



Perspectives on Article 6 and a Carbon Market for India

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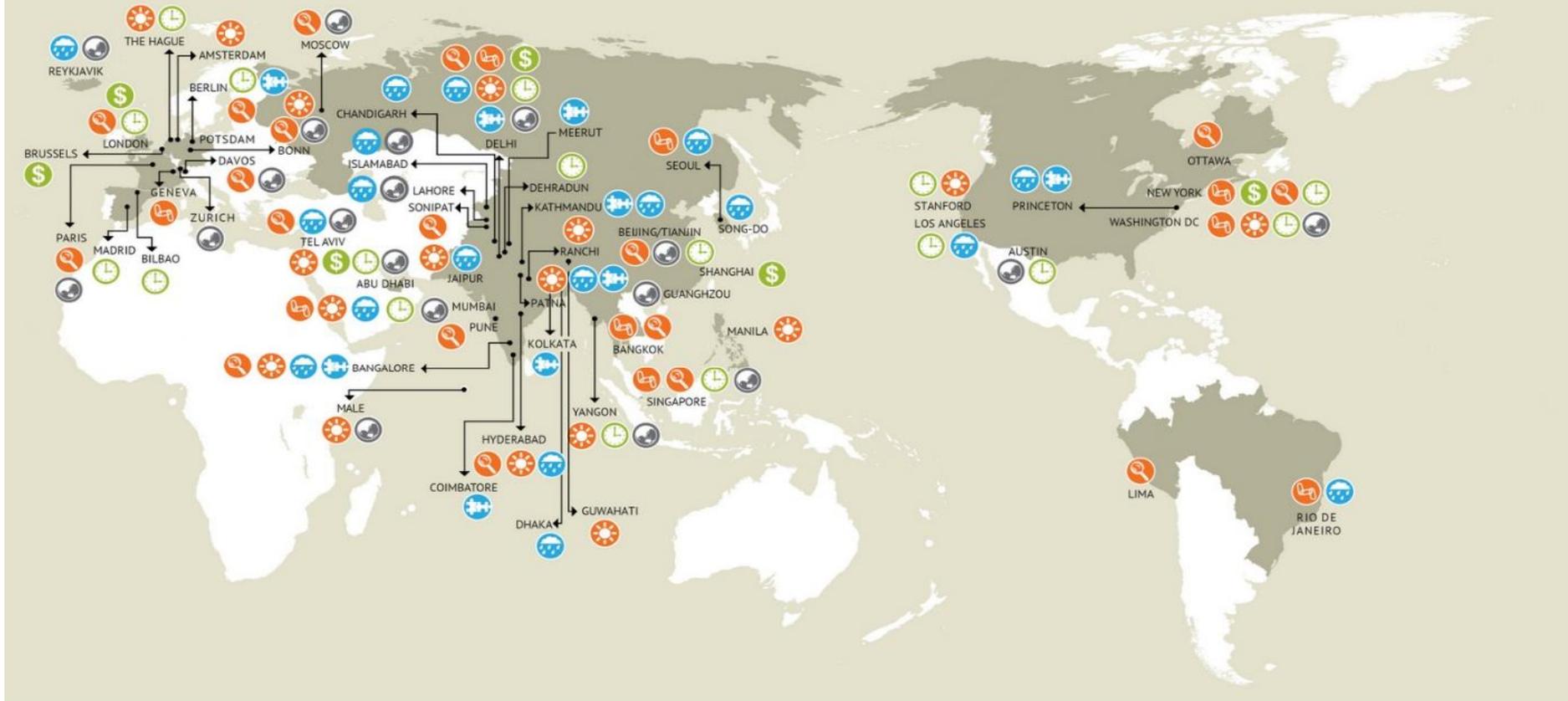
MoEFCC-BMUB-GIZ Workshop on
Market Mechanisms as a Means to Effectively Implement India's Climate
Mitigation Objective
New Delhi
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The world map showcases places where CEEW has engaged in projects or presented its work. The icons represent thematic areas of CEEW's work, each of which is studied in depth while also focusing on its linkages with other development concerns.



Resource efficiency & security



Renewables



Water



Integrated energy, environment and water plans



Energy-trade-climate linkages



Sustainability finance



Technology horizons



International co-operation

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Energy Access



Renewables



Low-Carbon Pathways



Greenhouse Gases and
Monitoring, Reporting,
Verification



Risks and Adaptation



Technology

Three broad themes

- Carbon Markets for India- Political Economic Considerations
- Key takeaways from Article 6
- Are there strategic opportunities for India?

Carbon Markets for India – Political Economic Considerations



- There is enough operational learning that is available in EU, China, and US that Indian policy makers can utilise
- Overall context of India's mitigation objective is Sustainable Development and National Priorities- e.g. Jobs (the co-benefit story)
- Is there a unanimous agreement in the Indian civil society about which instrument is appropriate for India?
- Multiplicity of instruments- REC, Ecerts, Internal carbon pricing: Alignment OR Fundamental rethink?; Addressing lack of demand
- Administratively, at least for the bigger sectors, 90% of ground work has been laid by the PAT scheme
- How will the MSME sector be involved?
- Only through R&D and stakeholder involvement we will be able to move forward
- Voluntary markets is a very useful way as a first step

Key takeaways from Article 6

- From 'Annex and non-Annex I Parties' to 'Developed and Developing Countries'
- Parties could pursue voluntary cooperation in the implementation of their NDCs to allow for '**higher ambition** in their mitigation and adaptation actions'
- Are ITMOs equivalent to carbon credits? – e.g. can India invest in afforestation in Brazil and count it in our NDCs without converting it to carbon credits?
- ITMOs should foster 'Sustainable Development'
- From the Declaration it appears that many key elements of the Kyoto Protocol have been retained : project based, additionality, MRV system and registry
- Voluntary markets is a very useful way as a first step

Are there any strategic opportunities for India?

- Aligning energy investments in foreign countries with the new market mechanisms
 - E.g. invest a solar park in Bangladesh instead of a coal based power plant
- Attracting FDI in sectors aligned with sustainable developments:
 - Grid management, balancing and integration of renewables in the grid
 - Infrastructure for electricity vehicles
- Linking with international carbon markets: laying groundwork for it
- Domestic carbon markets for India: (i) Emission intensity certificates; (ii) Carbon credits with an increasing cap

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COMMENTS AND SUGGESTIONS!

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