

North American Trading Schemes Impacts on Latin America

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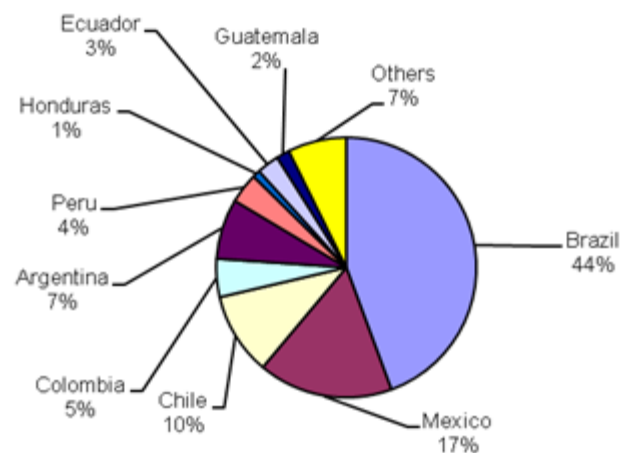


Existing Latin American Supply

Number of CDM projects in Latin America by country



Volume of CERs until 2012 in Latin America by country



Existing Latin America Supply

Latin America	Number		kCER2012
Afforestation	1	0.1%	0.0%
Agriculture	130	16.4%	10.1%
Biogas	61	7.7%	2.5%
Biomass energy	155	19.6%	9.6%
Cement	4	0.5%	0.6%
CO2 capture	3	0.4%	0.0%
Coal bed/mine methane	1	0.1%	0.6%
Energy distribution	1	0.1%	0.0%
EE households	2	0.3%	0.4%
EE industry	10	1.3%	0.6%
EE own generation	15	1.9%	2.1%
EE service	1	0.1%	0.0%
EE supply side	11	1.4%	2.0%
Fossil fuel switch	21	2.7%	1.3%
Fugitive	5	0.6%	0.7%
Geothermal	4	0.5%	1.0%
HFCs	3	0.4%	6.2%
Hydro	181	22.9%	13.5%
Landfill gas	116	14.7%	30.1%
N2O	9	1.1%	11.6%
PFCs	4	0.5%	0.4%
Reforestation	11	1.4%	1.4%
Solar	0	0.0%	0.0%
Tidal	0	0.0%	0.0%
Transport	4	0.5%	0.0%
Wind	38	4.8%	4.5%
Renewables	439	55.5%	31.0%
Agriculture	130	16.4%	10.1%
Landfill etc	129	16.3%	31.9%
Fuel switch	21	2.7%	1.3%
Supply-side EE	27	3.4%	4.1%
Demand-side EE	17	2.1%	1.0%
HFC & N2O reduction	16	2.0%	18.2%
Afforestation & Reforestation	12	1.5%	1.4%
Total	791	100%	99%

Potential for offsets post-2012

OECD Annex I: 25-40% below 1990 levels by 2020
3.1 GtCO₂e per year (2.0-4.4 GtCO₂e per year)

EU (30%) and W-M, by 2020
600 MtCO₂e per year

All CDM registered projects
80 MtCO₂e per year, building
up to
292 MtCO₂e per year

North America Schemes - Canada

- “Turning the Corner”
- Likely to be changed and aligned with US program
- Accepts CERs from CDM – with screens (may change)
- Government unlikely to be a purchases (also may change)
- No LULUCF
- CDM projects 10% of a firm’ obligation – 5 million tons/yr
- No mention of REDD

USA – Waxman- Markey

- Will likely change in Senate
- REDD
 - For native species; not for invasive non native.
 - Eligibility criteria for countries. Also states or provinces
 - From 2012 through 2025, 5% of allowances
 - 3% from 2026 through 2030
 - 2% thereafter.
- 1 to 1.5 billion offsets from international
- Offset Advisory Board to make recommendations on intl. offsets
- Could be CDM - after 2016, for “normal” developing countries
- Sectoral - after 2016, for big emitters or advanced developing countries

Old Instruments, Instruments

- CDM
- NAMAs
- REDD+
- Sectoral trading
- Sectoral crediting

Consequences/Prospects

- Higher demand ?
- Impact on prices
- New demand cannot be met through CDM
- New mechanisms will play an important role
- Importance of capacity building and data
- Impact of industrial gases
- The emergence of more tradable instruments and consequences
- Can the EU, Canada afford offset approach ?

