

# Domestic Offsets in an ETS and under Article 6 PA: Experience with JI-projects in Germany



BMUB Capacity Building  
Visit of Chilean Group

Dr. Roland Geres, FutureCamp, Berlin, December 15<sup>th</sup>, 2017



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## Content

= **Basic rules for JI in Germany**

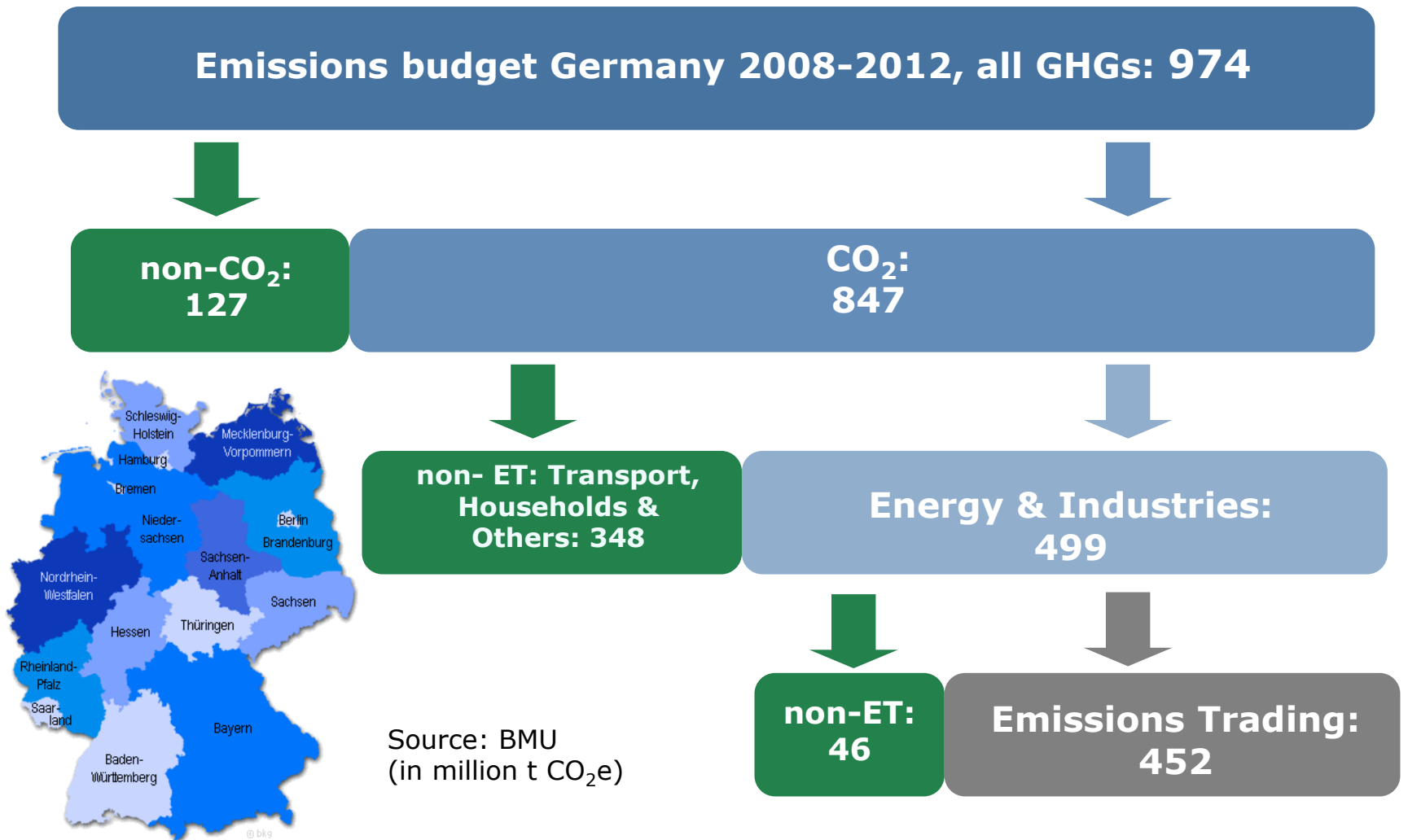
= Projects and experiences

= Conclusions

## General requirements for JI in Germany

- == Use within ETS was limited to certain quotas (EU legislation)
- == Legislative basis: “Act Implementing the Project-Based Mechanisms of the Kyoto Protocol” (ProMechG) – basis for CDM and JI
- == Allows generally for Joint Implementation (JI) Projects within the territory of Germany
  - international mechanism, but de facto domestic actors
  - Units generated: “Emission Reduction Units” (ERU)
- == Key requirements:
  - Emission Reductions outside EU-ETS – rules out “double counting”
  - No combination with public subsidies (renewable energy and CHP law explicitly mentioned, others de-facto excluded) – rules out “double promotion”
  - Existing Regulations have to be conservatively considered (e.g. dynamic energy efficiency increase in installation’s approval)
  - Crediting period restricted to 2008-2012 (due to system of Kyoto Protocol)
- == Investor country approval needed before first ERU issuance

## Remaining sectors for JI in Germany





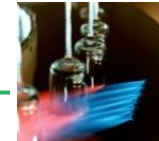
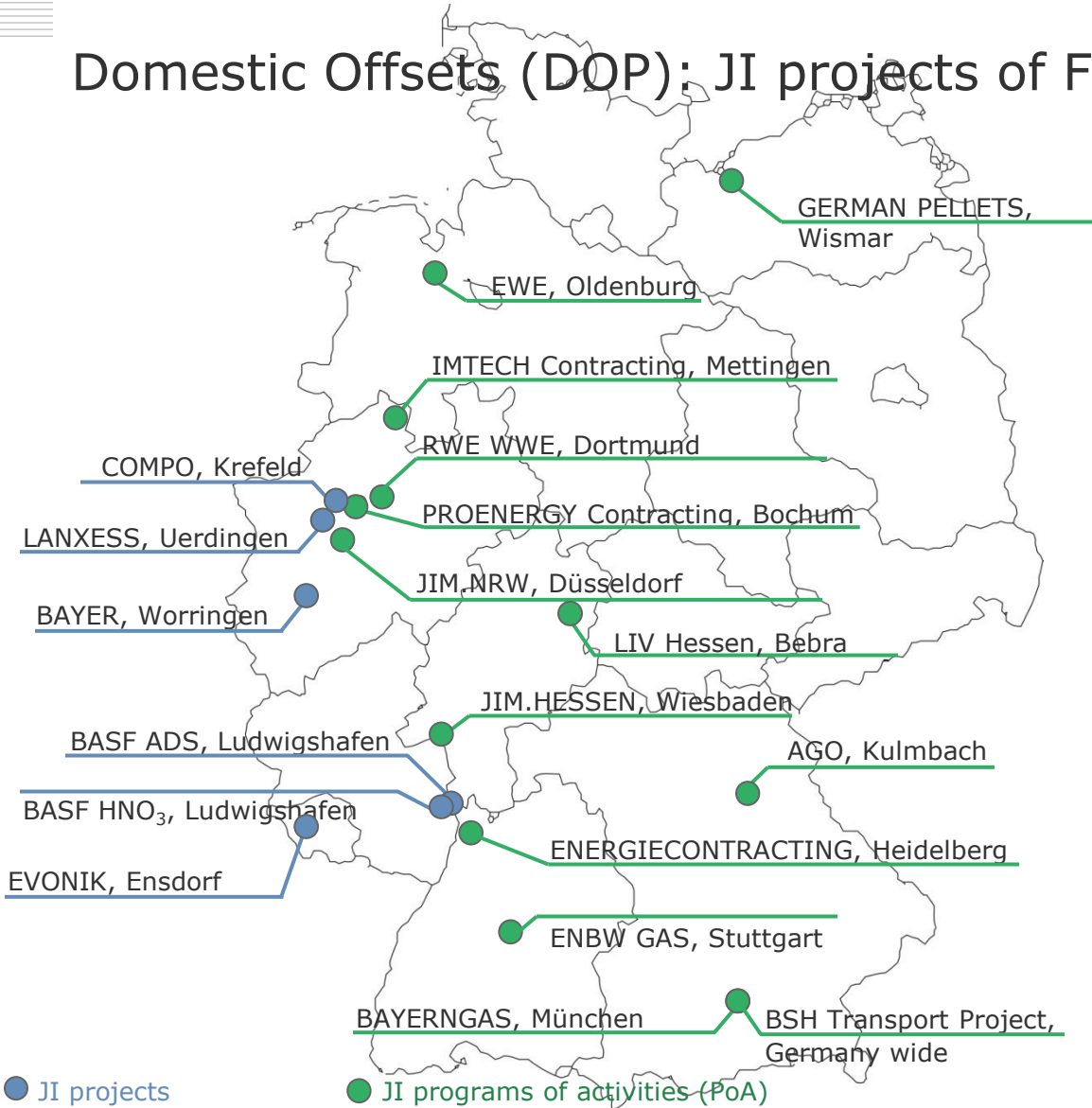
# Content

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# Domestic Offsets (DOP): JI projects of FutureCamp in Germany



**Fuel change for commercial and industrial customers**



**Fuel change in private households**



**Fuel change in industry**



**N<sub>2</sub>O reduction in the production of adipic acid**



**N<sub>2</sub>O reduction in the production of nitric acid**

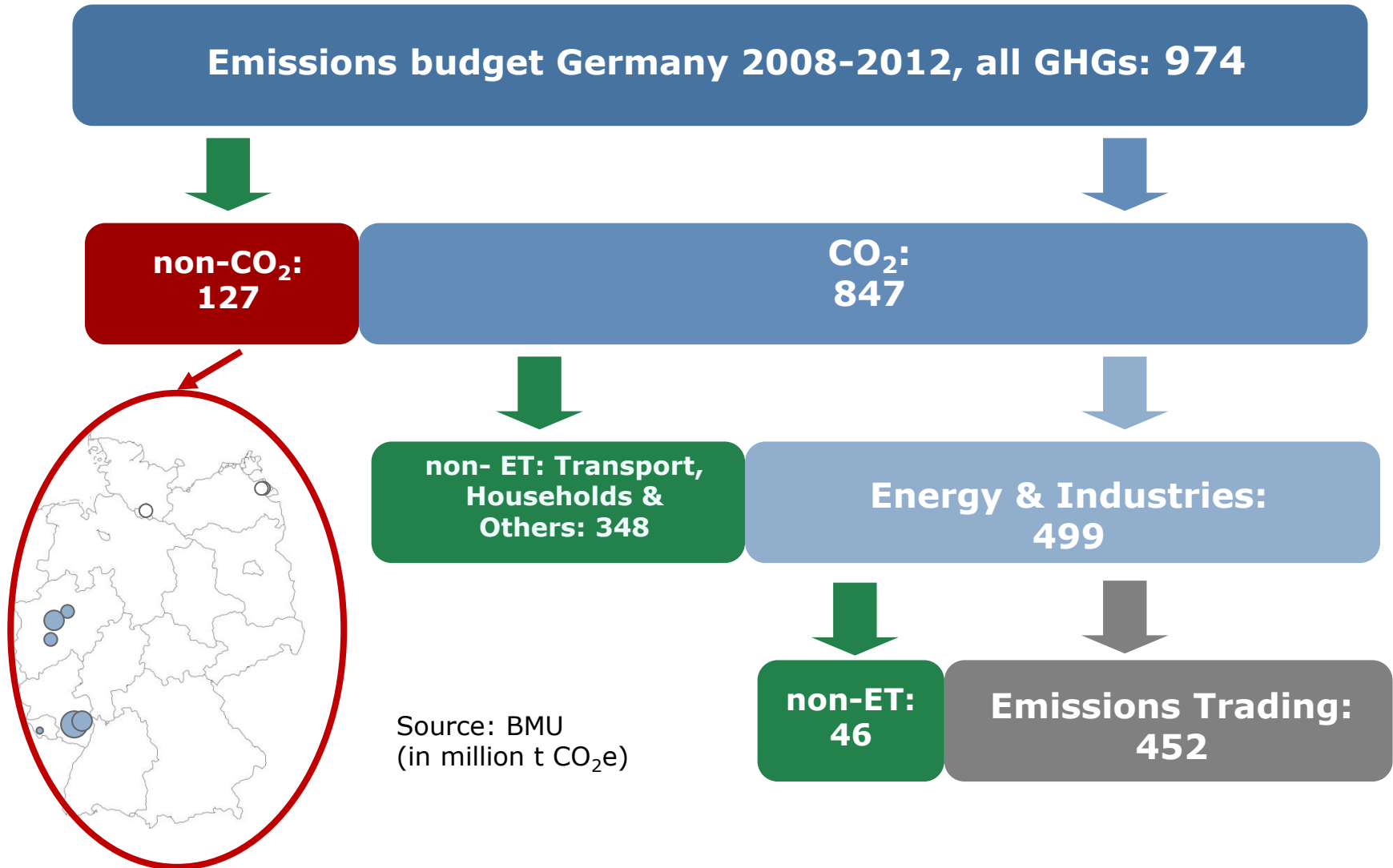


**Energy efficiency**

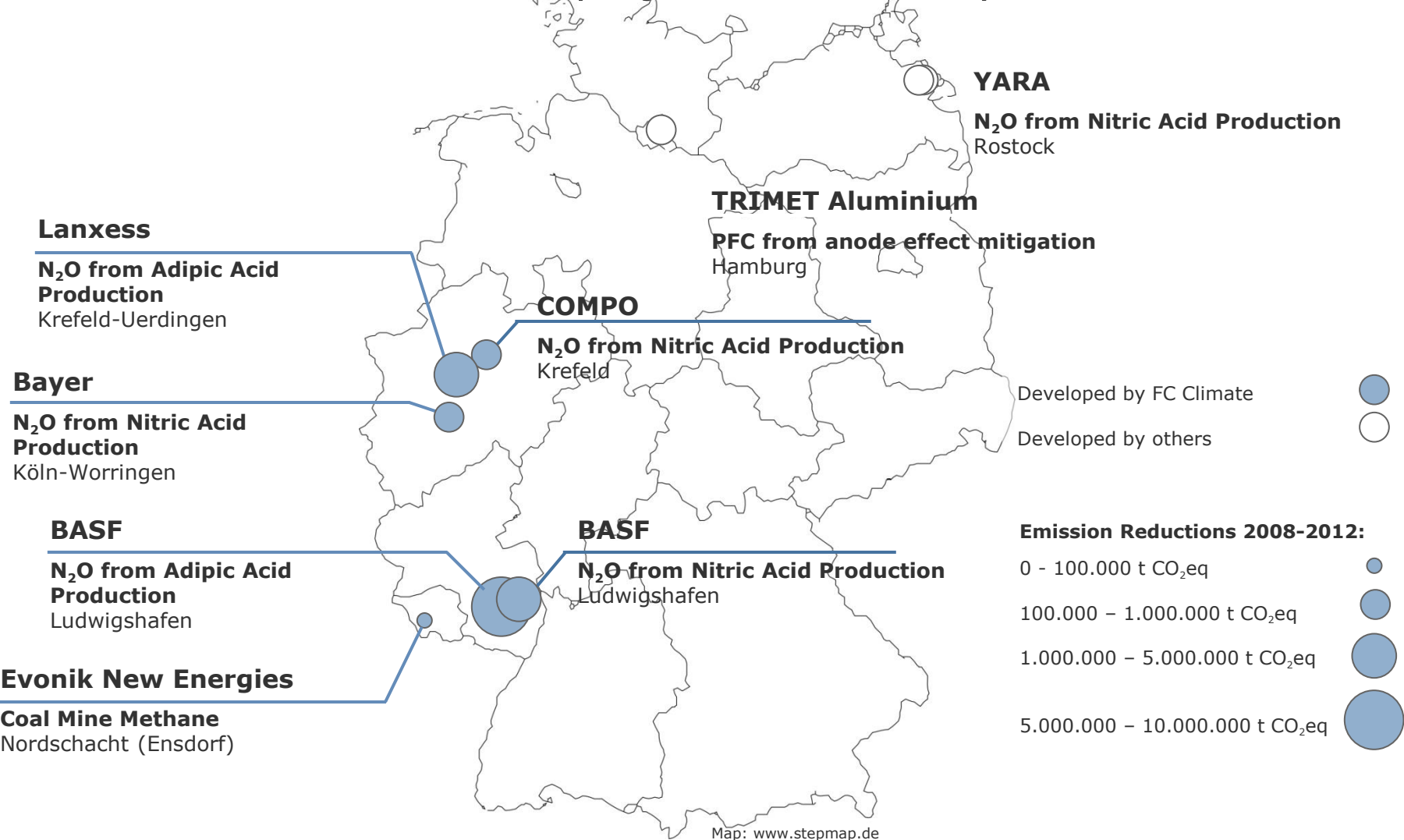


**Shifting transport**

## Other GHGs – non CO<sub>2</sub> JI projects



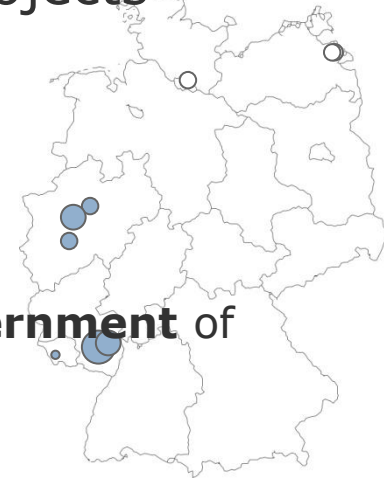
# Other GHGs – non CO2 JI projects in Germany





## Results and experiences from non-CO2 industrial projects

- == Attractive projects with large emission reductions
- == Very ambitious baseline scenarios
  - e.g. baseline for adipic acid: 90% N<sub>2</sub>O destruction
  - Strict baselines created **a net mitigation gain for the government** of roughly 5-8 Mio t (20018-12)!
- == All existing projects end in 2012
  - N<sub>2</sub>O and PFC included in EU-ETS
  - Coal mine gas partly will disappear due to mine closures in Germany
- == Proof that Domestic Projects are not contradictory to (EU)-ETS
  - Projects helped implementing relevant monitoring methods in installations long before ETS extension
  - Standards created by JI have been very relevant for benchmark discussion in EU-ETS – within JI-projects new technical standards had been achieved.



Programmatic JI: household and transport sector projects

**Emissions budget Germany 2008-2012, all GHGs: 974**

**non-CO<sub>2</sub>:  
127**

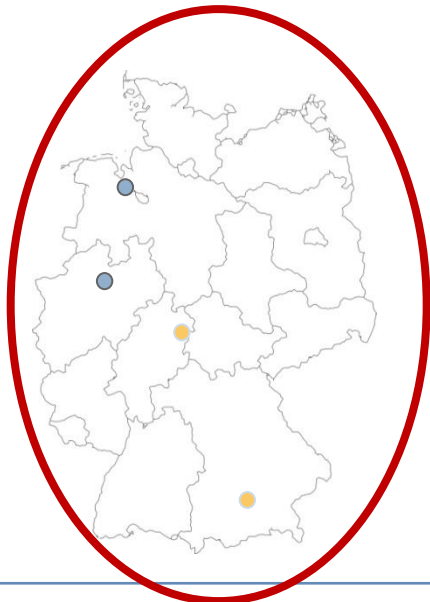
**CO<sub>2</sub>:  
847**

**non- ET: Transport,  
Households &  
Others: 348**

**Energy & Industries:  
499**

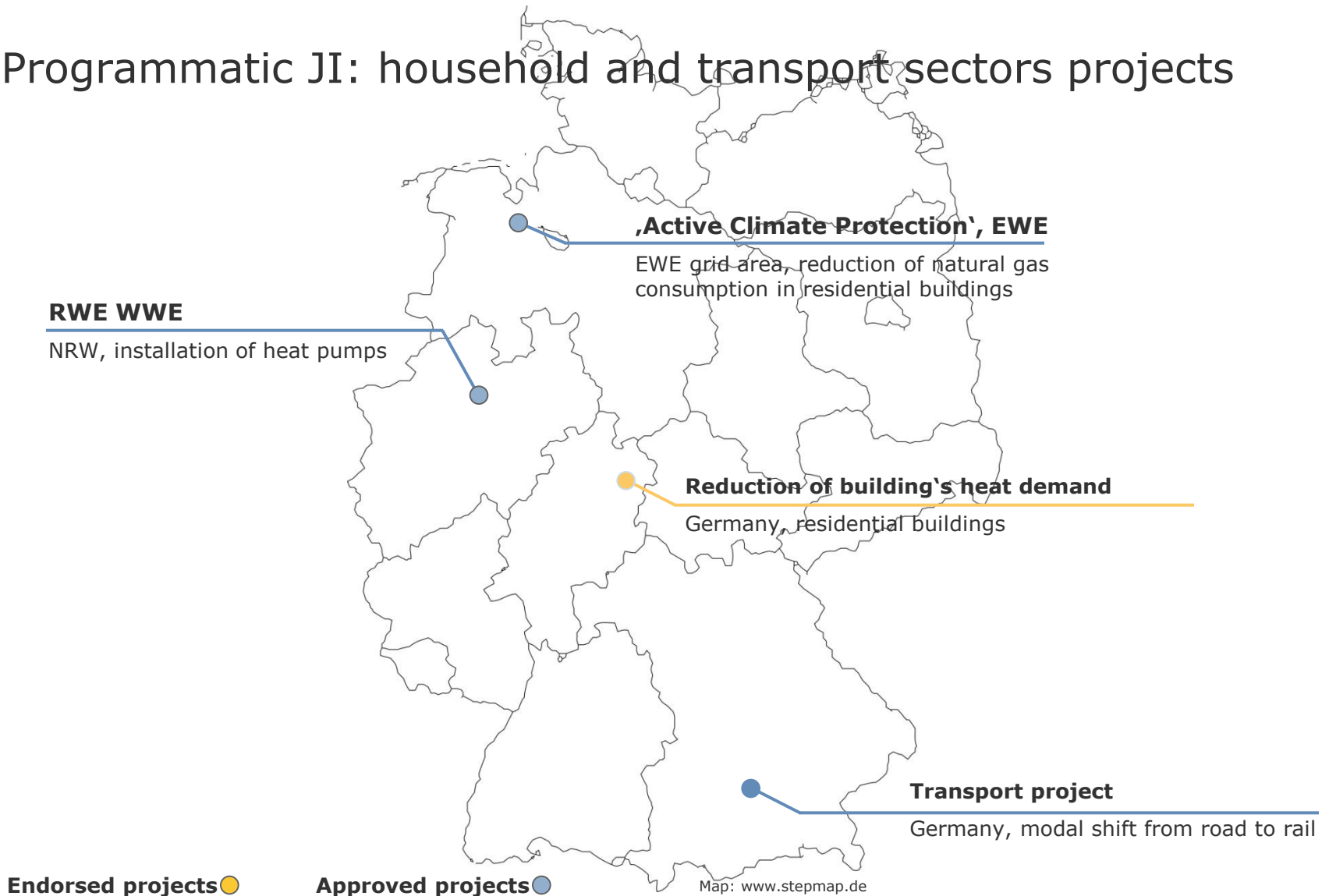
**non-ET:  
46**

**Emissions Trading:  
452**



Source: BMU  
(in million t CO<sub>2</sub>e)

# Programmatic JI: household and transport sectors projects

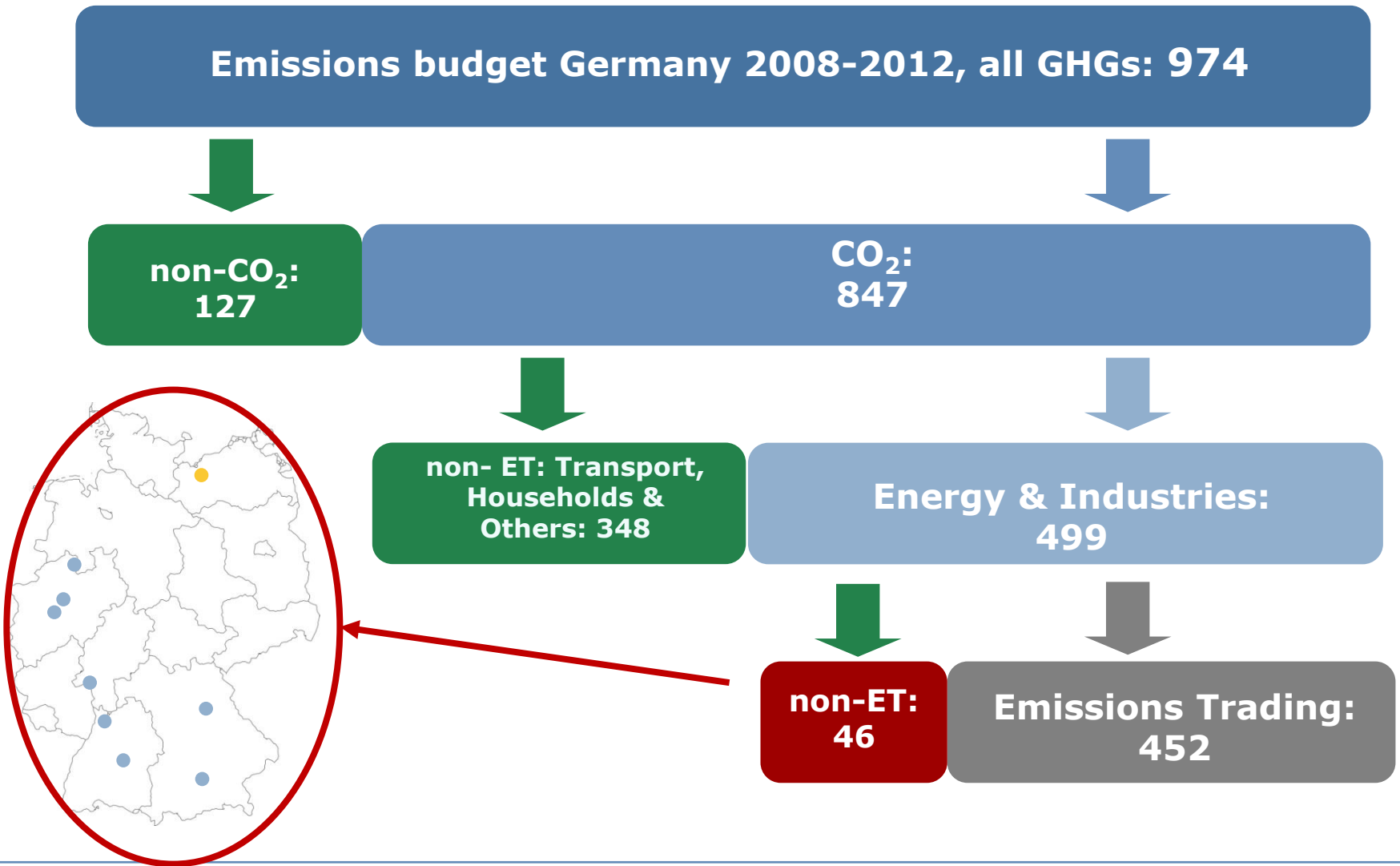


Endorsed projects ●

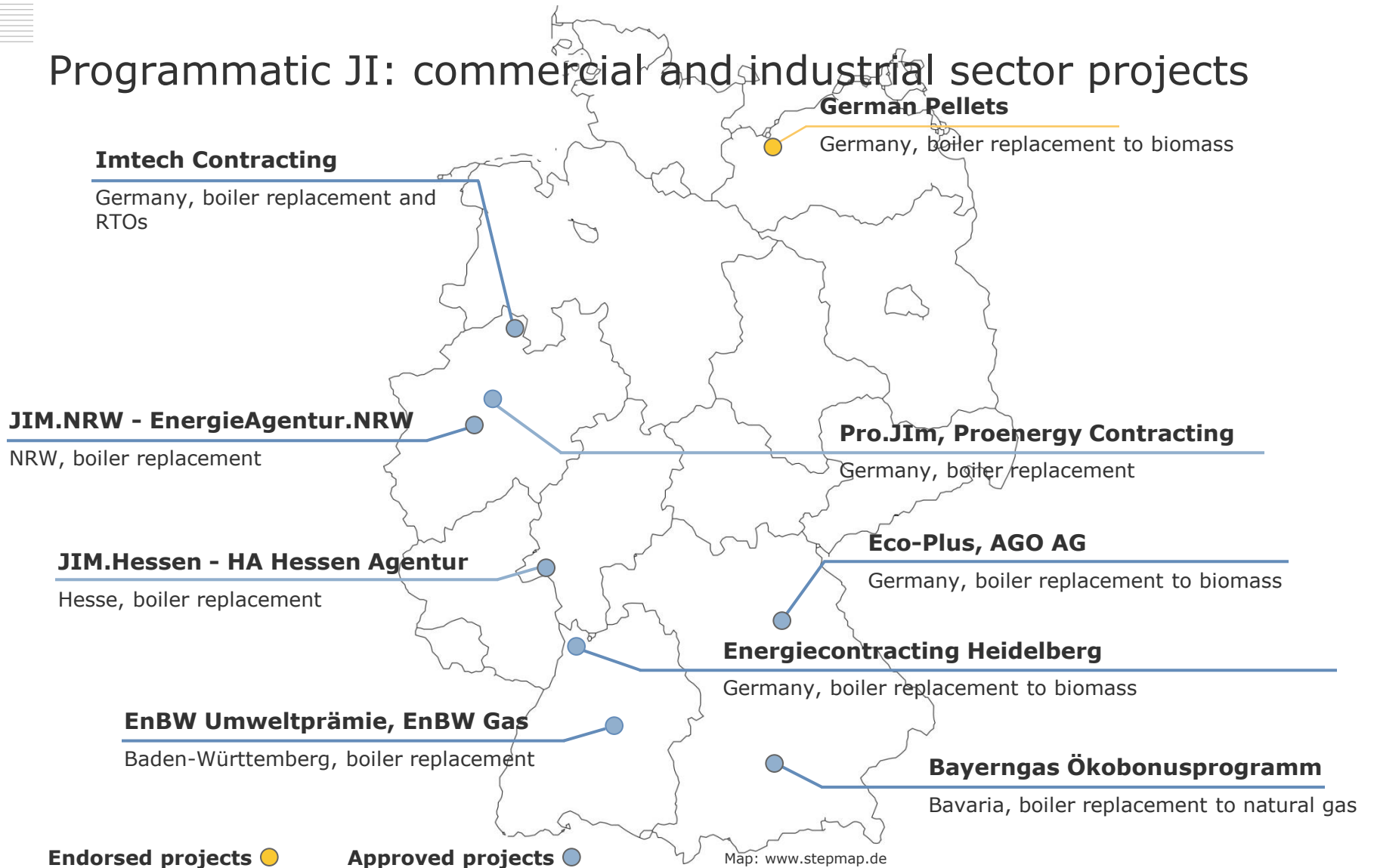
Approved projects ●

Map: [www.stepmap.de](http://www.stepmap.de)

# Programmatic JI: commercial and industrial sector projects



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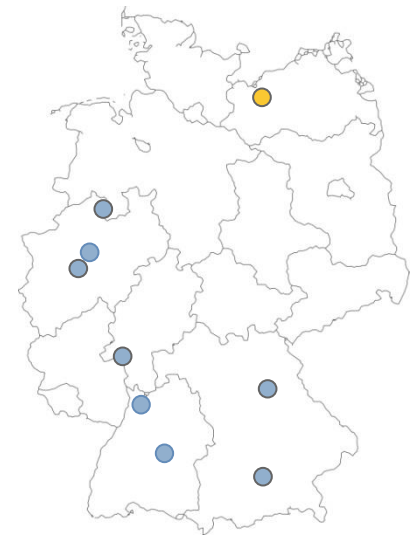
## Results and experiences: Programmatic JI

== High interest in mechanism

== Successful type: boiler replacement in commercial and industrial installations and municipal heat supply

== Experiences of running programmes

- Positive feedback from majority of participants, but
  - Number of participants lower than expected
    - \_ Delays in approval procedure and
    - \_ Limitation of crediting period
    - \_ Economic crisis 2009 (participation depends on investments!)
  - Standardized and simple monitoring approaches are crucial for successful implementation of PoAs – useful standards developed
- == Longer crediting periods important for this type of activity
- would increase attractiveness relevant and
  - attract many more participants





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## Conclusions – Lessons Learned for Offset Projects in general

- == JI mechanism successful in Germany and other EU member states also in terms of environmental integrity
- == Domestic Offset Projects could logically supplement an ETS if rules are defined clearly and mechanism is well governed!
- == Government used an international instrument for domestic actions
- == Industrial gas projects ran out due to extension of ETS - proof clearly that project mechanism is not prohibiting ETS extension
- == Programme of Activities
  - highly innovative and promising approaches
  - will show their high potential only under longer crediting period
- == Mechanism worked similar as the CDM
  - utilized creativity of project developers
  - activated investment volumes, a multiple of the value of carbon units
- == JI-mechanism delivered **net mitigation effects** supporting national emission reduction targets – see next slide ....



## Conclusions with a view to Article 6 PA – food for thought

- == As projects and programmes might attract investments, they might also be useful for efficient financial transfers, even if units generated might not be used for emissions compliance
- == Under Art. 6 Paris Agreement – including Art. 6 para 4 – relation of ITMO or other units to be transferred to the NDC needs to be defined
  - JI delivers good lessons on how this could work in practice
  - Environmental integrity of units generated under JI clearly correlated with ambition of target and project standards enforced by the host country
  - Lack of international oversight harmed JI outside EU
- == JI-mechanism delivered net mitigation effects in EU
  - Strict baselines were set (Germany, France, Poland) or other methods were used (France, 5% deduction of monitored emission reductions)
  - Good governance of project owners enforced by authorities such as DEHSt
  - Result: no conflicts with target, achievement of target was supported!

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