

PROJECT DEVELOPER FORUM

EU Member State Ministers

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From Project Developer Forum
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Subject **Comments on the EC 2030 climate and energy framework**

Dear Sir / Madam,

The Project Developer Forum represents 52 companies and individuals who over the past 12 years have been involved in the development of emission reduction projects in many countries around the world. We are writing to urge you to:

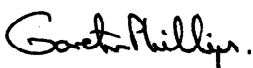
- Adopt a tougher target than the EC's proposed target of 40% below 1990 levels by 2030;
- Set specific targets for the use of international emission reductions; and
- Not to make the future use of international emission reductions conditional upon the actions of other nations.

The reasoning behind our proposals is as follows:

- 1) It is vitally important that we encourage our trading partners to develop emission trading schemes for two reasons: a) to discourage leakage and the relocation of European industry to countries without an ETS and b) to increase our chances of achieving the 2°C target. We believe that starting with a low opening bid of -40% is unlikely to encourage further action because throughout the negotiations, many developing countries including our trading partners have demanded that, in view of our historic responsibilities, Annex 1 countries take the lead.
- 2) The ability to use international emission reductions has resulted in the creation of very significant institutional infrastructure among both trading partners and developing countries and has certainly contributed to the progress in the development of emission trading schemes in, for example, China, Korea and Kazakhstan. At the same time, international emission reductions have provided access to cost effective abatement opportunities. Whilst the sources and uses of international emission reductions have been criticized in the past, the qualitative restrictions implemented by the EU, the limitation on the duration of crediting periods in the CDM, the collapse of JI and the potential inclusion of many emission reduction projects in host country ETS mean that the nature of projects supplying international emission reductions post 2020 will be very different than today. By creating demand for international emission reductions, the EU can indirectly shape their development, ensuring the creation of emission reductions that are developed to a common standard with high environmental integrity, transparency and credibility. The alternative will be the evolution of multiple domestic emission reduction standards of varying quality which will themselves become a barrier to the future linkage of emission trading schemes and the evolution towards a global carbon market.
- 3) In the event that other parties do not come forward with sufficiently demanding targets (which in any case will be difficult to assess), the EU risks leaving its ETS stranded without access to additional emission reductions. By the time the cap starts to impact upon our economic activity, the ability to call on international emission reductions as a source of flexibility will be lost. In our opinion, it is not advisable to risk handicapping the European economy with an absolute cap and no flexibility mechanism.

We propose that the EU should set a tougher target of 50% below 1990 by 2030, with the intention to source up to 10% of the target from international emission reductions AND to then take control of the kinds of emission reductions which the EU wishes to see being used.

Kind regards,



Gareth Phillips
Chairman, Project Developer Forum