

Cost-effective Climate Change Strategies

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About the U.S. BCSE

- Created in 1992
- Energy Efficiency, Renewable Energy, Natural Gas, Electric Utilities
- Utility Restructuring, Climate Change, International Finance, R & D/Tax
- First U.S. Business Group to Support International GHG Reductions

The Clean Development Mechanism

- One of three market mechanisms in Kyoto Protocol
- Designed to promote sustainable development and help developed countries reach Kyoto targets
- Effective this year, subject to rules and modalities being established

Fast-tracking the CDM

- Goal: Accelerate ‘no-brainer’ clean energy projects
- Reduce transaction costs
- Simplify additionality and baseline process
- Bundle smaller projects
- Possibly ‘pre-award’ CERs

The Meltdown in The Hague

- Process came to halt through lack of agreement on larger issues
- CDM issues not relating to sinks and nuclear largely unconsidered at high levels
- But, BCSE brokered a tentative deal. . .

The Deal

- Major players: US, Germany, G77
- Tentative sign-off by EU and US on a deal that would:
 - eliminate additionality requirements
 - provide guaranteed baselines
 - accelerate approval process
 - limit fast-track to small projects (1-3 MW for dsm, 2-3 MW for fossil, 30-45 MW for r.e.)

Now What?

- Agreement held hostage to the larger unresolved issues
- Uncertainty of new Administration
- Is a tentative deal in November a tentative deal in May?
- Have we gotten the best seat on the Titanic?

Timing of Next Steps

- Reuters article on December/January action?
- COP-6, part II, in Germany this May/June
- COP-7 in Morocco, October-November 2001

Beyond the CDM

- Climate-friendly policies at int'l lending banks may help
- Separate window of funding for GEF?

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