Expert Group Feedback

General Observations on Crediting Mechanisms

Common themes from the feedback process

Michael Lazarus
Date of presentation: October 23, 2012
Key Challenges in Developing New Crediting Mechanisms

1. Mitigating risk of low credit demand (expectations)
   - Exploring alternatives, e.g. domestic market or other international funding vehicles, e.g. performance-based payments

2. Balancing domestic priorities with (uncertain) future international fungibility requirements in developing new offset units
   - Requirements for domestic or international fungibility may not be same
   - How to anticipate international fungibility requirements? Must crediting baseline incorporate a “net decrease”, and if so how?
   - How to address existing and planning policies and actions in the crediting baseline?

3. Selecting target areas, applying market readiness (and other) criteria, and anticipating implications for current and future policies

4. Establishing adequate domestic capacity and infrastructure given cost considerations

5. Engaging the private sector
6. For those countries with emissions pledges or targets, how to **account** for emission reductions sold internationally.
   - How avoid of double counting/claiming of credited reductions that are sold internationally....

7. What will be the ultimate **lifetime and scope** of the crediting program and the units created? How might that enhance or inhibit other policy options (e.g. ETS)?

8. How to manage the **potential tensions** among those domestic constituencies (sectors/segments/actors) that might either get paid (as sellers) or pay (as buyers) for offsets?

9. How will crediting (NAMAs or mechanisms) **interact with other NAMA efforts**? What actions should be credited vs. uncredited?

10. How new crediting mechanisms might relate to existing and future **CDM projects** (and a possible reformed CDM)?