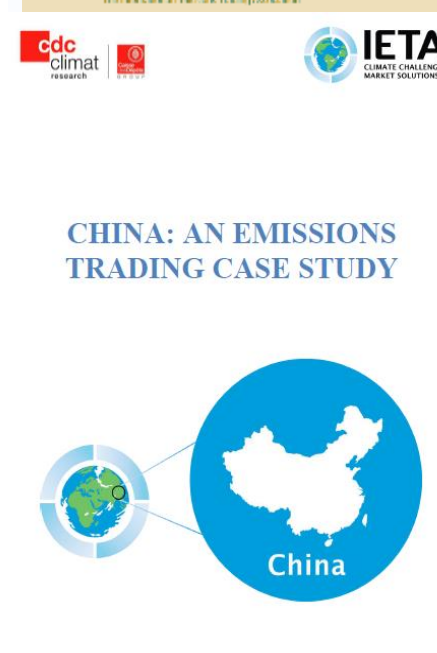
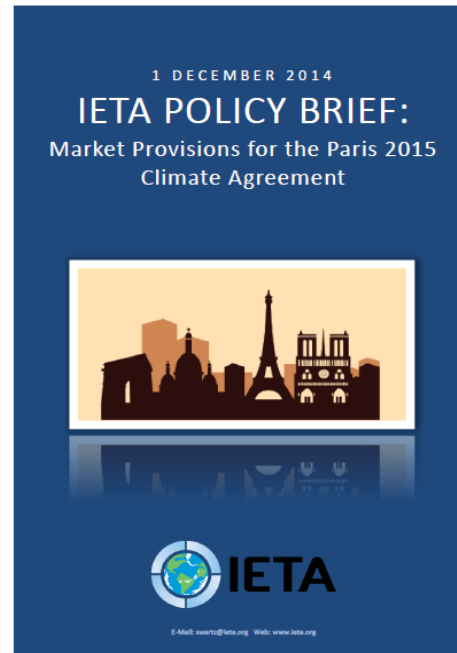
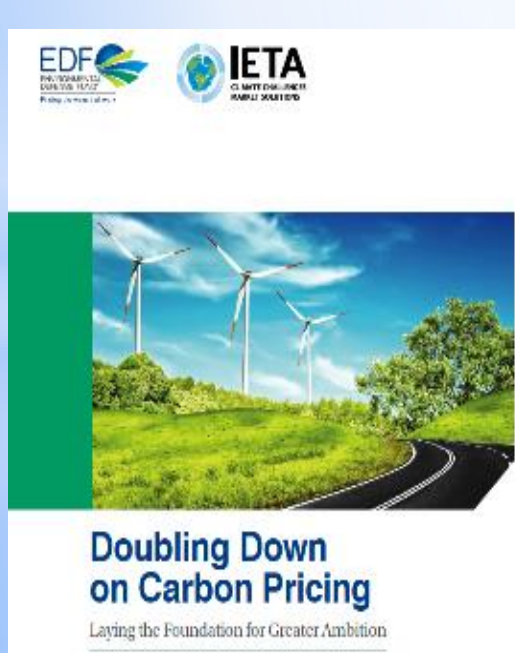
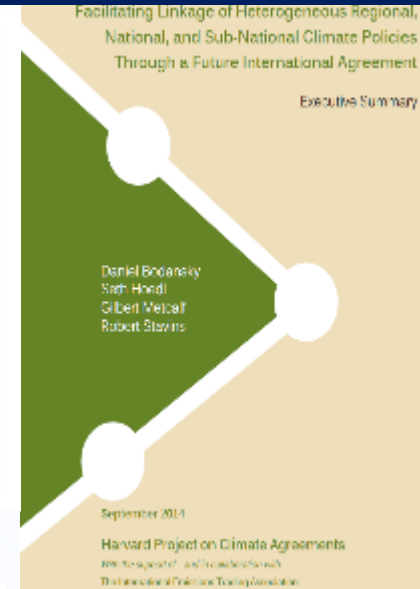
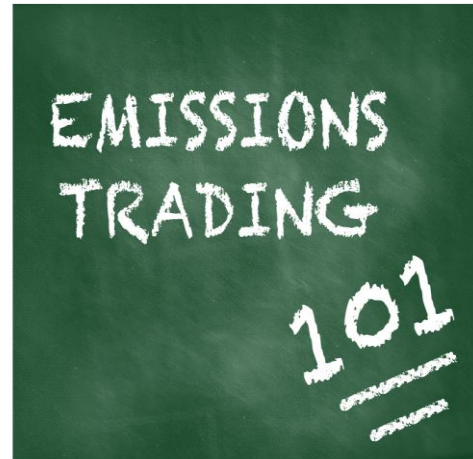
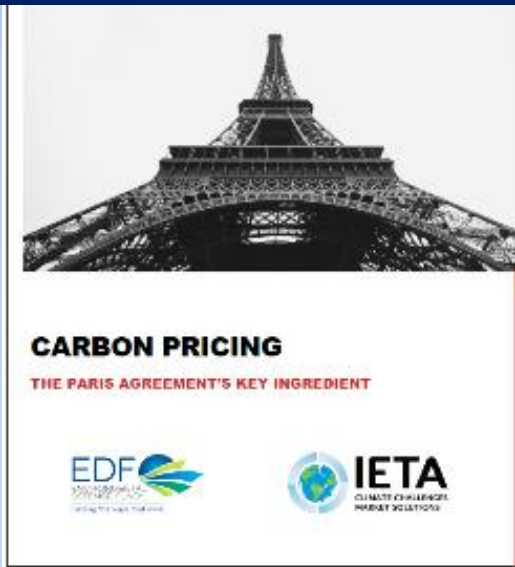


# **LEADING THE WAY: Canada's Carbon Leadership Opportunity in a Post-Paris World**

**2 November 2016**



# IETA RESOURCES



# IETA BUSINESS HUB @ COP22



Climate Challenges, Market Solutions



# CLIMATE ACTION: MARKETS MATTER

- Ensures **environmental outcome certainty** (cap and accurate data)
- Environmental goal reached at **least-cost to society and business**
- Supports **low-carbon transitioning** for communities
- Addresses industry **competitiveness** and “leakage” concerns
- Enables cross-border **cooperation, market linkages** and partnerships
- Most effectively responds to **macro-economic fluctuations**
- Provides a **global solution to a global challenge**
- Proven policy choice spreading rapidly in **North America and globally**



# CARBON PRICING IS NOW CENTRE STAGE

- **Interest in carbon pricing is rising**
  - G-7 Carbon Pricing Platform & New Zealand Carbon Market Declaration
  - ICAO's "global market-based mechanism," now dubbed "CORSIA"
  - World Bank Partnership for Market Readiness & Carbon Pricing Leaders Coalition
  - IETA, BPMR, OGCI and Oil & Gas "Paying for Carbon" initiative
- **Why market-based approaches?**
  - 30% cheaper in 2030 with linked markets, 50% cheaper in 2050\*
  - Makes more ambition possible - only way to a 2°C level of protection
  - Helps with competitiveness by allowing access to a global pricing system



\* World Bank "State and Trends of Carbon Pricing 2016"



# CARBON PRICING WORLDWIDE



# IN 2 DAYS...

## PARIS AGREEMENT COMES INTO FORCE

UNITED NATIONS  NATIONS UNIES

POSTAL ADDRESS—ADRESSE POSTALE: UNITED NATIONS, N.Y. 10017  
CABLE ADDRESS—ADRESSE TELEGRAPHIQUE: UNATIONS NEWYORK

Reference: C.N.735.2016.TREATIES-XXVII.7.d (Depositary Notification)

PARIS AGREEMENT  
PARIS, 12 DECEMBER 2015  
ENTRY INTO FORCE

The Secretary-General of the United Nations, acting in his capacity as communicates the following:

On 5 October 2016, the conditions for the entry into force of the above-mentioned Agreement were met. Accordingly, the Agreement shall enter into force on 4 November 2016, in accordance with its article 21, paragraph 1, which reads as follows:

“This Agreement shall enter into force on the thirtieth day after the date on which at least 55 Parties to the Convention accounting in total for at least an estimated 55 per cent of the total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession.”

On 5 October 2016, the threshold for entry into force of the Paris Agreement has been achieved.

**72 Parties have ratified**  
of 197 Parties to the Convention



**Accounting for 56.75%**  
of global GHG emissions



Entry into force

**As of 5 October, thresholds achieved:**  
**>55 Parties had ratified**  
**Accounting for >55% of global GHG emissions**

5 October 2016

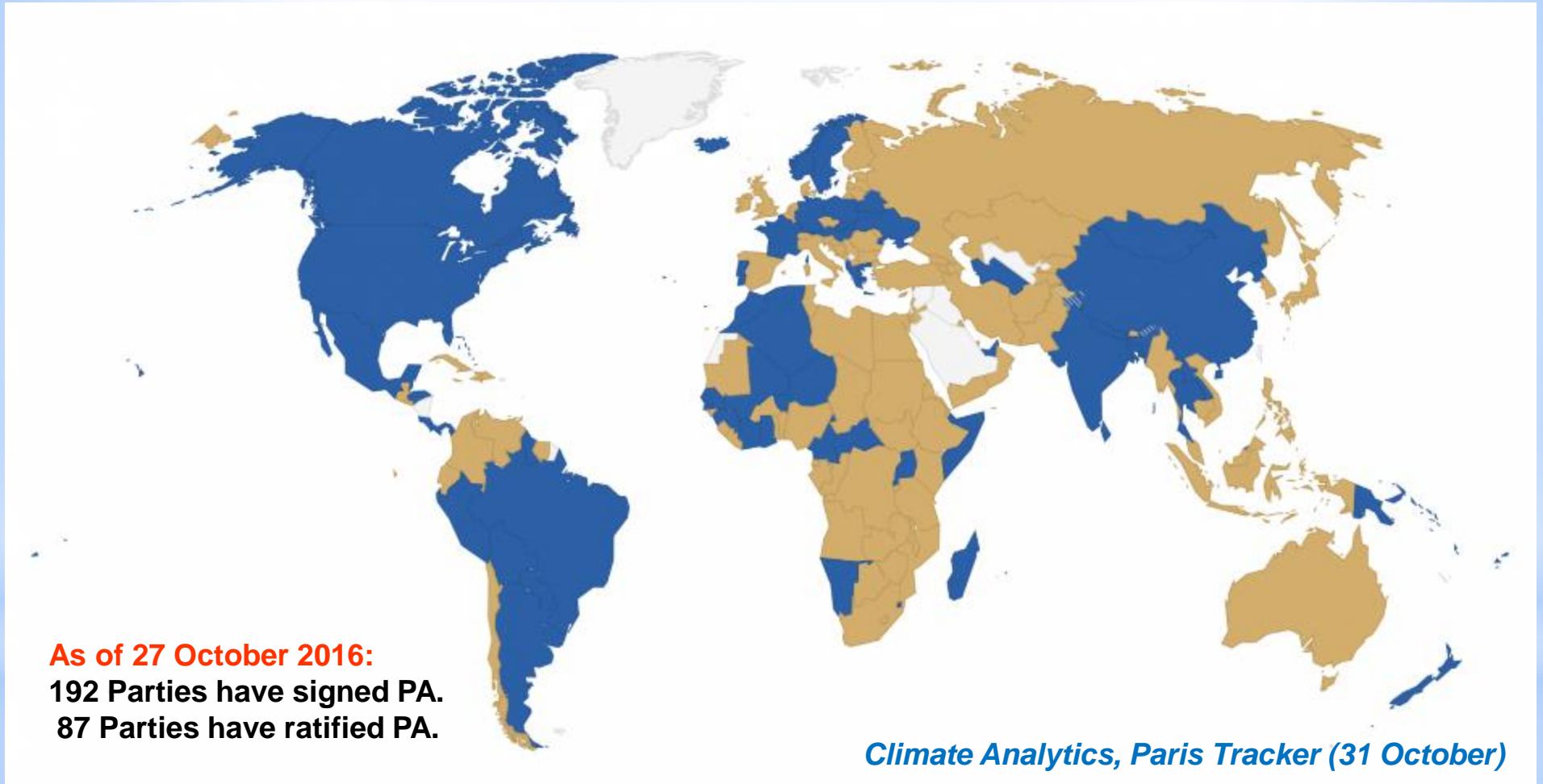


Climate Challenges, Market Solutions



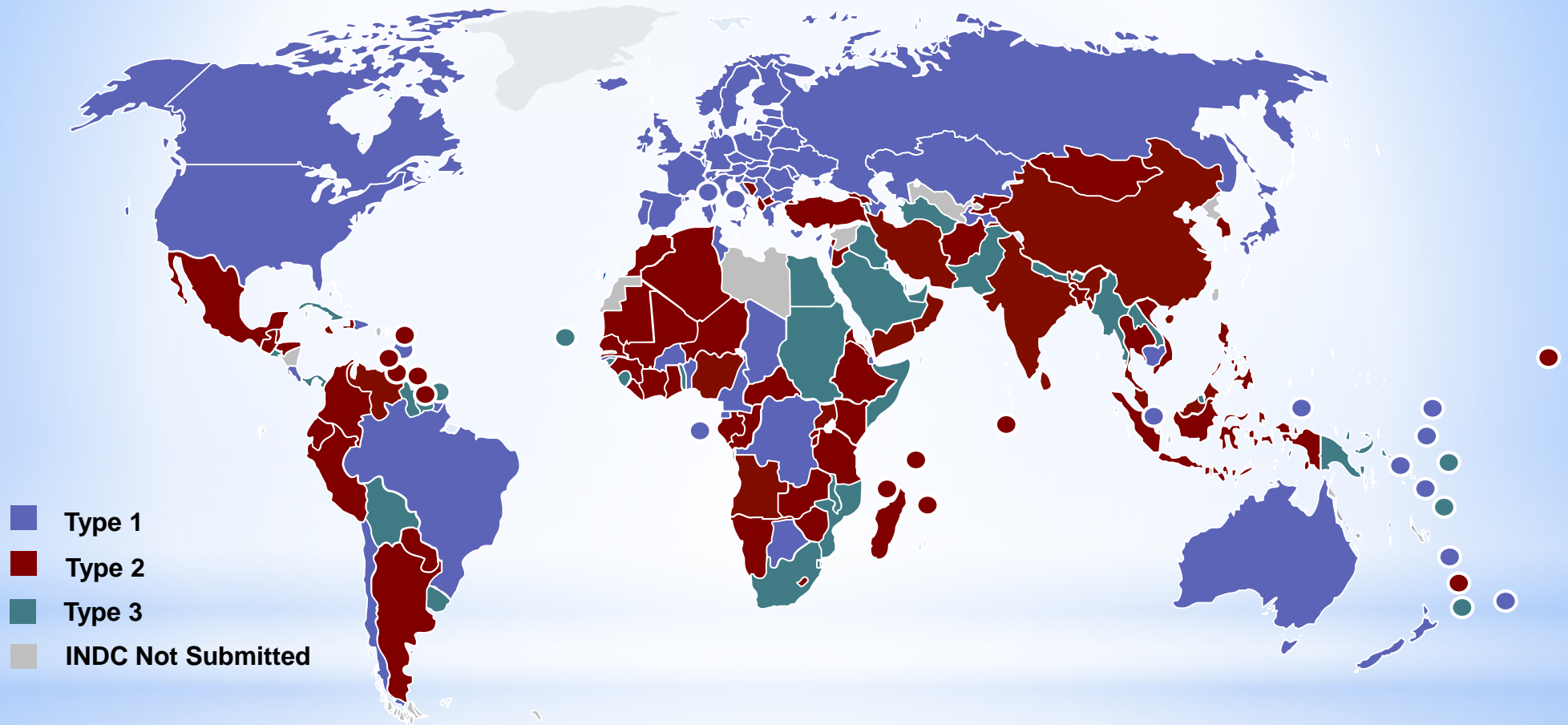
# Status of Paris Agreement Support

## 192 Parties Signed; 87 Parties Ratified





# DIFFERENT TYPES OF COUNTRY NDCs



# PARIS IS ABOUT 3 THINGS

**1. Increasing Ambition** (Deep & Real GHG Reductions)

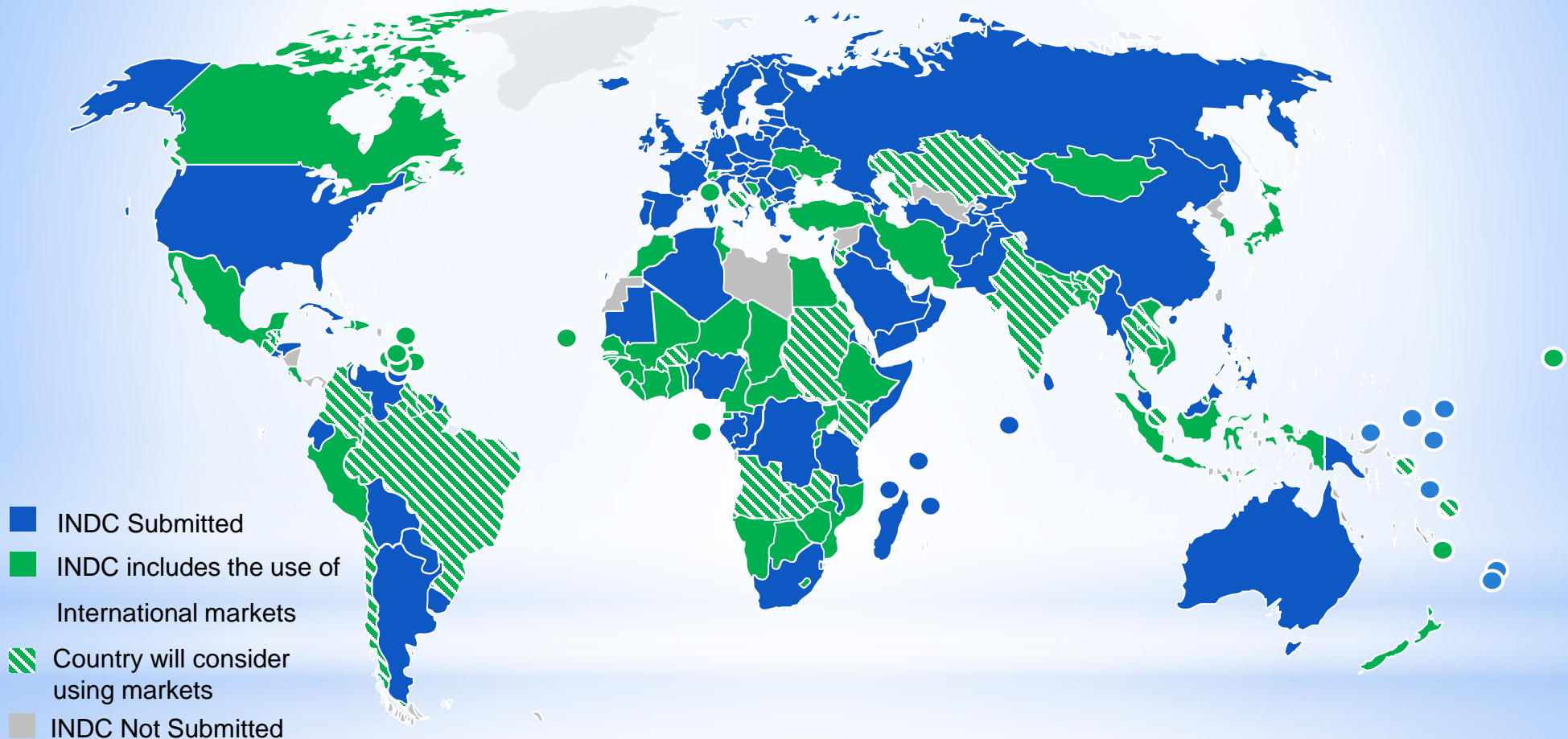
**2. Enhancing Cooperation** (Trading, Low-Cost, Finance)

**3. Seizing Opportunity** (Green Growth & Investment)

- Achieving 2 Degrees Celsius = 450 PPM = 80-90% GHG Reductions
- Achieving 1.5 Degrees Celsius = 350 PPM = 95% GHG Reductions
- Action largely reflected in country NDCs – but current plans fall short
- Levels of GHG reduction ambition must increase over time
- **Paris implementation must incent the maximum level of reductions**
- **This requires x-border cooperation, markets and unlocking clean trillions**



# >90 COUNTRIES TO “COOPERATE”



SOURCE: IETA/EDF “Carbon Pricing: The Paris Agreement’s Key Ingredient,” April 2016



# ARTICLE ON MARKETS IN PARIS: LAST MINUTE SURPRISE

- Cooperative approaches through “internationally transferred mitigation outcomes” (para 2)
- Rules for carbon market accounting, particularly avoidance of double-counting (paras 2 & 5)
- Sustainable development & mitigation crediting mechanism (para 4)

## Article 6

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.
3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.
4. A mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development is hereby established under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for use by Parties on a voluntary basis. It shall be supervised by a body designated by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and shall aim:
  - (a) To promote the mitigation of greenhouse gas emissions while fostering sustainable development;
  - (b) To incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party;
  - (c) To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution; and
  - (d) To deliver an overall mitigation in global emissions.

## BIG OPPORTUNITIES FOR CANADA



# ARTICLE ON MARKETS IN PARIS: KEY TAKE-AWAYS

- Enhanced cooperation through bottom-up market linkages with common rules
- Must be guided by accounting principles for “imports-exports”
- New guidance and “rule book” must ensure integrity and avoid double-counting
- New universal crediting mechanism available to all who want to use it
  - Operates in context of all Parties implementing National Plans (NDCs)
  - Available to BOTH developed & developing countries
  - Could be broader than simple project crediting (beyond CDM/offsets)

**THE RULES ARE BEING CRAFTED NOW**



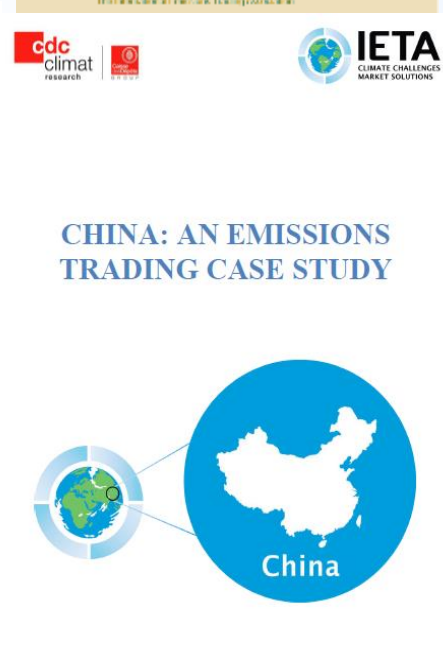
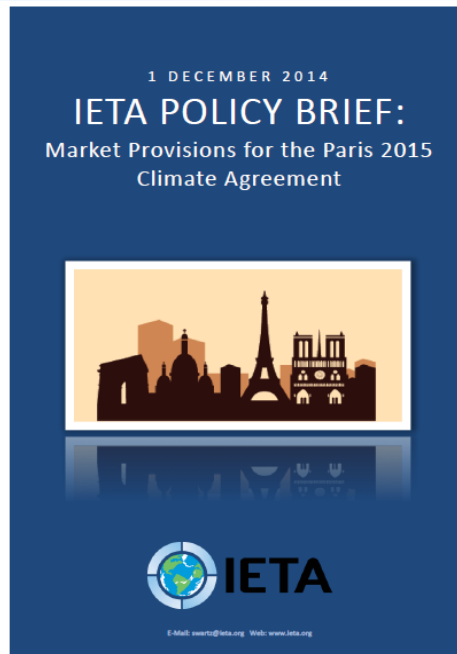
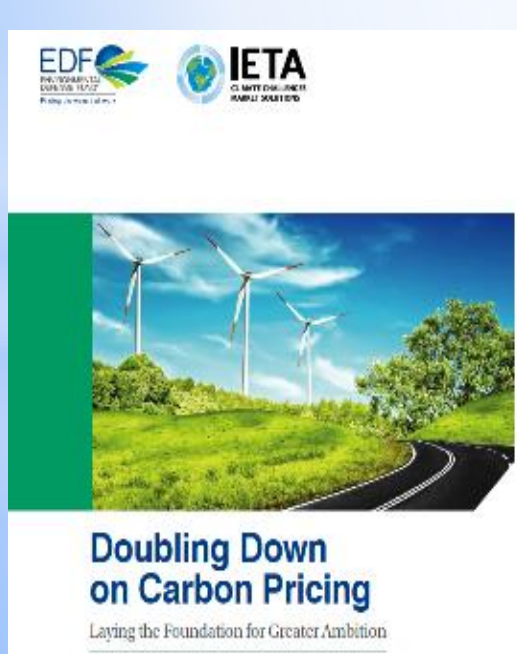
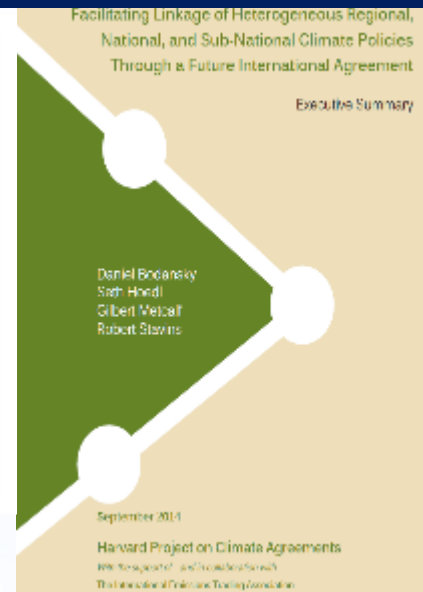
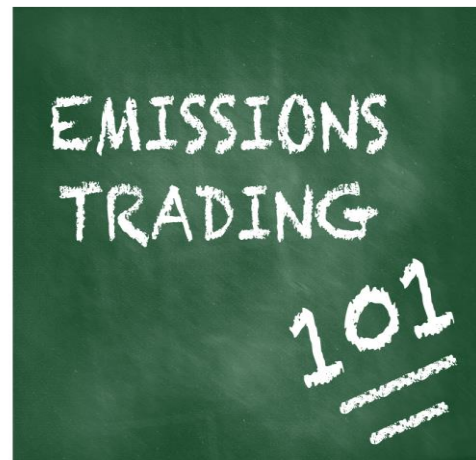
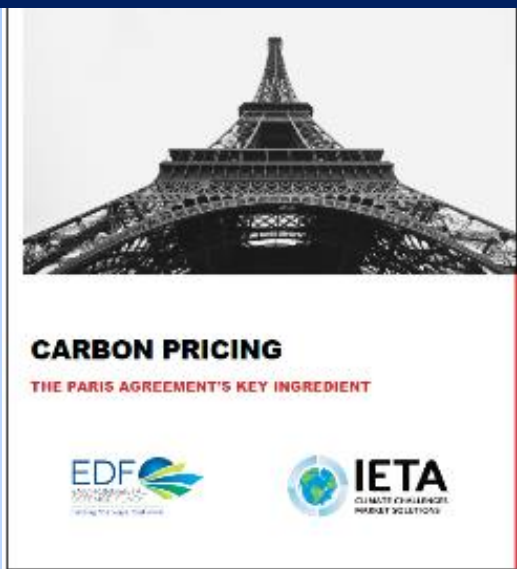
# ROAD THROUGH PARIS & MARRAKECH

- Paris & Targets – Entering into Force.... Now the real work begins!
- No Longer Bifurcated World – All Parties in the Same (Paris 96%) Tent
- Carbon Pricing Explosion & Cooperation – G7, Investors, CPLC (Note CAD Flash)
- Multi/Bilat Climate Deals – US-CN, US-CAD-MX, EU-Brazil (Political, Tech, Finance)
- State/Provincial Leadership & Cooperation – CAL-QC, ON, RGGI, WA, BC
- Climate Finance – Unlocking the Clean Trillions - \$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$





# IETA LIBRARY



# Questions? Learn More?

**Katie Sullivan**  
**[sullivan@ieta.org](mailto:sullivan@ieta.org)**  
**[www.ieta.org](http://www.ieta.org)**

