Mexico experience on the use of Crediting Mechanisms in the Domestic Transport Sector

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CTS EMBARQ Mexico
1. EMBARQ Network
2. Rational of focusing on transport sector
3. Crediting mechanism
4. Conclusions
1. EMBARQ Network
Mission

Catalyze sustainable mobility solutions to improve the quality of life in our cities.
2. Rational of focusing on transport sector
Mexico GHG emission by sector

Source: Mexico 5th National Communication, 2012
Mexico’s 2006 GHG emissions inventory accounted for a total of 709 million tCO$_2$e.

| Year | Growth |%
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2020</td>
<td>24</td>
</tr>
<tr>
<td>2030</td>
<td>37</td>
</tr>
<tr>
<td>2050</td>
<td>54</td>
</tr>
</tbody>
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Source: PMR Mexico presentation, October 2012
3. Crediting mechanisms
Clean Development Mechanism (CDM)

As of March 2013: 6,627 projects in the CDM pipeline.

0.40% have been submitted as ‘transport’ projects.

One of UNFCCC Methodology for transport have been designed based on Metrobus project.

Mexico has currently five transport projects under the registration pipeline (3 of them register in late 2012).
Metrobus line 1 CDM process

- Operation starts (2005)
- Methodology proposal (2006)
- New methodology (2007)
- 3rd methodology (2008)
- Approval of methodology 2009
- Project register (2011)
<table>
<thead>
<tr>
<th>Date</th>
<th>Project Description</th>
<th>TCO2e/year</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/05/11</td>
<td>BRT Lines 1-5</td>
<td>145,863</td>
<td>ACM0016</td>
</tr>
<tr>
<td>10/08/11</td>
<td>Metrobus line 1</td>
<td>46,544</td>
<td>ACM0016</td>
</tr>
<tr>
<td>10/02/12</td>
<td>Marcobus Guadalajara</td>
<td>54,365</td>
<td>ACM0016</td>
</tr>
<tr>
<td>12/08/12</td>
<td>Metrobus lines 2-13</td>
<td>136,983</td>
<td>ACM0016</td>
</tr>
<tr>
<td>24/10/12</td>
<td>Metro line 12</td>
<td>134,601</td>
<td>ACM0016</td>
</tr>
</tbody>
</table>

CDM project register in México
Example of market opportunities

Source: Oportunidades en el Mercado de Carbono, CAF 2009
Key barriers identified

Technical:
- Difficulty in proving additionally
- Difficulty in developing a baseline
- MRV methodology (expensive and data intensive)

Financial:
- High transaction, monitoring and abatement costs
- Relatively low cost effectiveness of the mechanism to cover project costs (CDM with revenues often represent far less than 1% of total project costs)

Awareness:
- Lack of knowledge and guidance at local level
- Need for capacity building.
Nationally Appropriated Mitigation Actions

- Opens a window of opportunity for the transport sector to overcome the barriers of CDM.

- NAMA’s can be tailored to the country’s specific situation, resources and priorities.

- Advantage of being program-based rather than a project-by-project approach.
Transport NAMA’s under preparation in México

**Freight**
- Energy efficiency on freight (FINNOVA- CONACYT)
- Logistics (World Bank)
- Scrapping scheme for men-truck (GIZ)

**Public Transport**
- Integrated Urban Mobility NAMA (PROTRM-UTTP)(PMR)
- Optimization of public transport routes (FINNOVA-CONACYT)
- CNG alternative fuel for Public Transport (FONNOVA-CONACYT)

**Non- motorized Transport**
- Public bike systems (Deutsche Bank, Clear Channel)
Integrated Urban Mobility NAMA

Mitigate GHG through optimization of public transport systems in high density urban centers based on UTTP & PROTRAM

- **PROTRAM** (Federal Mass Transit Program) - promotes investment in mass transit through federal financial participation and loans

- **UTTP** (National Urban Transport Transformational Program) - finance projects in cities with less than 500,000 inhabitants and complementary infrastructure
4. Conclusions
Opportunity of crediting NAMAs

- Should be considered as a mechanism that can increase the scope of mitigation activities beyond what is possible by unilateral actions and supported NAMAs alone.
- Additionality should be thought in different terms.
- Develop a simple MRV methodology is key (balance the need for robust and reliable emission reduction estimates and the need to maintain simplicity and cost-effectiveness).
- Credits and reductions should be used to leverage other types of funding.
- Co-benefits (strong economic development, increase quality of life & decrease of local environmental damage) should be considered as selection criteria for the policy.
Thank you

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