



## Final Report: BCSE at United Nations Climate Change Conference in Poznań, Poland

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### Overview

The Business Council for Sustainable Energy led a delegation of its members to the 14<sup>th</sup> Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and 4<sup>th</sup> Meeting of the Parties (MOP) to the Kyoto Protocol, in Poznań, Poland from December 1 – 12, 2008.

While no major decisions were expected nor delivered in Poznań, there was widespread enthusiasm about President-elect Obama and much speculation of what the U.S. government might bring to the negotiating table in 2009. The Council was uniquely positioned in Poznań as one of the only U.S. organizations able to act as a bridge between the international community, U.S. domestic legislators, and clean energy industry leaders.

The Council's role in the international arena will become increasingly important as the deadline for a new global climate change agreement has been set for December 2009 in Copenhagen, Denmark. The current provisions of the Kyoto Protocol will expire in 2012, and ministers at the COP14 re-affirmed their commitment to come to an agreement by the 2009 deadline. Some delegates anticipate further talks in 2010 will be needed to flesh out such an agreement.

Overall, the talks in Poznań were affected by two dominant factors - the uncertainty created by the global financial crisis and the unknown degree of future U.S. engagement under President-elect Obama. Political will is anticipated to be a key factor in determining how much progress will be made in 2009.

### BCSE Delegation

The BCSE delegation included seven Board members and the following member companies: the Alliance to Save Energy, EcoSecurities, First Environment, Inc., Global Policy Associates, Interstate Natural Gas Association of America (INGAA), Jupiter Oxygen Corporation, Meg LLC, North American Insulation Manufacturers Association (NAIMA), Sacramento Municipal Utility District (SMUD), Solar Turbines, Trane, and Winrock International.

## Objectives & Results

The Council's primary objectives for the COP14/CMP4 in Poznań were to:

- Continue to build the Council's profile as a liaison and a resource between the new U.S. Administration & Congress and UNFCCC process and key international delegations
- Advance Council's post-2012 recommendations, especially the near-term deployment of clean energy technologies

The Council achieved these objectives, with the following results:

- Profile and Influence:
  - The Council delivered a statement to international delegates on what the global clean energy industry needs from the negotiations. This intervention was one of three business statements given during the two-weeks of negotiations, and was delivered at a high profile session. The Council brought together several other groups to sign on to this statement, including the Global Wind Energy Council and Carbon Markets and Investors Services.
  - The Council continued to build new alliances with other business groups that want action on a post-2012 agreement. In particular, the Council worked with the International Emissions Trading Association and other business groups under the new umbrella "Climate Solution Businesses" to host a joint press briefing on business expectations for the Poznań negotiations.
- Access and Brand Development:
  - With U.S. Delegation: The Council hosted a very well-attended reception for the U.S. delegation, and also had several group and individual meetings with Congressional staff.
  - With International Negotiators: The Council had several bilateral meetings with key delegations and also hosted a successful international delegate dinner that featured UNFCCC Executive Secretary Yvo de Boer as the keynote speaker.

The Council will be working with Climate Change Task Force members to plan for 2009, which will be intense as up to 10 weeks of negotiations are possible, including a second ministerial level session under consideration in the fall of 2009.

## COP14/CMP4 Outcomes

The UN Climate Change Conference in Poznań brought over 9,000 participants to Poland – including 4000 government delegates, 4500 from the UN, intergovernmental organizations and non-governmental organizations, as well as 800 journalists. The following provides a brief overview of results from the meetings.

### *Ad-Hoc Working Group on Long-term Cooperative Action (AWG-LCA)*

A key area of focus for the AWG-LCA was the development of a "shared vision for long-term cooperative action," which was to include the establishment of a global goal for long-term emissions reductions. Although a reduction goal was not set, a common understanding seemed to emerge that a "shared vision" includes all of the Bali Action Plan building blocks - mitigation, adaptation, technology and finance. Progress was made on the concept of monitoring, reporting and verifying (MRV) and the idea of a registry for nationally appropriate mitigation actions in developing countries.

Suggestions for differentiation among developing countries were firmly rejected by some groups within the G-77/China – while being endorsed by many industrialized countries. Some proposals on adaptation were also made more concrete, including the insurance mechanism proposed by Alliance of Small Island States (AOSIS).

Outcome: 2009 Work Program; and a formal negotiating text from the AWG-LCA is expected during the first half of 2009, and is to include ideas and proposals from the AWG-LCA 4 in Poznań.

#### *Ad-Hoc Working Group on Kyoto Protocol (AWG-KP)*

In the discussions of the AWG-KP, the 25-40% range of reductions by 2020 for developed countries re-emerged, but a definitive commitment to these mid-range numbers did not – due in part to both the current political and economic climates and a desire to wait until the U.S. re-engages in 2009. An agreement was reached that Annex I countries' further commitments should “principally” take the form of quantified emission limitation and reduction objectives (QELROs).

Outcome: 2009 Work Program

#### Australia

On December 15, Australia announced that it would cut its greenhouse gas emissions by 5-15% by 2020, and the establishment of a cap-and-trade system that puts a price on carbon output. The 15% target is conditional on the world coming to an agreement in Copenhagen, and the plan must be approved by Parliament early next year.

#### European Union

Concurrent to the Poznań Conference, negotiations were taking place on the EU's climate and energy policy package to implement a 20% emission reduction target by 2020, and a final deal was struck in Brussels on the last day of the Poznań conference. The deal covers rules for the third period of the EU Emissions Trading Scheme (ETS) from 2013 to 2020, details individual emission targets for EU Member States in sectors not covered by the ETS, and contains a 20% target for renewable energy, a 10% target for biofuels and a 20% target for increasing energy efficiency by 2020.

#### *Clean Development Mechanism (CDM)*

Negotiations focused on issues of CDM governance, accreditation of Designated Operational Entities (DOES), methodologies and the CDM's regional and subregional distribution. 60 paragraphs of instructions were agreed to initiate reform. However, no clear consensus emerged on carbon capture and storage (CCS) and land use, land use change and forestry (LULUCF) will be studied further in 2009 by the CDM Executive Board.

Under the topic of CDM governance – delegates requested that the CDM Executive Board make improvements on increasing the consistency and transparency of its decision making process – including specifics such as systematically summarizing the major issues triggering a request for review, to develop a document of major criteria used during the review process and to make this information publically available.

Reform proposals to the CDM under Article 9 – related to the “scope, functioning and effectiveness of the mechanisms” were tabled as they were linked to the extension of the share of proceeds (which is the levy currently only on CDM projects) – and agreement on this matter could not be reached.

Outcome: Results of these negotiations regarding to the CDM were not officially adopted, but will be reviewed in the AWG-KP session in March/April.

### *Adaptation Fund*

A significant outcome of the Poznań talks was that the Adaptation Fund for developing countries was made fully operational. Financing for the fund is currently derived from a 2% levy on transactions under the CDM, but agreement could not be reached on extending this levy to joint implementation projects and emissions trading under Kyoto. The fund, currently at US\$60 million, is expected to begin financing of adaptation projects and programs in 2009. These adaptation projects include the building of sea walls against rising ocean levels, improving water systems and training farmers in new agricultural techniques.

### *Other issues*

It is still unclear what the relationship between the AWG-LCA & Convention (UNFCCC) and Kyoto Protocol (AWG-KP) tracks will be in 2009 – but some sort of consensus must emerge in 2009. Many developed countries believe the two tracks should be coordinated, while developing countries and the United States are against linking the two. Developing countries fear a diversion of attention away from setting new emission reduction targets for industrialized countries, and the U.S. seeks to avoid being drawn into the KP discussions.

### UNFCCC Schedule for 2009

As per work programs for the AWG-KP and AWG-LCA, there will be a minimum of 10 weeks of meetings in 2009. More specifically:

March 30 – April 9: UNFCCC Meeting in Bonn, Germany

June 1 - 12: UNFCCC Subsidiary Bodies Meeting in Bonn, Germany. Proposals for the post-2012 treaty's text will be honed down to a negotiation blueprint at a meeting in Bonn.

August 3 -16: UNFCCC meeting (potentially in Bangkok)

September: UN chief Ban Ki-moon said he may stage a special summit on climate change during the United Nations General Assembly sessions next September to give the process an extra push.

October/November: Additional UNFCCC meeting (to be confirmed)

December 7 – 18: UNFCCC COP15 in Copenhagen, Denmark. (Note: The UN decided to push back the dates of the COP15 so as not to overlap with the Muslim celebration of Eid al-Adha or the Hajj.)

*Other International Meetings of note:*

Throughout the year: Major Economies Process, Asia Pacific Partnership (APP) and Warsaw Dialogue on Sectoral Approaches

May 24 – 26: Copenhagen World Business Summit, sponsored by the Copenhagen Climate Council

June: G8 Meeting in Italy

Planning Ahead: BCSE in Bonn, Copenhagen in 2009

The Council is contacting hotels both in Bonn, Germany and Copenhagen, Denmark to make arrangements for the inter-sessional meetings in April and June, and the COP15 Ministerial meeting respectively. More details will be circulated shortly.