
Expert Group Feedback

General Observations on Crediting Mechanisms

Common themes from the feedback process

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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**

Key Challenges in Developing New Crediting Mechanisms (2)

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)?