

PACIFIC RIM CLIMATE WORKSHOP



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2012 Vancouver Workshop – Summary Report



IETA
INTERNATIONAL EMISSIONS
TRADING ASSOCIATION

PACIFIC RIM CLIMATE WORKSHOP

2012 VANCOUVER WORKSHOP – SUMMARY REPORT

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WORKSHOP EXECUTIVE SUMMARY

Session 1: Low-Carbon Policy Innovation around the Pacific Rim

The opening session discussion highlighted important domestic and regional greenhouse gas market developments around the Pacific Rim, setting the stage for more in-depth public-private discussion and debate. Brief presentations by regional decision-makers were followed by a moderated discussion to facilitate interaction with and between speakers. Presentations were delivered by leading government officials, advisors, and experts from: Australia; New Zealand; South Korea; Japan; California; and British Columbia.

Session 2: State of Carbon Markets & Pacific Rim Linkages

During the second session, Point Carbon delivered a deep-dive presentation, exploring the development of regional carbon markets and the evolution of regional and cross-pacific market linkages, including California's new greenhouse gas cap and trade program and other Western Climate Initiative (WCI) jurisdictions. The presentation, delivered by **Jelena Simjanovic**, *Emerging Markets Lead, Point Carbon Thomson Reuters*, touched on other material policy and market developments, including China's provincial pilots and Australia's carbon pricing mechanism.

Session 3: State of International & Regional Standards

During the third session, discussion touched on how greenhouse gas standards and methodologies might be designed to support both "top-down" and "bottom-up" approaches to achieving climate mitigation commitments. Realizing a "common language" around monitoring reporting, and verification (MRV) is a fundamental stepping-stone to broad market alignment and linkages. There was a focus on ISO 14000 series' status and progress, and its role in harmonizing MRV across borders and programs. In addition, discussion explored the proliferation of carbon accounting standards, and how to potentially integrate MRV activities in the voluntary carbon markets with evolving compliance carbon markets. **Dr. Robert Page**, *IETA Fellow and Management Committee Chair, ISO 14000 Series*, delivered remarks.

Session 4: Business Perspectives on Climate Policy & Financial Innovation

The final session covered a range of private sector perspectives about operating and/or investing in – or across – fragmented carbon constrained regimes. While discussion focused on the Pacific Rim jurisdictions, light was also shed on universal business and financing considerations. High-level insights covered the gamut of business-related perspectives, including: global compliance entity perspectives on policy alignment; policy templates and transfer opportunities; establishing the building blocks for viable low-carbon technology and infrastructure financing; low-carbon financial product development and innovation; and recent insights & opportunities linked to financing reduced emissions from deforestation and degradation (REDD).

Looking Ahead

Based on positive feedback and a collective desire shared by participants/organizers (and those unable to join the Vancouver sessions) to "learn more" about, and deepen engagement on, regional low-carbon developments and opportunities, organizers are now putting plans in place to launch future similar events. Looking ahead, we aim to dedicate resources to building a longer-term, coordinated trans-pacific dialogue – involving both governments and business – which focuses on low-carbon trade, policy, and financial innovation & coordination in the 21st century. For additional details, or to become involved in future discussions, please contact IETA.

WORKSHOP OVERVIEW

On 13 March 2012, the International Emissions Trading Association (IETA) brought together a targeted group of cross-sectoral delegates and speakers to participate in a special “**Pacific Rim Climate Workshop**”. The unique invitation-only workshop was driven by the need to create a special forum that enables richer public-private sector dialogue, transference of policy information, and sharing of market knowledge amongst delegates and partners operating and investing around the Pacific Rim region and beyond. IETA’s half-day Pacific Rim workshop, preceded in the morning by a deep-dive Business Roundtable on Australia’s new clean energy legislation and carbon pricing mechanism¹, started to explore regional policy coordination and market linkage opportunities associated with existing/emerging low-carbon schemes, with a view to potentially addressing carbon pricing-related industry and economic competitiveness issues over time. The workshop was divided into four overarching sessions: 1) Low Carbon Policy Innovation around the Pacific Rim; 2) State of Carbon Markets and Pacific Rim Linkages; 3) State of International & Regional Standards; and 4) Business Perspectives on Low-Carbon Policy & Financial Innovation. This document attempts to summarize the workshop’s presentations, discussion highlights, and take-away messages.

BACKGROUND & CONTEXT

Countries from around the world gathered in Durban, South Africa in November-December 2011 to determine next steps on international climate policy and finance. However, failures and delays at the UN negotiations have left a **global leadership gap** that is now largely being filled by regional approaches – including emerging emissions trading coalitions – to address the climate challenge through a mix of innovative low-carbon policy, financing, and trade measures.

The **Pacific Rim** – encompassing jurisdictions around the edge of the Pacific Ocean – is undeniably one of the most important economic regions in the world, built on significant trading relationships, particularly between China, Japan, Australia, United States, South Korea, and Canada. In the absence of a strong, legally-binding multilateral climate agreement, a number of these leading Pacific Rim jurisdictions have introduced their own low-carbon legislation and regulation, including mandated reduction. A snapshot of policy initiatives, cropping up around the Pacific Rim, is summarized below.

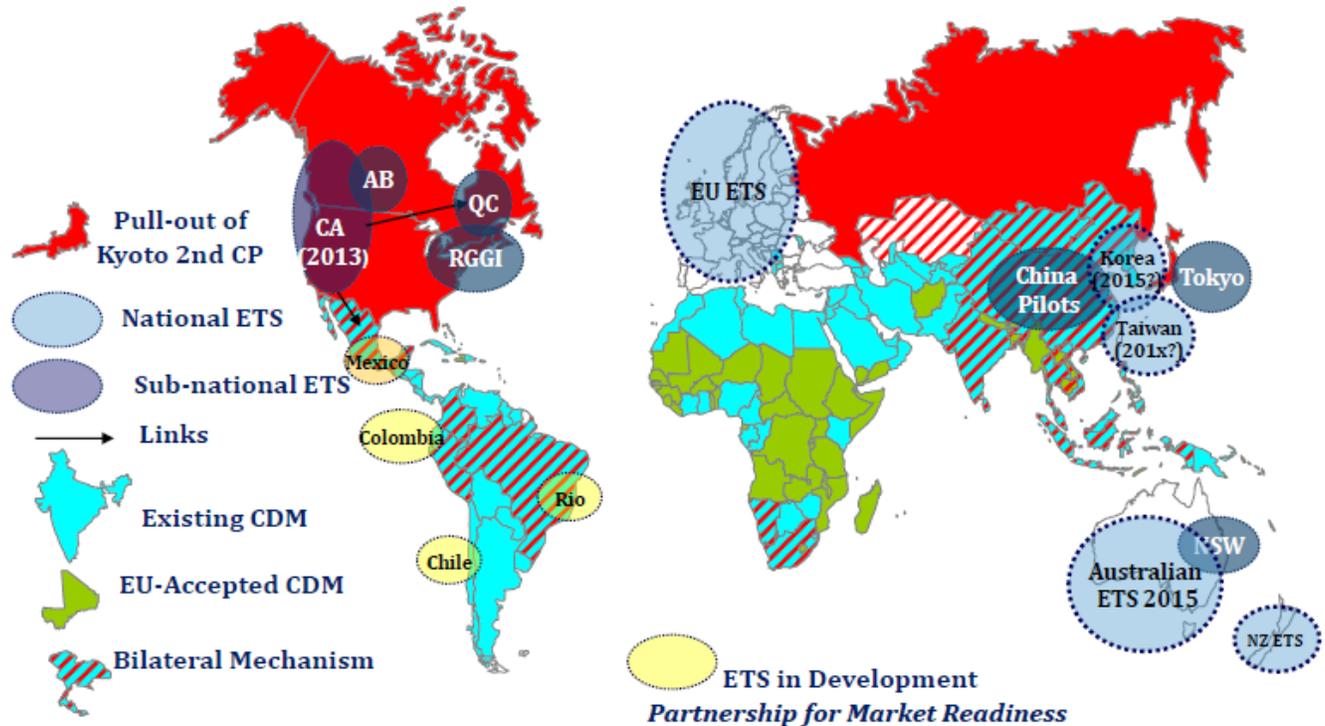
- **CHINA** is integrating clean energy and energy efficiency quotas into the most recent five-year plan and is in the process of developing **seven sub-national greenhouse gas emissions trading pilot schemes** (with hard caps), in order to transition to a countrywide platform by 2015. In November 2011, China’s NRDC announced that the emissions trading pilots are required to impose absolute caps and must implement pilots by 2013.
- **AUSTRALIA**’s new emissions trading laws, under its landmark Clean Energy Legislation passed in November 2011, are a game-changer. Domestic offset credits can be used for up to 5% of compliance during the fixed price period up to 2015 and without restriction afterward. But over the period from then to 2020, when the economy-wide emissions trading program gets underway, approximately half of the planned emissions reductions are projected to come from international offsets.

¹ For more information on IETA’s Business Roundtable, **Navigating the Australian Carbon Market**, held in Vancouver on 13 March 2012, please contact sullivan@ieta.org.

- **NEW ZEALAND's** trading system is changing; having started with “no” free initial allocation and then made transitional concessions, as opposed to Europe which started with free allocation and is now moving towards auctioning, New Zealand looks to be integrating more closely with the expected course for other markets.
- **SOUTH KOREA** is moving forward with its commitment to trading and becoming a global hub for green growth and investment. Placing a price on carbon through a national emissions trading scheme (likely by 2015) is a central plank of Korea’s national development plans. Korea’s domestic offset system started in 2011.
- **JAPAN** is exploring the possibilities of a Bilateral Offset Crediting Mechanism (BOCM) to complement the existing Kyoto mechanisms that are being used for achieving 2020 emissions target. While the situation on mandatory trading in Japan is not clear at present, the voluntary market is likely to grow faster post-2012.
- **CALIFORNIA**, acting as a lead member of the Western Climate Initiative (WCI), has finalized the state’s greenhouse gas emissions trading regulation and will undertake its first allowance auction (with province of Québec) in November 2012. Compliance under the state’s cap-and-trade program takes effect on 1 January 2013.
- **BRITISH COLUMBIA** has been a climate policy leader since 2008 when it introduced a material price on carbon via the province’s carbon tax. The province’s public sector reached carbon neutrality in 2011 through the purchase of BC-based offset credits. BC is seeking to eventually impose a cap and trade and compliance offset scheme, with a view to potentially linking its burgeoning carbon market to other emerging sub-national programs in North America, such as California and other WCI member jurisdictions.

The following map captures the current state of international, national, and sub-national greenhouse gas emissions trading developments worldwide. Here we see the active, yet currently fragmented, state of these tradable market-based instruments, employed to reach certain environmental targets at least-cost to economies.

Selection of Worldwide Emissions Trading Schemes + Developments (March 2012)



Worldwide emissions trading map prepared by Perspectives in Jan 2012 and modified by IETA in April 2012.

WORKSHOP ATTENDEES

Attendance to IETA's Vancouver Pacific Rim Climate Workshop was by invitation only and restricted to approximately fifty (50) participants across sectors and regions. Participants included representatives from government, industry, association, non-profit, independent expert, and academics from BC/Canada, California/US, Australia, New Zealand, South Korea, Japan, China, Indonesia, and beyond. A full list of attendees is available to workshop participants and IETA members by submitting a request to fraser@ieta.org

Partnership for Market Readiness – “Shaping the Next Generation of Carbon Markets”

On 12-13 March 2012, and partially occurring in parallel with IETA's Vancouver Workshop, the World Bank hosted its latest technical workshop on greenhouse gas emissions trading design elements and considerations for developing economies in **Shenzhen, China**. The event was organized under the *World Bank's Partnership for Market Readiness (PMR)* initiative, a capacity-building trust fund that provides funding & technical assistance for collective innovation and piloting of market-based instruments for greenhouse gas emissions reduction. PMR is driven by the recognition that the “first step toward implementing a market-based instrument is to build “market readiness capacity” – such as monitoring, reporting and verification (MRV) systems – or the creation of a regulatory framework”. To learn more about the PMR Shenzhen Workshop, or to obtain updates on PMR-related development & opportunities that might relate to IETA's Pacific Rim activities, please contact sullivan@ieta.org or swartz@ieta.org.

WORKSHOP SUMMARY

Opening Remarks

Opening the workshop, **Tim Lesiuk**, *Executive Director of British Columbia's Climate Action Secretariat*, welcomed both international and North American delegates to IETA's unique event, while emphasizing the increasingly critical role that Pacific Rim economies play in both driving and informing international climate action. Pan-Pacific low-carbon political leadership and policy collaboration on climate/trade issues are becoming an increasingly important matter. Maintaining and building upon the workshop dialogue will prove important, as to not only avoid setting policy in isolation but to also open discussion up to private sector players who are seeking to operate and/or invest around the region and beyond.

Henry Derwent, IETA's outgoing President and CEO and workshop moderator for the workshop, praised key Pacific Rim jurisdictions for taking a lead on climate policy at a time where Europe's carbon pricing scheme (i.e., the EU ETS) was facing challenges. Henry also drew attention to the landmark World Bank Partnership for Market Readiness (PMR) meetings in Shenzhen, China, where Chinese regulators and private sector representatives were working with international carbon market experts in preparing for the launch of the country's seven pilot sub-national emissions trading schemes. See above for recent PMR workshop details.

Session 1: Low-Carbon Policy Innovation around the Pacific Rim

The first workshop session included presentations and discussion exploring sub-national and national low-carbon policy and market developments and trends from selected Pacific Rim jurisdictions. Presentations from government officials set the stage for more in-depth discussion and debate, over the course of the afternoon workshop. Presentations were delivered by leading government officials, advisors, and experts from: Australia; New Zealand; South Korea; Japan; California; and British Columbia.

Session Speakers:

1. **Australia:** *Rachel Boston, A/Director, Global Markets, Department of Climate and Energy Efficiency, Australia*
2. **New Zealand:** *Rob Fowler, Special AU/NZ Representative, IETA*
3. **South Korea:** *Kwangyul Peck, Senior Advisor, Korindo Group & Climate Advisor to the Indonesian Senate*
4. **South Korea (Forestry):** *Dr. Chong-Ho Park, Director General, Forest Policy Directorate, Korean Government*
5. **Japan:** *Kensuke Murai, Manager, Global Environmental Projects Department, Marubeni Corporation*
6. **California:** *James Goldstene, Executive Officer, California Air Resources Board*
7. **British Columbia:** *Jessica Verhagen, Lead Negotiator, Director, BC Climate Action Secretariat*

1. Australia (Deck Available Online)

Rachel Boston, the Assistant Director of Global Markets from Australia's Department of Climate Change and Energy Efficiency, provided workshop delegates with a detailed overview of Australia's current climate policy and political landscape, with a focus on exploring core design elements, and drivers behind, the country's recently passed Clean Energy Legislation. The development of Australia's carbon pricing policy dates back to 1999, when the government first released discussion papers on emissions trading. Since then, a number of government reports examining policy avenues and proposals were offered and rejected until 2011, when carbon pricing legislation finally passed the Australian Parliament. A key factor in the decision to push through carbon pricing was the work done to *quash the myth that carbon pricing was detrimental to economic growth*.

General Overview: Australia only accounts for a small share of global greenhouse gas emissions, but it stands out in terms of per capita carbon intensity (similar to Canada's profile). So, there have been questions about how quickly and cost-effectively reductions can be achieved. Australia's economy is highly dependent on fossil fuels, and its extractive industries have high energy-intensities. Establishing a sophisticated national carbon pricing mechanism, which includes a fixed price (carbon tax) transitioning into a non-fixed price (emissions trading scheme), has become a central pillar in the government's climate plan. Much ingenuity has gone into making Australia's package of clean energy legislation politically difficult to repeal, particularly by the distribution of expected auction revenues to politically-sensitive constituencies. The country's legislative package introducing the carbon pricing scheme will enter into force on 1 July 2012.

Targets and Abatement: Australia's emissions reduction target is currently 5% of 2000 emissions by 2020, with flexibility to potentially increase to 15%-25% of 2000 emissions depending on level(s) of ambition and state of climate negotiations over the coming years. Under Business-as-Usual (BAU) conditions, Australia's greenhouse gas emissions growth trajectory is set to increase by 2% over 2000 levels by 2020. Therefore, in order to meet the legislated 2020 reduction target, Australia has a material amount of abatement to realize domestically and via the "import" of international reductions. Government modeling estimates that for Australia to reach its 2020 target, Australia will require approximately 160MT of greenhouse gas emissions abatement, and that 94MT of that total (in 2020) must come through the "import" of international offsets.

National Climate Plan – Four Core Components: In July 2011, Australia released its national clean energy plan, “Clean Energy Future”, featuring four central pillars to help the country meet its legislated carbon target: 1) *Carbon Pricing Mechanism (fixed price leading to an emissions trading scheme), with revenue raised going to assist households and business;* 2) *Renewable Energy promotion and innovation;* 3) *Energy Efficiency incentives;* and 4) *Land-use opportunities to cut pollution and improve productivity, sustainability, and resilience.*

Carbon Pricing Scheme – Core Design Elements & Timeline: Under the hybrid carbon pricing scheme, trading will start at a fixed carbon price of AUD23/tCO_{2e}, increasing over three years by 2.5% per year in real terms. A floating price scheme, starting in 2015, will launch at an expected price of AUD17/tCO_{2e}. In terms of coverage, the pricing mechanism covers 60% of Australia’s domestic greenhouse gas emissions, which includes transportation emissions but excludes agriculture and forestry. The annual volume of allowances is determined by regulation on a five-year rolling basis (based on advice from an independent review body). 2015 through 2018 represents a transition phase that will be supported by a price collar: the ceiling will be AUD20 above the expected international price; and the floor will be set at AUD15/tCO_{2e}, rising by 4% in real terms per annum. Initial allowance auctions are scheduled to occur in mid to late-2013; however, this date might be delayed due to government elections.

Domestic Offsets: Australia’s legislation allows for a substantial amount of greenhouse gas offsets – domestic and international offsets – to be used as one of the only methods for containing the costs of applying the carbon pricing scheme and national target to an economy that expects continued future growth in energy-intensive industries and processes. *Australia will likely develop non-CDM offset methodologies to take advantage of regional trade opportunities and build political alliances.* At first, however, the Australian emissions trading scheme will only allow domestic offsets to be used for compliance. The domestic offset scheme is limited to the Agriculture and Forestry Initiative (Carbon Farming Initiative, CFI). Abatement costs within Australia will remain relatively high and therefore the opening-up of the trading scheme will move on rapidly beyond domestic offsets. The export of domestic offsets is not allowed during the initial three-year fixed carbon pricing period, unless bilateral linkages are created. After this point, however, the export of domestic offsets is unrestricted. During the fixed price period, the offsets derived from CFI actions are limited to 5% of an entity’s compliance. In 2015, CFI offsets will be allowed without any restrictions. The supply of CFI offsets is estimated to be between **5MT and 800MT** per annum by 2020.

International Offsets: Starting in July 2015, once the flexible carbon price comes into effect, the Australia scheme will allow international offsets to be used for compliance. Initially, eligible international units will include Kyoto units – Certified Emissions Reductions (CERs), Emission Reduction Units (JI), and Removal Units (LULUCF). The program is designed to consider acceptance of a wider range of international offset credits depending on how international and regional/bilateral discussions and linkages play-out over the coming years. There is a limit to the amount of international offsets a covered facility can use to meet compliance: no more than 50% of company’s annual compliance obligation may be met with international offsets. In light of the quantitative restrictions, demand for international credits is expected to be between **94MT and 330MT** per annum by 2020.

Price Floor: The design of Australia’s carbon pricing scheme limits the potential for comparative prices to allow international offsetting to dominate domestic action through a “price floor” on international units, which will run for three (3) years. The **“International Unit Surrender Charge (IUSC)”** applies to units when they are surrendered for compliance. The intention here is to increase the “cost” of international units to the level of the floor price by effectively imposing a true-up charge. The Australian Government is currently considering options for how the charge on emitters will work in practice. The IUSC Regulation is likely to be set by mid-2012.

Competitiveness: Under Australia's scheme, greenhouse gas allowances will be allocated via both auctioning and free allocation to large emitters. Auctions will have a price floor for the first three years of the flexible price period. Free allocations will be made to emissions intensive and trade exposed industries (EITE) such as steel, cement and aluminum. Free allocation will satisfy either 94.5% or 66% of an industry's emissions exposure, depending on qualifying circumstances; these allocations then decline 1.3% per year to ensure that incentives exist for covered businesses to improve emissions intensity. Free allocations will be delivered to emitters (40% outset).

Linking: Australia is open to linking with other systems as long as there is: a mutually acceptable level of program ambition; adequate and comparable MRV, compliance, and enforcement; and compatible design and market rules. Australia is currently exploring program linking with both New Zealand and the EU ETS.

2. New Zealand

Rob Fowler, IETA's special Australia/New Zealand Representative, discussed how New Zealand has had a national greenhouse gas emissions trading program in place since July 2010. New Zealand's intent was always to link with both Australia's market (once established) and other international carbon markets. For various reasons, this transition and opening/linkage of New Zealand's market did not occur as quickly as originally expected. New Zealand's program is quietly moving along, with both sides of the government showing support for its continuation.

General Overview: New Zealand is an anomaly in the world of emissions trading, given the notable lack of industrial emissions – only one large coal-fired power plant currently operates in the country. New Zealand's agriculture industry accounts for half of its domestic greenhouse gas emissions; however, the agricultural sector is not currently covered under the national emissions trading program. Recently, there has been some thought as to how to include the agriculture sector, although nothing concrete has yet been proposed. To meet their compliance obligations, covered entities under New Zealand's program can purchase unlimited international units or New Zealand Allowances (NZUs). As of March 2012, spot permits under New Zealand's scheme were trading around NZD8/tCO₂e; NZU prices have "gradually found their footing", according to various sources. This represents a significant fall from around NZD 20; a decline prompted by a weakness in the European market.

Linkage – The Promises & Challenges: One of the most interesting aspects about the NZ emissions trading scheme is its potential to link with the emerging Australian system. However, questions remain as to whether linking would completely harmonize the programs, or whether the two schemes would continue using their own emissions units. Further issues arise about how industry compensation might work, and how forestry might be included, under a bilaterally linked scheme. However, eventually, it appears inevitable that NZ and Australia will link programs.

Major Decision Factors to Address in Harmonizing & Linking – Forestry, Price Signal: With regard to linking, the two big issues are forestry and price signals. Forest credits are very significant for the NZ ETS – the forestry sector gives large numbers of credits for afforestation projects, which wouldn't get credit in the Australian system currently. This will be a very interesting program element to look at when the two programs move forward with linking discussions. Price will also be a factor: New Zealand will likely not want a price as high as what is expected in the Australian system.

Design Review & Modifications: A recent program review of the NZ emissions trading scheme is aligning the program design to more closely reflect the Australian scheme, with a view to improving conditions for future linking. Further, the two countries are already quite closely linked in various other areas, including their social infrastructure through unemployment benefits and other labour relations. By 2015, a fairly strong and clear link will materialize between the two programs – however, to what exact that linking occurs remains uncertain.

3. South Korea

Kwangyul Peck, Senior Advisor with Korindo Group & Climate Advisor to the Indonesian Senate, opened up the South Korean-focused presentation with a take on the country's current political and low-carbon policy setting.

General Overview: The **Korean Green Growth Act**, legislated in 2009, provided the legal foundation to implement a national greenhouse gas cap and trade program. Subsequently, there have been several attempts to pass an official emissions trading bill. Korea's most recent emissions trading bill experienced delay largely due to arguments that the timing of international political uncertainties/elections were not conducive to passing such an important domestic bill (e.g. key 2012 elections in the US, France, Russia, and the Chinese governing adjustment). The legitimacy of this argument is not what matters – in Korea, the question is not “if” the country will implement an emissions trading scheme, but “when” that scheme will be implemented.

Political Context & Green Growth Leader: Both the government and opposition generally support the implementation of an ETS, which may partly be attributable to the fact that Korea receives quite harsh and visible climate effects. Korea has also clearly established itself – on the global stage – as a leader in defining the “green growth” agenda. However, industry push-back on carbon pricing remains fierce in the country, with persistent opposition potentially watering-down the current version of the emissions trading bill. Korea will see a parliamentary election in spring 2012. The opposition party – a group that could easily win the election -- is recognized as being more environmentally-friendly than South Korea's current regime. If the opposition wins the spring election, there's a very real possibility that the current climate bill might be dissected and re-created to increase in stringency.

Korea – Looking Ahead: The future direction of carbon markets will inevitably be localized and regionalized. There is serious potential for bilateral and multi/pluri-lateral partnerships to emerge around Asia Pacific where Korea is a member... with 2015 potentially being a watershed year for the launch (or broadened coverage) of key initiatives. Even if Korea's current bill is not passed through this parliament, it will most likely be re-written and passed after the upcoming parliamentary elections in spring 2012. As domestic abatement in Korea will be seen as overly expensive, it's likely that any future program will accept international offset credits – and not solely UN-approved international offset units.

4. South Korea (Forestry)

Dr. Chong-Ho Park, Director General of the Forest Policy Directorate with the South Korean Government, provided insight into progress on the country's plan and roll-out of its REDD strategy.

Korean Forest Carbon Offset Scheme and REDD: The reforestation model in Korea began about 50 years ago and has achieved some quality results. Forest covers 6.5 million hectares, about 65%, of Korea's total land area. The country's emission reduction target is 30% below 2009 levels by 2020. Along with that target, the government has introduced a national Reduced Emissions from Deforestation and Degradation (REDD) strategy, whereby it aims to secure carbon credits (initially) from South-East Asian countries. In the future, sourced REDD credits are expected to be used as compliance units under Korea's future emissions trading scheme and help the country meet its national target at least-cost.

Official Act Passed: Last year the government implemented the Act on Management and Improvement of Carbon Sinks, which is a legal framework on climate change in the forest sector, and will be updated every five years. The Act established a supervised committee that overlooks the development and management of a carbon inventory, and works to develop the carbon offset scheme touched on above. The Act contains within it provisions on afforestation, reforestation, revegetation, REDD, and forest management.

Development of REDD: The committee established by the Act is tasked with the identification of domestic standards for a forest carbon offset scheme based on international standards, taking into account additionality, measurability, validity, enforceability, and permanence. Because REDD issues are still under discussion at the international level (New Zealand is currently the only compliance jurisdiction that allows REDD offsets), a high priority is given within Korean Forest Service to REDD research and capacity building, as well as education for related officers in the government and private sector. The government and private sector in Korea still have a poor understanding of REDD, and therefore capacity and awareness building is very important. In the meantime, the Korea Forest Service will continue to work in cooperation with other developing countries to pursue opportunities to get involved in REDD project, where appropriate.

5. Japan (Deck Available Online)

Kensuke Murai, Manager within the Global Environmental Projects Department of the Emission Credit Business Sector at Marubeni Corporation, presented on the Bilateral Offset Credit Mechanism (BOCM) that the Japanese government is currently exploring.

General Overview: While a national emissions trading scheme is not imminent in Japan, the country is exploring some innovative export-linked and targeted offsetting options – and non-traditional bilateral agreements – in order to help meet its reduction target. For some time, it was assumed by the international community that Japan would be a significant – and lasting – source of international demand for international Kyoto units; however, this is no longer the case.

Target: Japan has agreed to a national reduction target of 25% by 2020 compared to the 1990 baseline; a target that is conditional on the emergence of a “fair and effective international framework”. Unfortunately, in a post-Fukushima context, the 25% target has become much more challenging for Japan to achieve at reasonable cost. The government is beginning to publicly distance itself from this target and has declared that it won’t agree to a second commitment period under the Kyoto Protocol (in contrast with the EU). There is a risk of a significant mid-term increase in carbon emissions if Japan chooses to completely phase-out nuclear; a full replacement of nuclear electricity production through fossil fuels could raise Japan’s emissions by 18% in 2020 compared to 1990.

Policies & Measures: Planned policies and measures include a comprehensive mandatory domestic emissions trading scheme for which legislation is already drafted, but this has been buried for the time-being given the current national political and economic challenges over the last two years. Japan currently imposes a tax on the carbon content in fossil fuels consumption. The country also introduced a feed-in-tariff in 2012 for renewable electricity. The existing voluntary emissions reduction scheme operated by the Keidanren business organisation has been a powerful driver of international offset markets over the first Kyoto commitment period, with high levels of registration.

CDM Concerns: A main driver behind Japan’s support for a Bilateral Offsetting Mechanism is its negative experience (and sentiments towards) Kyoto’s Clean Development Mechanism. Japan maintains that CDM is inherently challenged in promoting scaled-up reductions in developing countries for a number of reasons: process of the UNFCCC takes years and there is a constant delay in its schedule; CDM methodologies are overly restrictive and do not always align with individual host country situations; and major clean technologies, such as nuclear power, are limited or excluded within the CDM.

Bilateral Offsetting Scheme: A host of Japanese bilateral offset schemes are currently underway. There are different variants of these schemes supported or co-supported by different agencies, including the Ministry of Economy, Trade, and Industry (METI) and Japanese Bank for International Cooperation (JBIC). However, the general concept and core design elements remain similar: calculate the total tonnes of carbon saved from deviations from BAU emissions pathways, which are expected to be achieved by the deployment of exported Japanese low-carbon technology in targeted developing countries; once generated and confirmed (using Japanese Monitoring,

Reporting, and Verification standards), tonnes are added to Japan's domestic reduction achievements. The transfer of technologies for credits would be negotiated bilaterally on a case by case basis.

Feasibility Studies: Japan is currently conducting a study of different methodologies and potential offsets projects possible in various host countries that could be funded by the BOCM. The METI and the Ministry of Environment (MOE) have begun to fund feasibility studies in order to define relevant methodologies, baselines, and Japanese Monitoring, Reporting, and Verification (MRV) standards for targeted projects. The feasibility studies will also evaluate financial benefits of the bilateral credits and estimate the amount of emissions reductions associated with each project. Examples of **project types** that Marubeni Corporation is currently exploring (with the Japanese government) in Indonesia include CCS projects, REDD+ projects, and geothermal power projects.

Future Uncertainty Regarding Usage & Recognition: How Japan might use future streams of bilaterally generated and agreed-upon offset credits remains murky at this point. There have been whispers that the government may permit the use of credits for more than just achieving reduction targets; for instance, the government may choose to sell excess credits on the international market. There is further uncertainty as to whether these credits might be eligible to meet compliance obligations under the city of Tokyo's cap and trade scheme for commercial buildings; the government has not yet specified whether this will be possible or not.

Tokyo – Municipal Emissions Trading Program for Building Sector

Although workshop participants didn't have an opportunity to cover the initiative in Vancouver, it is worthwhile to briefly recognize the City of Tokyo's innovative city-wide emission trading system. The program, implemented in April 2010, extends to over 1330 facilities and covers 40% of commercial and industrial sectors' emissions in metropolitan Tokyo. The program focuses exclusively on energy efficiency in commercial and building sectors and allows for offsets to be used to meet compliance. There are currently plans to extend the program to other prefectures in the Tokyo Metropolitan area.

6. California

James Goldstene, Executive Officer of California's Air Resources Board (ARB), began by providing a high level overview of California's climate plan and cap and trade program, which is set to launch on 1 January 2013. The California Global Warming Solutions Act (AB 32), passed into legislation in 2006, requires a state-wide emissions reduction of 25% compared to 1990 levels by 2020. AB 32 also requires ARB to develop regulations to achieve this target, which include the design and implementation of a cap and trade program and tradable compliance market-based instruments (offsets) to achieve targets at least cost. **Core Design Elements:** Under California's program, the cap covers 85% of the economy's greenhouse gas emissions, including: large industrial sources and electricity generation and imports (beginning in 2012); and transportation fuels and natural gas for residential/commercial use (beginning in 2015). Free allocation of allowance permits is based on emissions efficiency benchmarks and are set to reward highly efficient, low-emitting facilities within each sector. In the electricity sector, the initial free allocation will cover 90% of the sector's historical emissions. All remaining, unallocated permits will be auctioned. Key decisions around the distribution of auction revenue (e.g., reinvestment in energy efficiency and low-carbon technologies, recycled to consumers and industry to compensate for higher energy costs etc.) are still under debate in the state. Flexible compliance options under California's program include: allowance trading, multi-year compliance periods, banking, an allowance reserve, offsets, and linkage.

Pricing and Auction Revenue: With a US\$10 auction floor price, about \$650 million of revenue would be generated – and double that if the auction price went to \$20 (futures are trading somewhere in between). California therefore expects that \$50-70 billion will be accrued through auctions between now and 2020, potentially. How this revenue is spent is a major issue, with some arguing that it should be used for general tax reductions, and others wanting it re-invested in low-carbon technology. However, as outlined in AB32, auction revenue must be used for something that addresses the climate challenge and reduces greenhouse gas emissions; therefore, it would be difficult to legally justify funneling the revenue back via general tax reductions.

Near-Term Linking: California is currently in the process of developing an MOU with the province of Québec in order to link cap and trade systems. The goal is to have programs linked in time for a joint first auction in 2012 (recently announced as November 2012, delayed from August 2012).

7. British Columbia

Jessica Verhagen, Lead Negotiator and Director of Business Development at British Columbia's Climate Action Secretariat, presented the province's approach to reaching its ambitious climate targets, as well as shed light on the province's continued role in the Western Climate Initiative (WCI).

General Overview: In 2007, British Columbia (BC) legislated a provincial greenhouse gas reduction target of 33% below 2007 emissions by 2020; by 2050, the province aims to be 80% below its 2007 emissions. BC has designed and, in some cases, implemented a suite of policy measures to reduce emissions across the province. Most prominently, a provincial carbon tax was introduced in 2008, and a carbon neutrality mandate has been introduced to all public sector operations; the latter of which is largely achieved through the sourcing of BC-based offsets via the Pacific Carbon Trust (PCT). A general provincial election will be held in BC in spring 2013.

Carbon Tax: BC's carbon tax is revenue neutral, meaning that all funds accrued are funneled back into the provincial economy through targeted tax breaks. The carbon price began at CAD10/tonne in 2008 and increases CAD5 per year until a CAD30/tonne price is reached in July 2012. As discussed during the workshop, it does not appear likely that the tax rate will increase above CAD30 over the near-term for various political and socio-economic reasons. According to recent polls, the carbon tax is enjoying relatively high support, with ~57% of British Columbians approving of the mechanism and its objective.

The Challenge: BC's carbon tax covers fuel use and purchases. However, the tax does not cover industrial process emissions, venting, or fugitive emissions. The province's range of climate policies were originally intended to meet 73% of its 2020 reduction target, but – mainly in light of the unforeseen investment in shale gas – it is now estimated that only **52% of BC's 2020 target will be attainable under the currently implemented policy regime.**

Western Climate Initiative Involvement & Support: BC has played a major role in helping to design (and communicate the benefits of) North America's emerging regional greenhouse gas cap-and-trade program, the Western Climate Initiative (WCI). The province remains involved in the initiative, and continues to lead the group's sub-committee on offsets design. BC applauds the work that Québec and California are currently undertaking in exploring options to effectively link their trading programs by late 2012. Despite current challenges and policy delays, BC will continue to stay involved in the WCI and hopes to eventually join as an active trading partner.

Offsets & Pacific Rim Linking: The province is currently exploring viable opportunities to potentially export real reductions from BC projects into compliance regimes across North America and beyond. This might be California, Québec, Australia, and beyond. Discussions are preliminary and quantifiable benefits are nascent, but promising.

Session 2: State of Regional Carbon Markets and Pacific Rim Linkages

Jelena Simjanovic, Point Carbon Thomson Reuters Lead Analyst on emerging markets, delivered a deep-dive presentation, exploring the development of a number of regional carbon markets and the evolution of regional and cross-pacific market linkages, including California's new greenhouse gas cap and trade program and other Western Climate Initiative (WCI) jurisdictions. The presentation touched on other material policy and market developments, including the Clean Development Mechanism (CDM) and China's provincial emissions trading pilots and Australia's carbon pricing mechanism.

Regional Emissions Trading Coalitions and Momentum: A wave of new emissions trading schemes are emerging—many of which have 2015 as a targeted start date—including: Australia, South Korea, and China, with even more markets likely to emerge shortly thereafter. In 2015, WCI jurisdictions – expected to broaden beyond California and Quebec by this timeframe – will enter the second-compliance period, growing to encompass fuel and transportation fuels, and therefore materially expanding the North American regional market in both volume and growth. Emissions trading will remain one of the major policy tools for reducing GHG emissions. And although the likelihood of a global market with a harmonized carbon price governed by an international governance structure (like the UN) looks less and less realistic, the potential for regional emissions trading hubs, linkages, and harmonized standards/recognition of carbon reduction/allowance units across borders aligning with trading blocs is increasingly becoming a future reality. These regional trade scenarios, in which carbon plays a role, should not only be on public-private radars, but should begin informing future climate, trade, and investment decisions across relevant businesses and governments.

Clean Development Mechanism (CDM): The main sources of supply for the CDM have been China, India, Korea, and Brazil, while the main sources of demand have been the EU and Japan. However, from 2013 onwards, new restrictions in the EU will limit acceptable Certified Emissions Reductions (CERs) to least-developed countries (LDCs) only. This will stunt CER demand significantly (and already has started to). Further, because of a lack of any international binding agreement, there has not been an increase in demand for CERs as had been hoped. The CDM market is expected to be oversupplied with credits to 2020. CER prices are expected to remain low due to this oversupply, although Point Carbon expects a price increase leading towards 2020 based on estimates of post-2020 demand.

California and WCI Provinces: In terms of an expected California/Québec linked market, Point Carbon expects an oversupply of offsets in the first compliance period, but **with the addition of transport emissions in 2015, an offset shortage is expected in the medium to long-term based on current offsets methodologies accepted.** That could change contingent on whether a broader range of offset credits are eventually allowed into the system.

China – National Plan: China has been studying the effectiveness of cap-and-trade approaches as a means of improving energy efficiency and cutting emissions for many years. Clear ambition to start a cap-and-trade scheme first came up in the 12th five-year-plan in 2011. The plan includes key mandatory targets for energy, which are: a 16% reduction of energy intensity; a 17% CO₂ emissions reduction per unit GDP; and an increase in the use of non-fossil fuel energy sources to 11.4% of primary energy consumption (currently at 8.3%). These targets are in line with the overall Chinese commitment to reducing carbon intensity by 40-45% by 2020.

China – Pilot Overview: In stark contrast to China's long-standing position in international climate negotiations, even absolute carbon caps are no longer taboo in current discussions. The National Development and Reform Commission (NDRC) aims to begin seven sub-national emissions trading scheme by 2013. Five cities and two

provinces will host different pilot ETS, which will allow for significant design differences (see next page). It appears to that the government intends to implement a full national scheme based on the most successful of these pilots in the next 5-year plan, possibly by 2015. The schemes are expected to cover heavy industry such as metals and cement, as well as power. The NDRC's guidelines for 'transfer of post-2012 emission reductions' include rules for approving and denying post-2012 credits to foreign buyers, increased governmental revenue sharing for HFC, N₂O and PFC projects and signs that the Chinese government could be interested in the use of non-EUETS-eligible credits for domestic consumption. It is widely expected that some use may be made of CERs from projects in non-pilot jurisdictions that are no longer able to be sold into the EUETS.

China - Timeframe: Point Carbon believes that only two of the seven pilot programs will be ready to launch by 2013: Shanghai and Shenzhen. With this in mind, it may not be realistic to believe that a national Chinese emissions trading scheme would be ready to launch by 2015. Further, emissions data in China is not very reliable. The power sector (mostly coal) is the only sector with available (and somewhat reliable) data, making it all the more difficult to set up and develop adequate benchmarking and reliable MRV standards and registries within a short timeframe.

Session 3: State of International & Regional Standards

IETA and ISO Interests in a Carbon Market – Moving the Carbon Agenda Forward: In the current turbulent world of global carbon negotiations, the Kyoto process (for many) is too prescriptive and voluntary standards too loose. Today, an emerging third option is International Standards Organization (ISO) Environmental Standards, which involve internationally recognized credible standards without the baggage of Kyoto. More specifically, the ISO 14000 series boasts international environmental standards that raise the bar for business with achievable cost-effective targets under the ISO label.

History and Standard Creation: ISO standards first moved into the environmental sphere in 1992 following the Rio Summit. Canada was made the chair of the ISO 14000 series, with 108 countries formally involved and more as observers. Standards are created on request from industry or governments. Upon the request, an ISO working group is created from professionals in the field from industry, government, academia, and NGOs. Once a standard is created, companies voluntarily adopt it – but once adopted, the company must follow all of the provisions of the standard. In some cases, standards have been adopted by governments instead of creating their own standard.

14000 Series Details & Updates: Some existing standards in the 14000 series include: Environmental Management Systems; Environmental Reporting and Communication; Life Cycle Analysis, and Carbon Footprint Standards. These standards serve the following purposes:

- *To clarify and add value to products;*
- *To define, document, and encourage best practices by industry;*
- *To create a bottom-up process from actual industrial practices;*
- *To create benchmarks for industry comparison and competitive advantage;*
- *To promote transparency and accountability to the public;*
- *To contribute to a level playing field for fair trade;*
- *To allow for conversion into government regulation;*
- *To provide environmental grading for consumers' choice.*

Today there are protectionist environmental barriers to trade. The ISO label on a product documents best practices, making it difficult to apply non-tariff or tariff barriers to those products. Further, the endorsement from UNEP gives the ISO 14000 series international credibility, as well as status under the UNFCCC climate change process. The ISO system has proven to be a useful complement to CDM projects, allowing credits to be created and then sold in global carbon markets. It has also been a significant improvement from the chaotic nature of individual voluntary commitments in terms of increasing public confidence and credibility.

Shared Carbon Market Interests: While ISO and IETA are separate organizations with separate goals, there is an overlap in the conditions necessary to create carbon reform and trading. As more carbon markets crop up across the globe, a patchwork of schemes with different MRV systems makes it difficult to link into more effective and larger programs. It is in both the interest of ISO and IETA to promote unified standards and avoid fragmentation in order to provide clarity and consistency to markets as more and more ETS come to pass.

Session 4: Business Perspectives on Climate Policy & Financial Innovation

Session Overview: In addition to providing a compliance entity's perspective on evolving and fragmented low-carbon policy, regulatory, and market developments around the Pacific Rim, the final workshop session focused on the demand for, considerations associated with, and the status of, an innovative new breed of low-carbon financial instruments emerging and/or being explored across Pacific Rim economies and beyond. Presenters shared private sector perspectives on what's necessary – from a policy and risk-sharing perspective – to catalyze scaled-up low-carbon finance and investment. Discussion also explored the potential role that governments can play in leveraging private dollars into low-carbon projects, particularly across energy and forestry sectors.

Session Speakers:

- 1. Compliance Entity Perspective: Jeff Hopkins, International Climate & Energy Principal Advisor, Rio Tinto**
- 2. Financing Clean Technology & Green Infrastructure: Rod Lever, Clean Tech Lead, Strategic Accounts, Export Development Canada & Bill Tharp, President & CEO, Climate Change Infrastructure**
- 3. Financial Innovation (The Australian Experience): Emile Abdurahman, Executive Director Investment, Morgan Stanley, Australia-Asia**
- 4. Financing Green Growth and REDD: Mike Korchinsky, President & CEO, Wildlife Works**

1. Compliance Entity Perspective (Deck Available Online)

Jeff Hopkins, International Climate & Energy Principal Advisor with Rio Tinto, presented an industry perspective on the climate policy developments occurring across the Pacific Rim.

General Overview: Rio Tinto is an energy intensive industrial that emitted over 500MT in 2011 and has active operations across several Pacific Rim jurisdictions, including Australia and British Columbia, with varying levels of policy – and carbon compliance obligations – throughout. Unsurprisingly, Rio Tinto's core objective is to maximize total shareholder return by sustainably finding, developing, mining and processing natural resources. However, a patchwork of policy signals very much hampers investment decision-making. Policy-making can change quickly, whereas investments may take up to 50 years before any return is seen. It is therefore very difficult to make long-term decisions within a patchwork of different, changing, and non-uniform low-carbon policies. Above all, Rio Tinto wants to see policy consistency, certainty and long-term coordination.

Align Policy Approaches and Learn from other Jurisdictions: Jeff believes that Pacific Rim climate policy leadership has the potential to serve as a template for others to follow. A number of policy innovations in Pacific Rim jurisdictions could be adopted elsewhere, such as WCI benchmarking provisions for heterogeneous sectors. Rio Tinto would also like to see 100% of a covered entity's compliance obligation able to be fulfilled by offsets credits, as is (or will be) the case in New Zealand and Australia's ETS. Another policy approach that should be championed across regions is the investment of carbon pricing revenue into developing low-carbon technologies, as is the case with Alberta's technology fund and Québec's fuel tax. Ultimately, economies and markets are interconnected, such that no jurisdiction can adequately take policy action in isolation. Copying and aligning "good" policy from one jurisdiction to another should be encouraged. For jurisdictions where policy uncertainty remains, policy makers should strive to, at the very least, provide the building blocks or framework to encourage long-term investments in low-carbon technologies.

2. Financing Clean Technology and Green Infrastructure – Joint Presentation

Rod Lever, Clean Tech Lead for Export Development Canada (EDC), and **Bill Tharp**, President and CEO of Climate Change Infrastructure, took the stage at the same time to discuss various efforts and options to leverage and encourage a level of private sector investment in low-carbon clean technology necessary in order to see reliance on fossil fuels reduced.

Risks Associated with Investing in Fledgling Low-Carbon Technology: According to **Rod Lever**, clean technology finance has to be scaled up – how to do so is what EDC wrestles with constantly. Banks, lenders, and financial institutions are in the business of deploying low-risk financing and generally have no tolerance for technical risk – which is often present in clean technology development. You therefore don't find many banks financing new technologies until these technologies are deemed completely safe or free of technical risk. In parallel, we find growing interest – by a variety of public entities at all levels – in funneling resources into a range of clean technologies to achieve real and quantifiable reductions (e.g. the Green Climate Fund).

Methods to Lower Risk and Scale up Financing: According to Rod, some level of technology maturity needs to exist to attract investment. The technology doesn't have to be proven, but some level of maturity, even at the test pilot stage, needs to exist. At this point, a support organization, like EDC, might be willing to consider investing. EDC, supported by the national government, is able to take on a higher degree of risk than private sector financial institutions, including when addressing low-carbon technology investment opportunities. Upon selecting an investment opportunity (with a good track record), EDC underscores the benefits linked to adding project performance guarantees to the final clean technology investment deal; such an arrangement makes risk contingent on certain pre-determined project milestones, which could work to entice added investment into the projects.

Green Infrastructure: In **Bill Tharp's mind**, the world has entered a time where infrastructure represents the catalyst for clean technology investment. By investing in green infrastructure, not only do you get the profits from the return on your infrastructure but you can also acquire carbon credits and sell them to further increase your return. For these types of projects, investors should focus on non-OECD countries. Infrastructure projects within the OECD have a real return of about 6%; for non-OECD countries that rate of return is closer to 15%. Pacific Rim countries are a perfect place to invest with a growing population of 2-3 billion.

Mobilizing Capital for Green Infrastructure? The answer, according to Bill, is to mobilize large amounts of capital through pension funds from countries like Australia and Canada, where the existing capital has the potential to leverage vast amounts. In order to encourage financing from institutional investors, the transparency of returns needs to be improved. The return of capital is much quicker when carbon – as a commodity and an embedded value – is involved in the infrastructure investment equation.

3. Financial Innovation (Australian Experience) (Deck Available Online)

Emile Abdurahman, Executive Director of Investment at Morgan Stanley- based in Australia-Asia – provided a detailed overview about low-carbon financial innovation, focusing on the Australia experience. As Emile stated, “The first challenge in raising finances for clean energy is, simply put, resources are scarce... much of the currently available financing for energy is channeled into fossil fuels and mining”. Given this reality, we don't see a lot of resources remaining for low-carbon investments.

In **Australia**, banks simply don't have a large amount of capital to begin with, and most of their capital has to be raised from foreign entities at the front-end. Australia doesn't have the capacity in normal markets to raise enough capital for sufficient clean energy financing. Further, public-private partnerships are very much lacking. While there is some potential in pension funds, when looking at the bigger picture, “there's too little spread too thin” across all the different clean energy choices.

Key Australia Facts – Economy, Industry, Emissions: Australia is currently the world’s largest coal exporter (both thermal and metallurgical), and currently the world’s largest uranium exporters. By 2020, the country will be the world’s largest LNG producer and exporter. Australia’s per capital – or per unit of GDP – emissions are among the highest of the G20 countries. In the absence of future policy action, the country’s 2020 emissions are projected to be 690MTCO_{2e}, or 24% above 2000 levels (as high as 25.5t per person basis population of 27MM). The country’s Clean Energy Legislation commits the country to a policy target of 5% below 2000 levels by 2020 (530MT) without a global agreement (see above summary for more details about the Australian story).

Unspoken Reality: The Asian Geo-Political Compact

Dealing with low-carbon investments and climate is not simply about Australia but about the regional trade context and understanding the country’s trade partners: China, Japan, India, Korea, Taiwan, and South-East Asia. All of these partners rely heavily on Australia for energy supply security. This is the “unsaid, understood Asian Geo-Political Compact”.

Key Highlights – Clean Energy Scheme: Australia’s “clean energy scheme is not just an emissions trading scheme...it is a plan for economic transformation”. The fixed to emissions trading hybrid pricing approach is projected to raise over \$24.5 billion over the first three-years (\$8.2 billion per annum) from the sale of 333 million tonnes of carbon allowances. Australia cannot meet its abatement target without accessing cheaper international units. Without offsets, there would be no cap on domestic abatement costs and insufficient opportunities.

Size of the Australian ETS: At \$20/t the market size is \$9 billion annually: a substantial sum. There is a large requirement for international units to enter this market – depending on prices and volume of gratis allowance allocation, this could be as high as 36% of the total emissions trading scheme. Important outstanding issues related to Australia’s carbon pricing scheme remain, which is hindering decisions and activity from the investment & broader business community, including: auction timing & allowance volumes; auction design rules (e.g. ascending clock structure?); and performance bonds or bid guarantees required to participate (rationale?).

Early Auction Participation Benefits: From an intermediary’s perspective, there are clear reasons to participate in early auction, including: *Liquidity* – Australian Emission Units (AEUs) will always be required for 50% compliance; *Hedging Forward Price Sales* – Forward power prices will reflect the implied cost of carbon; generators wanting to hedge forward power sales must have a strategy to hedge forward carbon prices; and *Unlimited banking* (5% borrowing) – AEUs of prior year’s vintage can be rolled forward to be used for compliance in any forward year and 5% of future vintage certificates can be surrendered for compliance.

Domestic Offset/Abatement Participation Benefits & Risks: Under Australia’s domestic offset scheme – the Carbon Farming Initiative (CFI) – a number of benefits, but also certain risks, currently exist. With respect to CFI’s benefits, the program: addresses Australian Sovereign Risk; enhances flexibility and reduces cost by not limiting Australian Carbon Credit Units (ACCUs) for domestic compliance; enables the sourcing of long-term ACCUs from projects priced as low as AUD5-10/t (e.g. landfill gas and natural vegetation) to as a high as \$10-15/t (e.g. reforestation); enables the export of Kyoto-compliant ACCUs, which provides more market opportunities for investing and trading; and no foreign exchange exposure – unlike international Kyoto units (e.g., CERs), ACCUs will be dominated by the Australian dollar.

4. Financing Green Growth & REDD (Deck Available Online)

Mike Korchinsky, President and CEO of Wildlife Works, detailed a new campaign named Code REDD that Wildlife Works is pioneering, which essentially involves the sourcing of forest carbon offsets projects in developing countries, and then using the profits from selling the offsets credits to help employ the local community and build infrastructure. The idea behind the campaign is to make the conservation of forests more beneficial for the community (or local government) than selling the forest to be logged.

The Benefits of REDD: Annually, 7 billion tCO₂ is emitted due to deforestation around the world – equivalent to 17% of global emissions – more than any one industrial sector except energy. Enabling much of this deforestation are large monetary incentives coming from the timber industry, the beef industry, the soy industry, and more. Code REDD aims to build off of the Reduced Emissions from Deforestation and Forest Degradation (REDD), which aims to make forest more valuable alive than dead. REDD puts a monetary value on saving forests and avoiding the emissions that would have been released.

The Demand Challenge: The challenge, however, is finding demand for the offsets credits emanating from REDD projects. Because the MRV is quite challenging for many REDD projects in developing countries, REDD offsets credits are mainly limited to voluntary markets (besides New Zealand, and possibly a future Korean ETS). And because REDD offsets are not in high demand, it is challenging to raise the necessary capital to finance projects. However, Wildlife Works has increasingly been sourcing financiers and partners, and expanding the scope of their REDD projects. Wildlife Works has sold over 2 million Verified Emissions Reductions (VERs) in carbon markets, with many more expected in coming years, particularly as REDD MRV improves and compliance markets increasingly consider REDD an option.

WRAP-UP AND LOOKING AHEAD

Pacific Rim Climate Dialogue

Based on positive feedback and a collective desire shared by participants/organizers (and those unable to join the Vancouver sessions) to “learn more” about, and deepen engagement on, regional low-carbon developments and opportunities, organizers are now putting plans in place to launch future similar events. Looking ahead, we aim to dedicate resources to building a longer-term, coordinated trans-pacific dialogue – involving both governments and business – which focuses on low-carbon trade, policy, and financial innovation & coordination in the 21st century. For additional details, or to become involved in future discussions, please contact IETA.

ABOUT IETA

The International Emissions Trading Association (IETA) was created in June 1999 to promote a functional international framework for trading greenhouse gas emission reductions. It was the first business group devoted to pricing and trading greenhouse reductions. IETA is based in Geneva and has currently offices or representation in Brussels, Toronto, Washington DC, San Francisco, Beijing, Melbourne and Seoul. IETA represents over 150 members across the carbon trading cycle, thereby providing a collective and effective business voice on carbon pricing. IETA is dedicated to supporting the United Nation Framework Convention on Climate Change (UNFCCC), but also the establishment of effective market-based emissions trading systems that are demonstrably fair, open, efficient, accountable and consistent across national boundaries, whether based within or outside the UNFCCC framework. IETA is committed to maintain social equity and the environmental integrity while establishing these systems. IETA provides its members with regulatory updates on carbon finance developments, advocates in favour of efficient markets and regulatory certainty, informs policy makers and provides platforms for exchanges of information and views through hosting or co-hosting carbon trade fairs conferences on all continents. For more information about IETA, to learn more about membership benefits, and/or to be involved in future international or regional low-carbon dialogues, contact Katie Sullivan, IETA's Canadian and Finance Policy Director, at sullivan@ieta.org.

