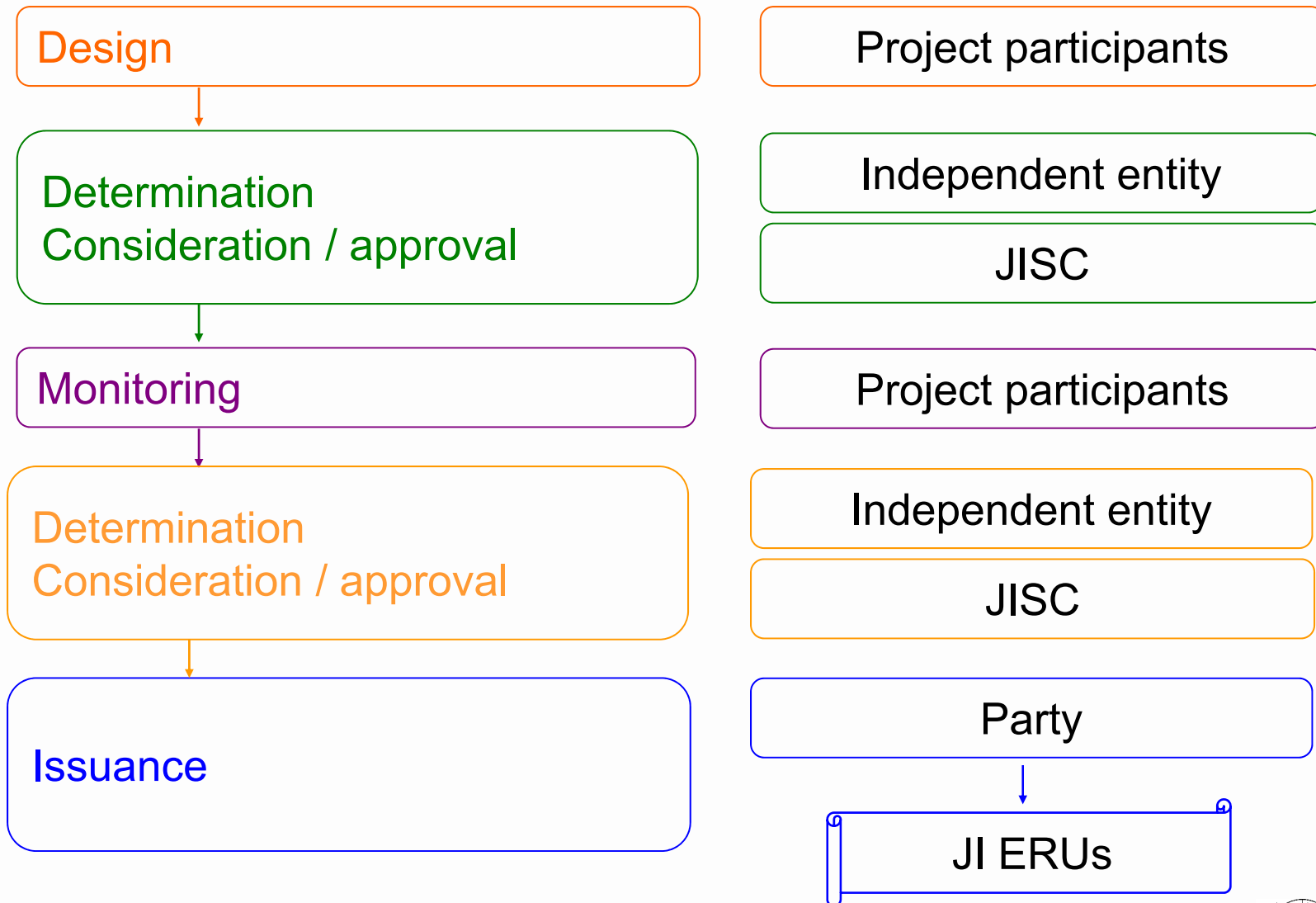
Some similarities with the CDM

- No positive or negative lists of allowable project types
- Lighter procedures for small-scale projects
- Accreditation of entities
- Reviews possible
- Provisions for fees
- Management Plan
- Reporting to CMP

Important differences

- Mechanism within Annex B Parties – capped environment
- Two track approach
- Crediting period
- Guidance on baseline setting and monitoring by the JISC (e.g. may use CDM or identify other plausible approach on the basis of conservative assumptions). Not approval of methodologies by JISC - larger role for independent entities
- ERUs issued by Parties - conversion of AAUs/RMUs to ERUs
- No limitations on ERUs from LULUCF projects

Joint Implementation | Project cycle – Track 2



Joint Implementation | Status / experience so far

Track 1 & Track 2

- 23 Parties have submitted national JI guidelines
- 32 Parties have provided information on their designated focal points for joint implementation projects

Track 1

- CMP3 decision on track 1 information (ensuring information on all JI projects available)

Track 2

- Little over 1 year of operational experience
- All forms and guidance developed by the JISC
- 1 determination deemed final, 1 has been rejected
- 129 projects in the pipeline (PDDs submitted)
- 245 million tonnes of CO₂-equ expected by end of 2012 from 129 projects in pipeline

Joint Implementation | Status – Track 2

129 PDDs published for stakeholders' comments
(14 open for comments)

Host Parties:

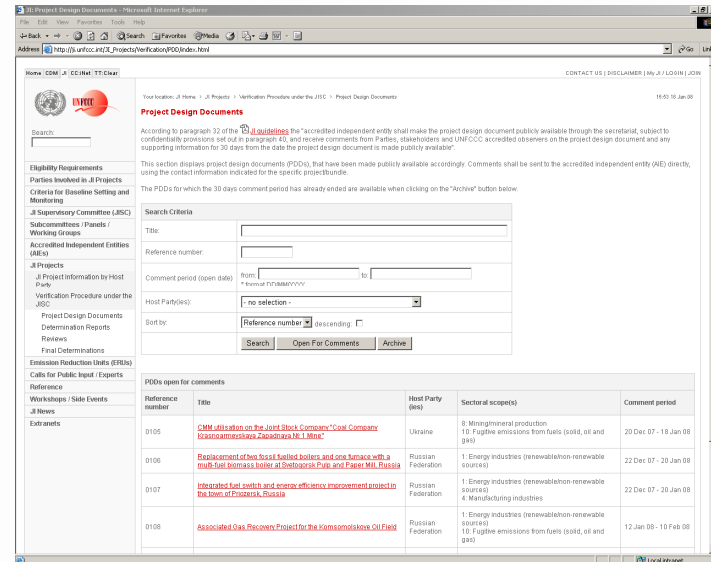
- Bulgaria (10 PDDs)
- Czech Republic (1)
- Estonia (4)
- Germany (2)
- Hungary (2)
- Latvia (1)
- Lithuania (7)
- Poland (7)
- Romania (2)
- Russian Federation (72)
- Slovakia (1)
- Ukraine (19)

Technologies:

- Renewable energy (biomass, wind, hydro)
- Methane avoidance (gas distribution, landfills, coal mine)
- Destruction of nitrous oxide from chemical processes (nitric acid production)
- Energy efficiency (manufacturing industries, district heating)
- Fuel switch (manufacturing industries, transportation, power generation)
- Reduction of HFC, PFC and SF₆ emissions (chemical and metal industries)

Emission reductions 2008-2012:

~ 245,000,000 t CO₂equ



Joint Implementation | Challenges – Track 2

Challenges for the JISC

- Ensuring environmental integrity, avoiding overstatement of emission reductions
- Maintaining cost effectiveness
- Balance top down/bottom-up approach - guidance
- Ensure transparency and allowing public scrutiny
- Communication with independent entities and stakeholders
- Keeping process times reasonable
- Delivering on workload in a short time (relative late start as compared to CDM and potential for numerous projects in short timeframe)

Note: several similar issues to the CDM EB, but differ in degree due to JI projects take place between Parties with assigned amounts (set amount of AAUs) and the prominent role of host Parties

Concluding messages

- Joint Implementation is up and running - indications of high increase in activities
- JISC (Track 2) has put in place the procedures and is operational, but limited “operational” experience
- Potential for several hundred millions of CO₂-equ in reductions from JI in the first commitment period
- Could go track 1 or track 2
- Some post 2012 issues
 - Continuation of JI beyond the first commitment period
 - Crediting of projects beyond 2012
 - Guidance to the JISC vs “changes” to the mechanism