



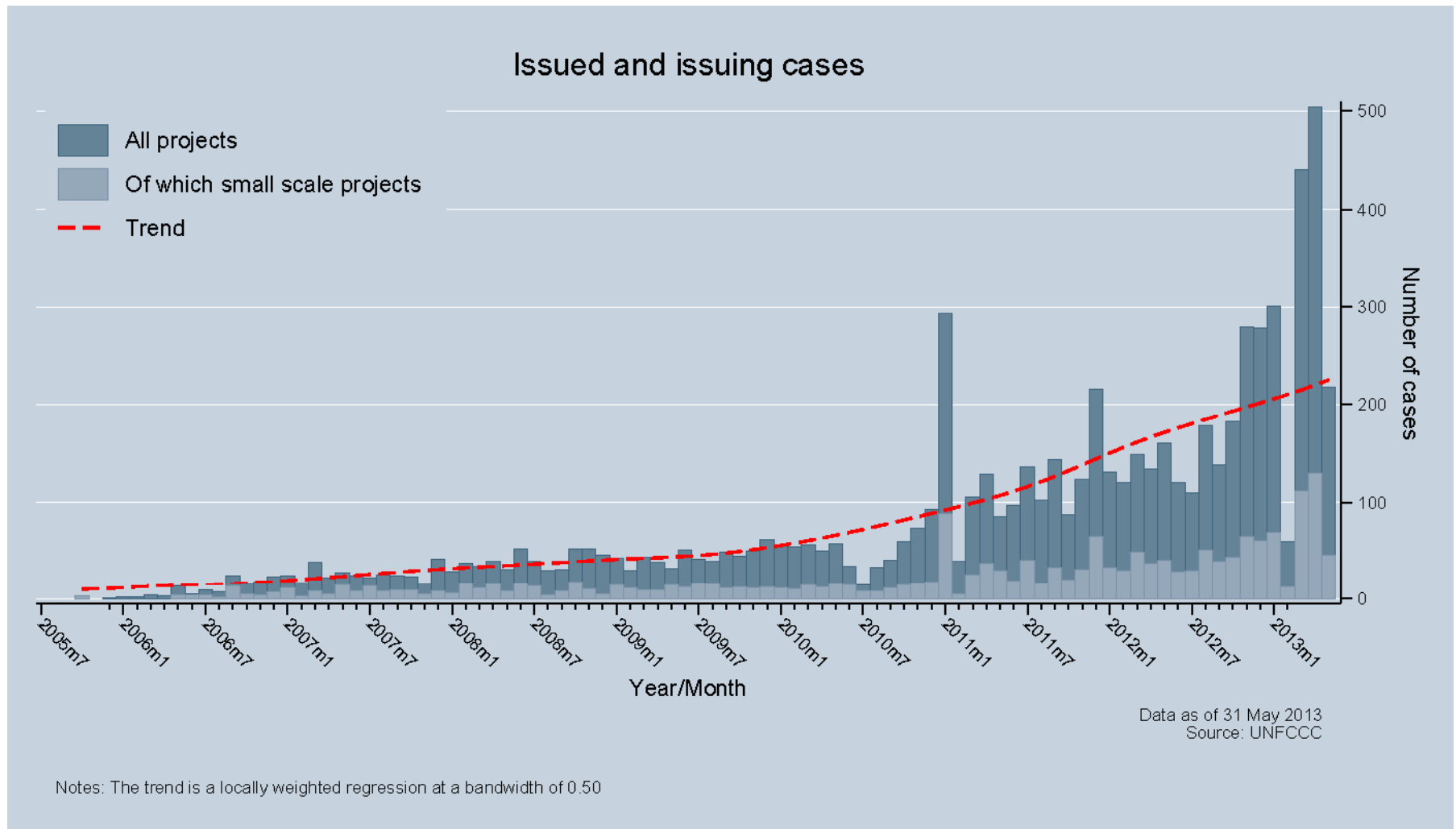
Latest status of and beyond CDM

29 October 2013

Kenta Usui

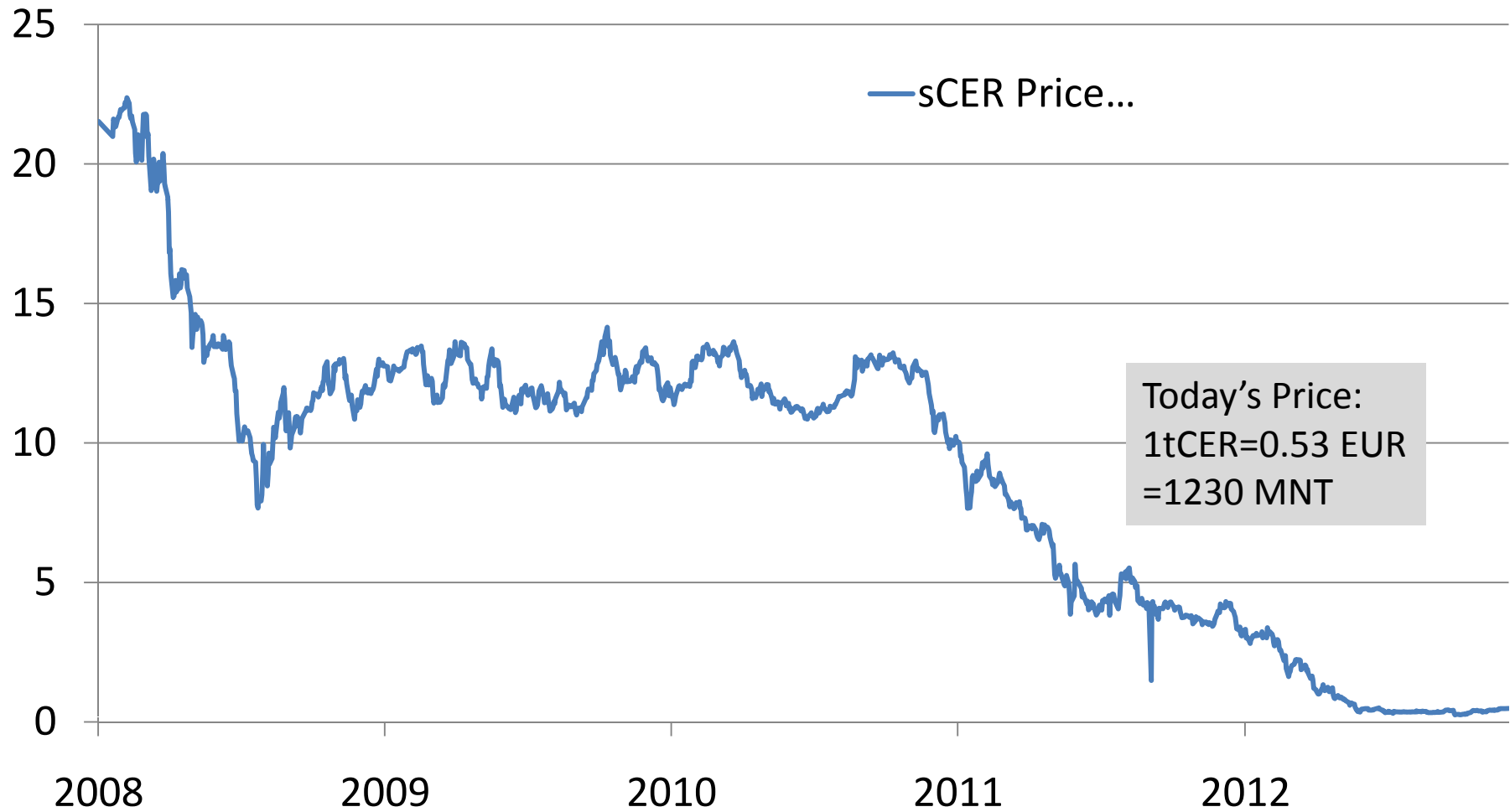
Climate and Energy Area, IGES

CDM credits increasing...



... but the price is falling

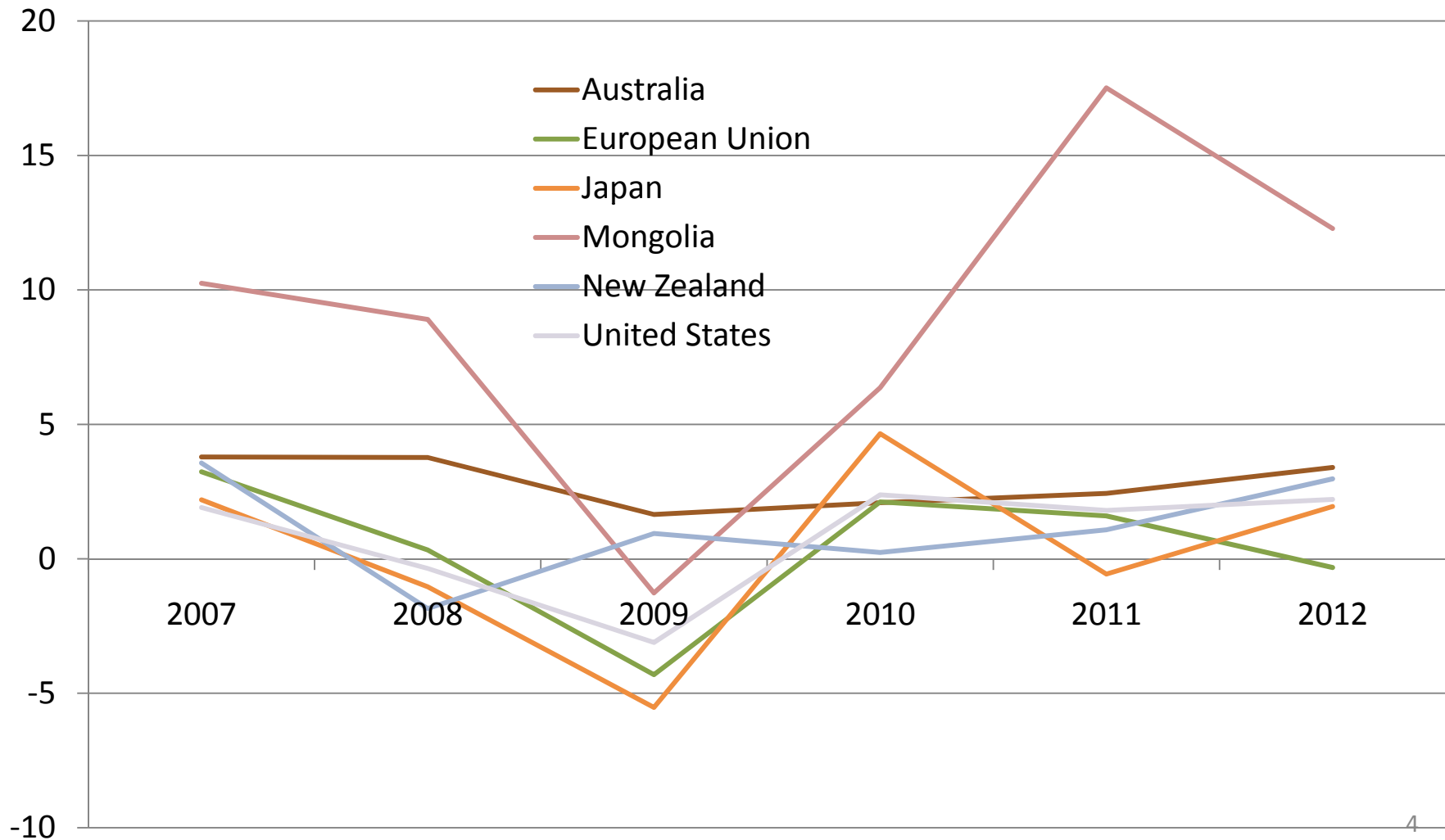
sCER Price (EUR)



Today's Price:
1tCER=0.53 EUR
=1230 MNT

Reason 1: General Economic Downturn

GDP Growth Rate (World Bank Development Indicators)



Reason 2: Limited GHG reduction commitments in the future

GHG reduction commitments compared to 1990 level (100%)

	CP 1 (2008-2012)	CP2 (2013-2020)
EU	92	80
Australia	108	99.5
Canada	94	N/A
New Zealand	100	N/A
Japan	94	N/A
Russia	100	N/A
USA	N/A	N/A

Reason 3: EU-ETS only accepts LDC credits



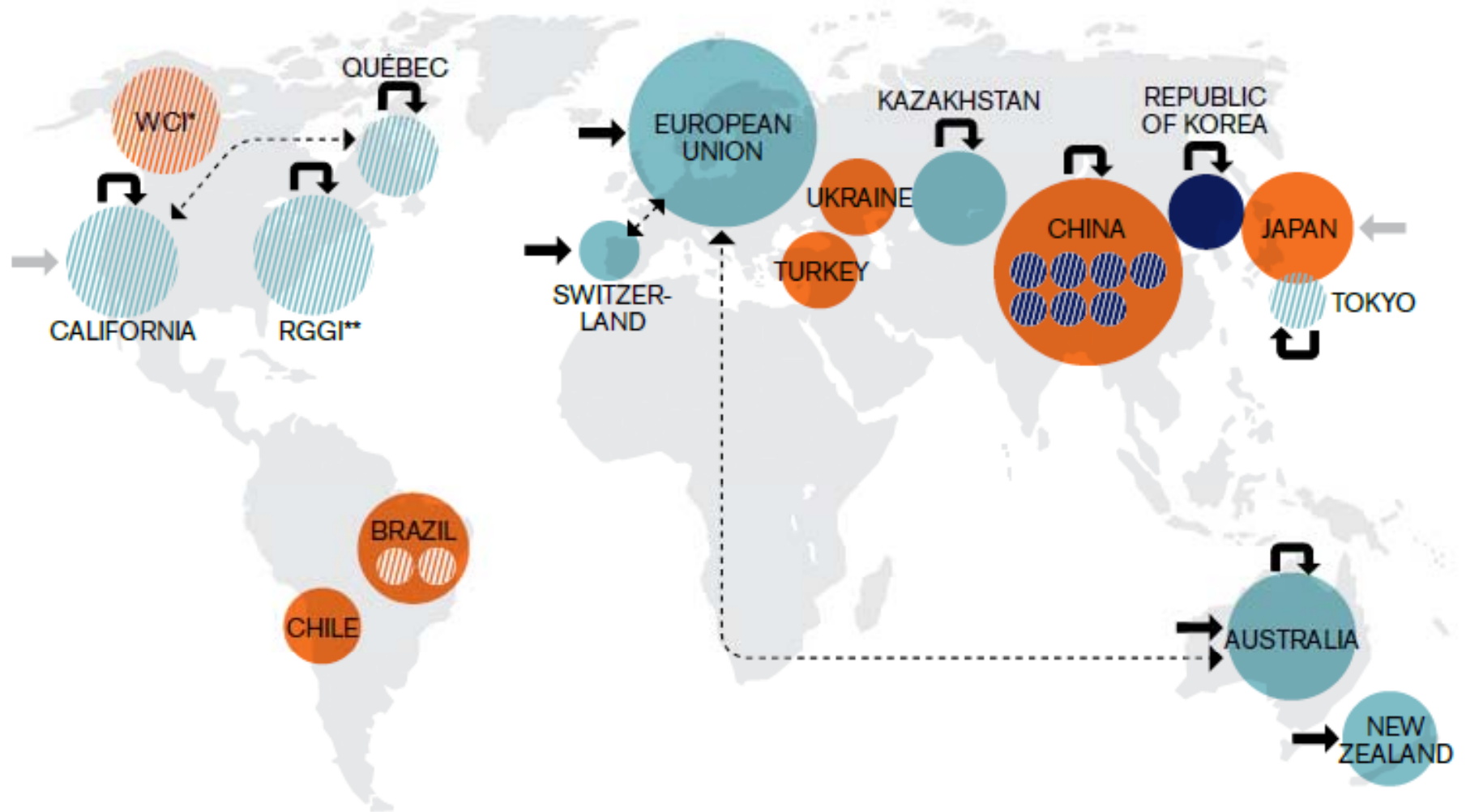
- From 2013 on, EU-ETS accepts only CERs from Least Developed Countries (LDCs)
 - Applied to CDM projects registered from 2013
 - LDCs are given favorable conditions for CDM.
 - Mongolia is not an LDC –so not eligible
- For this reason, there was a “rush” at the end of 2012 for CDM registration.

Is CDM dead?



- Unhealthy, but still alive
 - A good project (reliable, contribution to sustainable development) can have higher price
 - There may be potential buyers in new domestic ETS
- Non-CDM schemes also offer opportunities
 - Joint Crediting Mechanism (JCM)
 - Voluntary Carbon Standard (VCS)

BIGGER PICTURE..



- Status of Implementation**
- Implemented (in force with established rules)
 - Implementation scheduled (mandate agreed, start date communicated, rules in preparation)
 - Under consideration*** (government gave public signal towards the development of an ETS)

- Offsetting**
- National
 - Sub-national or regional

- Offsetting**
- CDM and JI credits
 - Bilateral offsets
 - ↻ Domestic offsets

- Linking**
- ↔ Planned link

Source: World Bank (2013) Mapping carbon pricing initiatives

Emission Trading Scheme beyond EU

- China, South Korea, Australia and New Zealand are / will be operating domestic ETS
- Australia, New Zealand and Switzerland accepting CDM credits (including post-2012 credits)
- Thailand and Indonesia are developing their domestic offset schemes
 - Thailand Voluntary Emission Trading Scheme (T-VETS)
 - Nusantara Carbon Scheme (Indonesia)

Demand Prospects (2013-2020)

Country (group of)	Assumptions	Potential demand (MtCO ₂ e)
Australia	Carbon Price Mechanism, cap in line with target of 5% below 2000.	348
EU-27, Iceland, Liechtenstein, and Norway	20% below 1990, with differentiation EU ETS and effort sharing.	1,635 ⁺
Japan	Between 25% and 0% below 1990.	≤539
New Zealand	NZ ETS: 10% below 1990.	77
North America	Western Climate Initiative (WCI): limited to California and Québec, with international offsets allowed in California only.	94
Switzerland	20% below 1990, with ETS and other measures.	2.3 -12.8
TOTAL		≤2,706

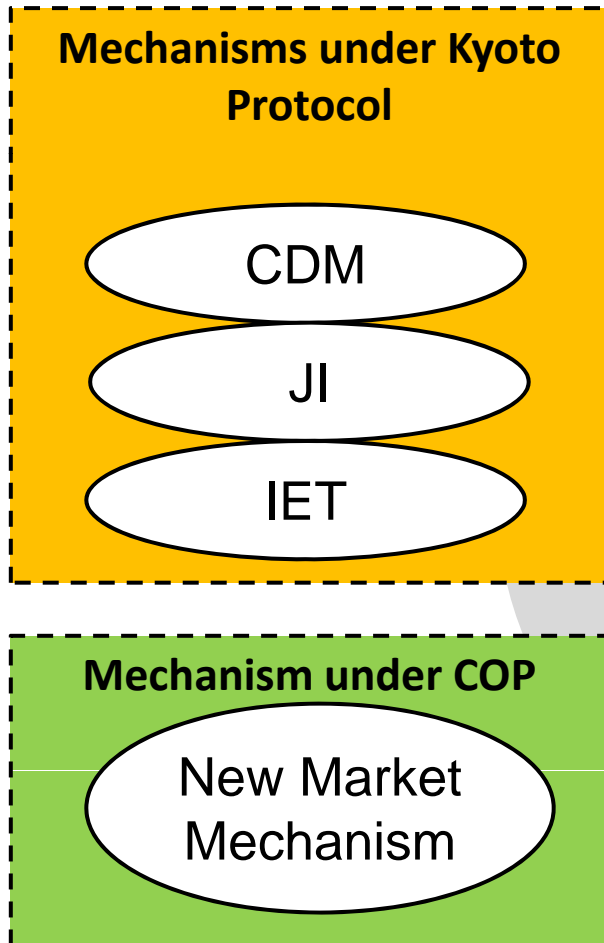
Source: World Bank 2012

New Market Mechanism (NMM)

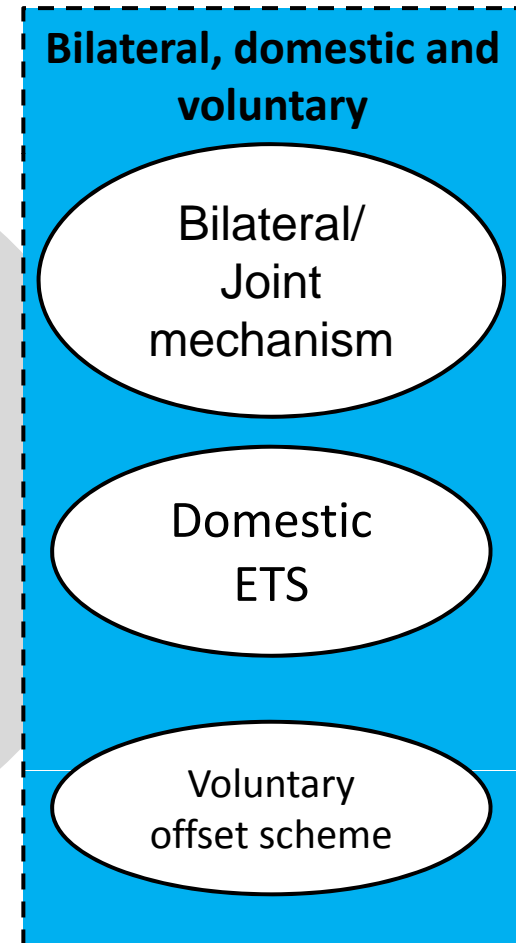
- Currently under negotiation at the UN
- Will most likely be “Sectoral trading and crediting mechanism”
 - Host country defines sectoral emission baselines,
 - The sector emission goes through MRV
 - Carbon credits generated

Linking would expand carbon markets

UNFCCC (Under COP)



Non-UNFCCC



Thank you.
Баярлалаа.