

A CDM with atmospheric benefits

Side event at COP/MOP 4 in Poznan

CDM reform: CER discount & demand-side energy-efficiency improvement

4 December 2008

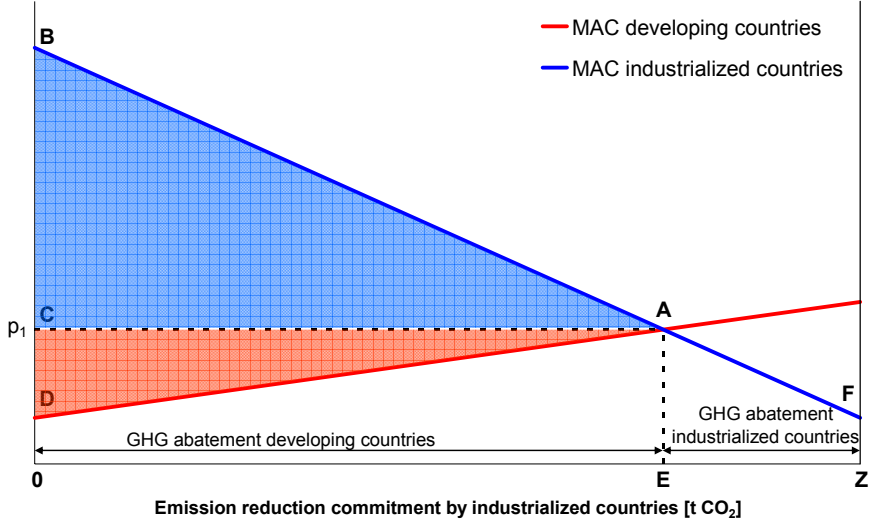
Lambert Schneider – l.schneider@oeko.de
Öko-Institut – <http://www.oeko.de>
Institute for Applied Ecology
Freiburg – Darmstadt – Berlin
Novalisstr 10, 10115 Berlin, Germany
Tel.: +49 (30) 280 486-80, Fax: -88

Motivation for discounting CERs

- **Move the CDM beyond a pure offsetting mechanism**
 - ⇒ achieve net mitigation benefits
 - ⇒ enhancement of global mitigation efforts
 - ⇒ increase demand for CDM projects (e.g. 2 CERs needed to replace 1 AAU)
- **Improve environmental integrity of the CDM**
 - ⇒ “Conservativeness factor” to account for uncertainty of additionality assessment
- **Promote particular project types through differentiated discounted rates**
 - Projects with high sustainable development benefits
 - Projects with technological innovations
 - Projects from LDCs / sub-Saharan Africa

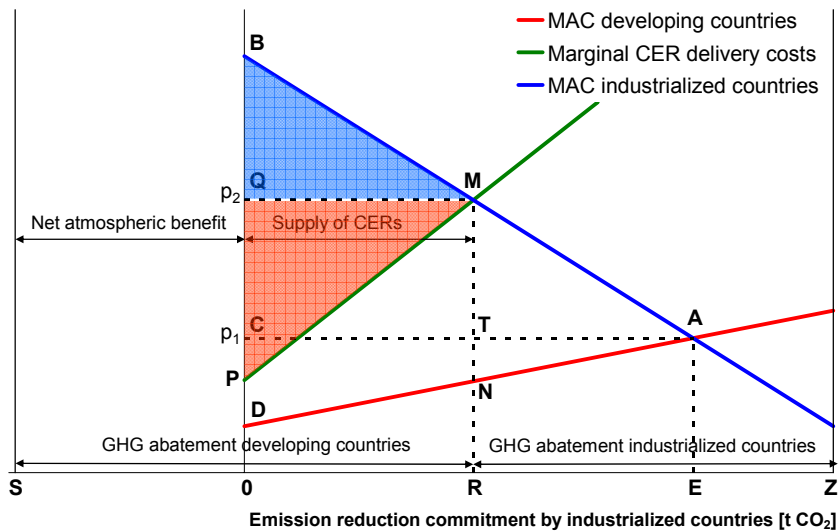
Without discounting

MAC, Price [€/t CO₂]



With discounting

MAC, Price [€/t CO₂]



- **Enhanced global mitigation action**
 - In developing countries (stronger with caps on use of CERs)
 - In industrialized countries (stronger without caps on use of CERs)
 - **Increase of CERs prices**
 - **Rents of CER suppliers remain similar or increase**
 - **Volume of CDM market remains similar or increases**
 - **Costs for enhanced mitigation mainly paid by CER users**
- ⇒ **Effects are similar to stronger caps by Annex I countries, but**
- with improved environmental integrity: more use of CDM results in more global mitigation => looser complementarity possible?
 - promotion of some project types or differentiation among countries possible

Thank you for your attention!

Discussion paper

A CDM with atmospheric benefits for a post-2012 climate regime

<http://www.oeko.de/oekodoc/779/2008-227-en.pdf>