

Need for certainty, clarity and consistency over Annex 1 emission reductions

Bonn, 18 May (Fauwaz Abdul Aziz) – A workshop on the emission reduction targets of Annex 1 countries revealed the lack of certainty, clarity and consistency behind the numbers presented.

In line with the Durban decision of the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) last December, the European Union, United States, New Zealand, Australia, Canada, Switzerland, Norway and the Association of Small Island States (AOSIS), participated in a workshop on Thursday, 17 May organised to clarify the quantified economy-wide emission reduction targets of Annex 1 Parties under the UNFCCC.

The objective of the workshop was towards understanding the assumptions and conditions related to individual targets, in particular in relation to the base year, global warming potential values, coverage of gases, coverage of sectors, expected emission reductions, and the role of land use, land-use change and forestry (LULUCF), and carbon credits from market-based mechanisms, and associated assumptions and conditions related to the ambition of the pledges.

Commenting on the Annex 1 country targets, AOSIS asserted that they are not transparent, and that there is no confidence that adequate emission reductions would be achieved.

“It is unclear whether some targets will be achieved due to extensive conditionalities. It is unclear what would be achieved due to the wide ranges of possible reductions proposed by some Parties. Some proposed targets will not deliver emission reductions at all and the ‘clarification’ exercise must identify transparent, single number, unconditional emission reduction commitments for Annex 1 Parties,” said AOSIS.

“If the pledges that have now been presented are aggregated, with accounting provisions taken into

consideration, expected global emissions leave approximately an 11 billion tonne gap of emission reductions needed per year by 2020,” added the AOSIS representative at the workshop.

The Durban decision also requested the UNFCCC secretariat to produce a technical paper to explore the commonalities and differences of approaches to measure progress in the achievement of economy-wide emission reduction targets and compares emission reduction efforts of Annex 1 Parties. A summary of the findings contained in the technical paper were also presented at the workshop by the secretariat, which was facilitated by Mr. Andrej Kranjc (Slovenia)

In her summary of the technical paper at the outset of the workshop, the UNFCCC secretariat official said that while there is clarity discernible over the conditions attached to countries’ targets and which enable them to move to the higher range of their target, “there is little clarity whether the assumptions or conditions (related to the ambition of the target) have been fully or partly met” and the extent to which the conditions have been met or some of the assumptions clarified, such as on certain rules or to the progress made in resolving any conditionality attached to the single value targets.

She also referred to the many other uncertainties and lack of clarity in the information submitted by the Parties, such as the use of carbon credits from market-based mechanisms, their sources and the scale of their contribution. “Uncertainties (surrounding) LULUCF and market mechanisms and the impact of these tools on (emission reduction) targets remain... There is little clarity as a whole on the role of the use of carbon credits.”

She also made mention of the differences in approaches, assumptions and accounting principles

utilised by the submitting countries, including on the use of carbon credits and LULUCF, which could lead to increased complexity in assessing and measuring progress and reviewing their targets.

Similarly, when assessing countries' comparability of effort, the official said the choice of starting point is also important when assessing comparability of effort, since different "choices of starting points could lead to different results." The different approaches to measure progress towards achieving the targets set by developed countries also "could lead to an increased complexity of approaches" and differences in assessing and reviewing progress towards the achievement of the countries' targets when conducting the international assessment and review (IAR).

According to the technical paper, the aggregate emission reductions of developed countries over the period 1990 to 2009 are estimated to be about 12% and 18%, excluding and including LULUCF respectively. The aggregate emission reductions of these Parties over the period 1990-2020 are estimated for the low target to be about 12% and 13%, excluding and including LULUCF respectively, and for the high target to be about 18%, excluding and including LULUCF. The paper also noted that in 2009, the aggregate emissions of developed countries reached historically low levels, 12% lower than in 1990, as a result of the economic and financial crisis.

Pledges and targets

The workshop then proceeded with the presentation by several of the countries that submitted information to the technical paper, starting with the EU, which informed the workshop of its quantitative economy-wide GHG emission reductions target by 2020 of 20% from the baseline of 1990 levels, a figure that would go up to 30% as part of a global comprehensive agreement post-2012, where other developed countries commit to comparable reductions and developing countries contribute adequately. The EU's 20% target is underlined by its inscription into EU laws within the Climate Energy package, such as the EU Greenhouse Gas Emissions Trading System (ETS), with strict regulations and stand marks over emission, clean fuel, in order to reduce GHG emissions. The cases covered by Climate and Energy regulations are CO₂, CH₄, N₂O, HFCs, PFCs and SF₆. Global Warming Potentials are used to aggregate EU GHG emissions up to 2020 under EU laws under the Intergovernmental Panel of Climate Change's

Second Assessment Report (IPCC AR2). The sectors regulated by Climate and Energy package are emissions from energy, industrial process and product use, aviation activities and transport, building, services, agriculture and waste. Under the EU's ETS, the limit remains within 50% of the required reduction below 2005 levels. Carry-overs are not regulated. The ETS allows for EU emissions allowances surplus banking. Estimated EU emissions in 2020 are 20% below 1990 levels by 2020. The EU pledge does not include LULUCF emissions. The LULUCF sector is estimated to be a net sink over the period 1990 to 2020. The 20% target is unconditional and implemented through binding laws. Emissions peaked in 1990. Since then, said EU, per capita emissions has been reduced by 15%, and would be reduced by 27 by 2020, when efficiency and productivity would have improved.

The US, which spoke of its national economy-wide target of emission reduction as being in the range of 17% below the baseline year of 2005 by 2020, a pathway of 30% emission reduction target by 2025 in all sectors, including LULUCF sector, with 100-year GWPs from the IPCC AR4 to cover, among others, NFe, CHF, CH₄, N₃o, HFC, PFCs, SF₆ and NF₃. The US representative also spoke of its "robust ways" of doing things, but these were not any different from reporting what the atmosphere sees in a comprehensive manner. The US pathway projects a 30% emission reduction by 2025, and a 42% emission reduction by 2030, in line with the goal to reduce emissions by 83% by 2050.

New Zealand said it has a target of a 10-20% emission reduction target relative to 1990 by 2020, further progress being conditional on global agreement setting paths to limit rise to 2 degrees, comparable effort by developed countries, that advanced and major emitting developing countries take action adequate to their capabilities, an effective set of rules for LULUCF and full recourse to a broad and efficient international carbon market. Its inventory methodology is based on the IPCC 2006 guidelines, and covers the gasses CO₂, CH₄, N₂o, HFCs PFCs, SF₆ and NF₃. Anticipated market mechanisms include CDM, JI, International Emission Trading and Carry-overs.

Following New Zealand, Australia presented its target of 5-15% reduction below 2000 levels, (other than for the 5% target); the target is conditional upon a global agreement under which the advanced economies take on commitments

comparable to Australia. There is also a 25% reduction target conditional upon global action. A climate change authority will soon be established to issue recommendations and impose obligations to determine what the caps are to be. Australia's 2020 target range was set based on the global warming potential (GWPs) values in the IPCC SAR. Carbon pricing will be in place in a matter of weeks in Australia, and a climate change authority will be established

Canada said its emissions target of 17% relative to 2005, in alignment with that of the US in enacted legislation. Emissions are on a downward trend in most economic sectors. It recorded the lowest levels of GHG emissions since 1990, with the electricity sector measuring 18% of total emissions. Canada said it has one of the cleanest electricity supply, with the largest emitting sectors being in the transport, oil and gas, and electricity sectors. Federal Canadian and provincial governments have committed more than 2 billion dollars in this sector. Canada estimates that LULUCF can contribute around -2 to 2% of total emissions in 2006 to attaining its target. Market-based mechanisms are expected to contribute less than 5% of the total emission reductions needed to attain its target

Switzerland has set an unconditional reduction target of 20% using 1990 as the baseline by 2020, with the conditional offer to move to 30% as part of a global and comprehensive pact post-2012, provided that other major countries commit to comparable reduction and that developing countries contribute according to their responsibilities and respective capabilities). Switzerland uses the rules of the Kyoto Protocol for its target under the Convention. Switzerland's current Energy Strategy aims at phasing out nuclear power by increasing energy efficiencies and the use of renewable energies. Regarding LULUCF, Switzerland uses the same rules as under the Kyoto Protocol for calculating the emissions/removals in the base year. Switzerland does not support the use of AAUs outside of the Kyoto system. A limited amount of its own carry-over of AAUs may be used by Switzerland under the Kyoto Protocol.

Norway has an unconditional economy-wide emission reduction target of 30% relative to 1990 levels by 2020 covering all sectors and gases, and is willing to go up to 40% if major parties agreed to commit to emission reduction in line with the target of a maximum 2-degree global increase in

temperature. It hopes to reach carbon neutrality by 2050, or 2030 in the context of a global agreement, and the goal of being a low-emission society, conditional upon global emissions being reduced to 50-85% by 2050 compared to 2000.

Differences greater than commonalities

The AOSIS made a presentation and addressed the broader issues and concerns raised by the submissions by developed countries Parties, including the role of common accounting rules to assess mitigation ambition and the need for targets to take the form of "unconditional single values". The AOSIS representative said the Annex 1 targets are not consistent with emission reduction pathways to achieve 1.5 degree C or even 2 degree C and that more ambitious targets are essential to achieve global goals.

Citing the UNEP Gap Report 2011, it warned that the gap is not closing. Citing studies, it said to keep warming below the 1.5 degree C limit, it has been said that annual global emissions needs to drop to 44 billion tonnes of CO2-equivalent emissions by 2020.

If the pledges that have now been presented are aggregated, with accounting provisions taken into consideration, expected global emissions leave approximately an 11 billion tonne gap of emission reductions needed per year by 2020.

Taking aim at Annex 1 country targets, AOSIS asserted that they are not transparent, and that there is no confidence that adequate emission reductions would be achieved. "It is unclear whether some targets will be achieved due to extensive conditionalities. It is unclear what would be achieved due to the wide ranges of possible reductions proposed by some Parties; some proposed targets will not deliver emission reductions at all; and 'clarification' exercise must identify transparent, single number, unconditional emission reduction commitments for Annex 1 Parties.

AOSIS then questioned whether the Canadian, US and EU pledges would deliver the emission reductions needed. She said that Canada is not on a path to meet its target, with minus 17% below 2005 being the equivalent of 4% above 1990 levels; while its expected emission in 2020 is 33% above 1990 levels. "It's clear that more needs to be done," as its emissions in 1990 was 589MtCO_{2e}, whereas its projected emissions in 2020 is 785 MtCO_{2e}.

The US' 17% target is below 2005 is equivalent to being 4% below 1990, whereas its estimated emissions in 2020 is 3% above 1990 levels. The gap between the US' 2020 target and expected emission in 2020 is 384 mega tons.

The EU's pledge for 2020 is -20% below 1990, whereas its expected reductions in 2020 is minus 22% below 1990 levels. "Minus 30% is actually feasible and economically beneficial to the EU," said AOSIS.

Some countries, such as Ukraine, Belarus and Russia, have presented targets that will not result in emission reductions and will generate new surpluses, said AOSIS, who called for common accounting rules. The application of a common set of accounting rules at the international level that is essential to deliver an assessment of the scale of the mitigation gap, in order to enable closure of this gap.

Identifying the scale of the gap will facilitate an appropriate policy response at all levels, while clarification pledges must deliver ambitious, transparent and comparable commitments to close the emissions gap, said AOSIS.

It added further that Annex 1 countries must demonstrate leadership, present unconditional economy-wide quantified emission reduction commitments, and this must be expressed as a single number, with 1990 as the base year. According to the technical paper, countries that had submitted mitigation efforts information had baselines of 1990, 2000, 2005 and 2009.

They must move to the top of their pledged emission reduction ranges and increase their ambition, apply agreed common accounting rules, while Kyoto Protocol Parties must account for LULUCF with international agreed rules and apply Kyoto Protocol eligibility rules for access to the Kyoto Protocol mechanisms.

It also called for similar stringent eligibility rules to be applied to any new mechanism under the Convention, and there should not be credits from bilateral and other non-multilaterally agreed mechanisms, as this would undermine environmental integrity and the global carbon market.

"Why have common accounting rules? Why have Kyoto Protocol and non-Kyoto Protocol accounting rules? It is to track progress to goals and to assess the scale of the ambition gap," said AOSIS.

AOSIS also took issue with the selectiveness of Annex 1 Parties when measuring and reporting their mitigation efforts, such "selecting from one framework and (at another time, from) one of another."

What is needed is common accounting rules so that there's no 'pick and choose approach'.

"We also need common base years, common methodologies (as well as common accounting rules, and this must underpin robust, international carbon markets. It's only this way that we can build confidence (to say) that a tonne is a tonne."

Following the presentations, among the highlights of the discussions was the US' rebuttal – even while acknowledging that there remains much room for improvement – of AOSIS's assertions, among which was that there is a lack of commonalities between the countries' efforts and efforts towards quantified economy-wide emission reduction targets, assumptions and conditions related to individual targets and ambition of pledges.

"From our point of view, they (the presenters) were able to make an assessment from the collective aggregate efforts. None of us have done as much as we should... but... I took from everyone's presentation that they are using offsets and trading programmes... that they are seeking to improve on the basis of improved data, and take from each of us (differently) but using similar programmes. Hence, there is legitimacy," said the US.

To a question from the floor of a Bolivian representative, the US representative also said it only made sense that US as the biggest economy among Annex 1 countries would have higher emissions, "higher than most, but not all."

It was the AOSIS representative, however, who had the last word in affirming her view that, despite the aims and intentions of the technical paper in compiling commonalities, the feeling of being in variance was stronger than the sense of sharing common assumptions and

Overall, she concluded, there are differences among Parties' accounting systems, and it is such a common accounting system that is needed to assist in determining what the pledges deliver toward addressing the mitigation gap.