

14th Climate Technology Initiative Workshop

Dealing with complexity - the role of carbon market instruments, financing and regulation for reducing the global building sector's climate impact

26-27 September 2013, Berlin, Germany

Kalkscheune, Johannisstr. 2, 10117 Berlin

Concept Note and Agenda

Overview

As a forum to discuss mitigation actions in the global building sector, the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) will host the 14th Workshop of the Climate Technology Initiative (CTI) in Berlin, Germany on 26 – 27 September 2013. The Climate Technology Initiative fosters technology transfer, particularly in the fields of energy efficiency, renewable energies and climate protection.

Under the title “Dealing with complexity - the role of carbon market instruments, financing and regulation for reducing the global building sector's climate impact”, decision makers, technical experts, representatives from financing institutions and energy efficiency project developers from a broad range of countries will gather in Berlin to review complexities in the selection of the right instruments for a greener building sector. The CTI Workshop aims at reviewing the key challenges, design elements, results and lessons learnt from successful carbon finance, regulation and financing approaches for a better energy and climate performance of buildings.

Carbon Market Instruments, Financing and Regulation

The global building sector plays a key role in many countries' national strategies related to livelihoods and sustainable development. It is the single largest emitter of greenhouse gases in the world. According to IEA estimates, the building sector accounts for nearly 40 percent of the global energy consumption. The energy is used for heating, cooling and electricity and contributes heavily to global warming. To finance investments in necessary climate change mitigation measures in various sectors, market-based approaches monetising GHG emissions have been advocated by many experts and policy-makers. This tendency is visible in the EU's Emissions Trading Scheme (ETS) but also in the various national and subnational ETS. With the Clean Development Mechanism (CDM) and Joint Implementation (JI), flexible instruments have been created in order to mitigate emissions where it is most cost-efficient, and to contribute to sustainable development in countries and sectors not covered under the ETS.

In the recent past, however, these hopes have been severely dampened by the plunge of carbon prices around the world. Most prominently, prices for emission reductions certificates of the EU ETS as well as the CDM hit an all-time low in spring 2013. However, with a view towards preparing for a post-2020 global climate change agreement, new and improved carbon finance instruments such as New Market Mechanisms (NMM) or Nationally Appropriate Mitigation Actions (NAMAs) are currently discussed and already being developed. As buildings with their diffuse emission sources have been underrepresented in the project-specific CDM, high hopes are placed on the greater relevance of these new instruments for the building sector due to their sectoral scope. These mechanisms could

provide new funding through carbon finance within the future climate regime. However, common standards and procedures leading to comparability of these mechanisms still need to be agreed on and leave challenges to those pioneering their development and implementation.

While there are pioneers working on these new instruments to enable cost-efficient mitigation and green growth, carbon market instruments are naturally not the only element working towards a climate-friendly modernisation of the global building sector. Improving the building stock has also entered the agenda of many international organisations, governments and private as well as public financing institutions. Building regulations, which set voluntary or mandatory energy consumption standards, and financing schemes providing incentives for energy efficiency investments, therefore play a central role. This menu of available entry points for a climate-friendly building sector provides policy-makers with a wide scope of discretion. At the same time, it also increases the complexity for stakeholders operating in this field.

Complexity

Complexity refers to a large number of elements in a system and the numerous forms of relationships or dependencies between them. In the context of the CTI Workshop, this system includes all elements affecting the larger goal of a climate-friendly building sector. Among these elements are actors, policies, the building stock of states or municipalities, available funds, energy prices etc., which are located at different policy levels. For policy-makers, it is a major challenge to make sense of these elements and understand their interlinkages. The complexity of the system is a barrier for adopting the most effective financing or policy measure. It is thus the goal of the CTI Workshop to review and analyse these complexities and identify best practice options in the field of carbon finance instruments, regulation and conventional financing schemes.

Content

After a general introduction to complexities and how to deal with them, the agenda comprises two main discussion lines: the first one shall deal with market-based instruments and the second one will focus on regulatory and financing instruments as necessary complements to any carbon market approaches.

New Carbon Finance Instruments in the Global Building Sector

Given the high upfront costs for an energy efficient transformation of the global building stock, carbon market instruments can contribute to providing the necessary funding. In light of recent developments in global carbon markets, the session will deal with the current and future role of these financing instruments for the building sector.

Nationally Appropriate Mitigation Actions (NAMAs) have been part of the Bali Action Plan adopted during the 2007 climate change negotiations. Funding sources for their implementation being discussed internationally include unilateral (domestic) funding, international funding support as well as funding through crediting (i.e. carbon market) mechanisms.

At the climate negotiations in Durban 2011, the international community defined the New Market Mechanism and set up a Framework for Various Approaches for mitigation actions that can also include market-based approaches. Modalities and procedures for these new carbon market instruments yet need to be agreed upon, but countries already start exploring these concepts in their national circumstances in order to feedback experiences into the negotiation process. In addition, domestic emissions trading systems are under development in many parts of the world and in some cases specifically address the building sector, providing monetary incentives for enhancing energy efficiency in buildings.

As more and more countries are considering the implementation of these instruments in the housing sector, experts will present the current status of activities, lay out challenges and point out best practices. One of the key challenges for market-based approaches continues to be the issue of

Measuring, Reporting and Verifying (MRV). For the building sector it must be demonstrated what specific amount of greenhouse gas emissions is saved. Thus, there will be a training session on how to include MRV in the implementation of building-related carbon market instruments.

Questions to be addressed by speakers and participants include:

- How is carbon finance relevant for a climate-friendly building sector?
- In times of carbon markets' crisis, why do we still need to talk about the potential of these instruments?
- What is the current status of global building and housing NAMAs and other new market mechanisms in this field worldwide?
- Which lessons can be drawn from these approaches for the development and implementation of other projects?
- What complexities arise from the implementation of carbon market instruments in the building sector and how can they be dealt with?
- What kind of support and exchange is necessary to increase the carbon finance support in the building sector?

Beyond Markets: The Role of Finance and Public Policy for Climate Protection in Buildings

Greening the building sector involves a multitude of actors and issues. Carbon market instruments were never created to solve this problem alone, but rather need to operate jointly with traditional financing schemes and building regulations. This increases the challenges faced by the responsible policy-makers and draws attention to the question on how the three types of approaches can benefit from and complement each other.

Financing schemes in the form of soft loans for energy efficiency improvement of buildings are a classical means of triggering investments. In this session, successful financing schemes for climate-friendly buildings will be presented. It will be discussed how such schemes are situated in the complex financing world of green buildings and what their role will be in the future.

Leveraging investments in climate-friendly buildings is only one element of a broader strategy for a green building sector. Regulations through building codes or other sectoral policies also have an important impact on the development of a country's building stock. As markets have become a panacea called for by many experts and policy-makers, especially in the environmental and climate policy field, it needs to be assessed how regulations can successfully work in conjunction with financing approaches and market instruments. Therefore, existing impactful policy and building regulation cases are presented in addition to cases in which policy-makers are attempting to initiate reforms of building regulation and have to deal with occurring complexities.

Questions to be addressed by speakers and participants include:

- Which national and international financing schemes have successfully enabled investments in a more climate-friendly building sector?
- Which characteristics of building regulations around the world have resulted in a greener building sector in the respective country?
- How can building regulations set framework conditions conducive to the implementation of carbon market instruments?
- Which design elements of financing schemes as well as building regulations decrease complexity with regard to the goal of a greener building sector?
- How can financing schemes and carbon market instruments complement each other in the funding of investments in climate mitigation measures in buildings?

Agenda

Thursday, 26 September 2013

Time	Topic
08:45 – 09:15	Registration
09:15 – 09:30	Opening & Welcome <i>Keynote</i> Dr Silke Karcher, <i>Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), Germany</i>
Dealing with Complexity	
09:30 – 10:15	Dealing with the Complexity of Climate Protection Instruments <i>Presentation and expert interview</i> Tomas Wyns, <i>Centre for Clean Air Policy (CCAP) Europe, Belgium</i>
10:15 – 10:45	Coffee break and discussion tables
New Carbon Finance Instruments in the Global Building Sector	
10:45 – 11:00	Setting the Scene – What Role for Carbon Finance in the Building Sector? <i>Miriam Faulwetter, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), Germany</i>
11:00 – 12:30	NAMA Country Cases in the Building Sector <i>Country cases and Q&A</i> Rym Sahli, <i>Agence Nationale pour la Maîtrise de l'Energie (ANME), Tunisia</i> Ulla Blatt-Bendtsen, <i>Danish Energy Agency, Denmark</i> Tobias Zeller, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany</i> Liesel Beires, <i>Kwa Zulu Natal Department of Economic Development and Tourism, South Africa</i>
12:30 – 14:00	Lunch break

Time	Topic
14:00 – 15:00	<p>New Market-Based and Carbon Pricing Instruments for the Building Sector <i>Presentations and Q&A</i></p> <p>Afef Jaafar, <i>Agence Nationale pour la Maîtrise de l'Energie (ANME), Tunisia</i> Sonja Butzengeiger, <i>Perspectives GmbH, Germany</i> Dr Puttipar Rotkittikhun, <i>Thailand Greenhouse Gas Management Organisation (TGO), Thailand</i></p>
15:00 - 15:30	<p>NAMAs and New Market Mechanisms in the Building Sector – Learning from Case Studies <i>Panel discussion</i></p>
15:30 – 16:00	Coffee break
16:00 – 17:15	<p>Carbon Market and Climate Protection Instruments in the Building Sector – Identifying Common Denominators for Success <i>Presentations and roundtable discussion</i></p> <p>Curt Garrigan, <i>United Nations Environment Programme – Sustainable Buildings and Climate Initiative (UNEP – SBCI), Paris</i> Tomas Wyns, <i>Centre for Clean Air Policy (CCAP) Europe, Belgium</i> Philipp Munzinger, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany / Indonesia</i></p>
17:15 – 17:30	<p>Wrap-up Day 1 and Lessons Learnt Prof Dr Peter Hennicke, <i>Wuppertal Institute for Climate, Environment and Energy, Germany</i></p>
18:00 – 20:30	<p>Get-Together Address: Hackendahl, Friedrichstr. 128, 10117 Berlin</p>

Friday, 27 September 2013

Time	Topic
09:00 – 09:15	Welcome and Agenda for Day 2
09:15 – 10:30	<p>Measuring, Reporting and Verifying Emissions in the Building Sector <i>Project approaches, presentations and Q&A</i></p> <p>Dr Volkmar Hasse, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany / P.R. China</i></p> <p>Marina Olshanskaya, <i>United Nations Development Programme (UNDP), Bratislava</i></p> <p>Lutz Jarczyński, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany / Serbia</i></p> <p>Prof Dusan Ignjatovic, <i>University of Belgrade, Serbia</i></p> <p>Sudhir Sharma, <i>United Nations Environment Programme (UNEP) Risø Centre, Roskilde</i></p>
10:30 – 11:00	Coffee break
Beyond Markets: The Role of Financing Schemes and Public Policy for Climate Protection in Buildings	
11:00 – 12:00	<p>National and International Financing Schemes for Climate-Friendly Buildings <i>Presentations and Q&A</i></p> <p>R.V. Verma, <i>National Housing Bank, India</i></p> <p>Antony Zhelyazkov, <i>Energy Efficiency and Renewable Sources Fund, Bulgaria</i></p> <p>Charles Phillips, <i>Department of Energy & Climate Change, United Kingdom</i></p>
12:00 – 12:30	<p>“Traditional” Financing of Climate-Friendly Buildings – Necessary Complements to Carbon Market Instruments? <i>Panel discussion</i></p>
12:30 – 14:00	Lunch break
14:00 – 15:15	<p>Successful Building Regulations and New Approaches to Policy Reform <i>Case studies and Q&A</i></p> <p>Dr Yamina Saheb, <i>Formerly International Energy Agency (IEA), Paris</i></p> <p>TOH Eng Shyan, <i>Building and Construction Authority (BCA), Singapore</i></p> <p>Pandita, <i>Jakarta Building Supervision and Regulation Agency, Indonesia</i></p>
15:15 – 15:45	Coffee break



Time	Topic
15:45 – 16:30	Managing Complexity in the Climate Arena – Lesson Learnt for a Greener Building Sector <i>Panel discussion</i>
16:30 – 17:00	Workshop Evaluation, Concluding Remarks and Outlook Dr Silke Karcher, <i>Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), Germany</i>

Workshop language will be English only.

Moderation adelphi: Mikael Henzler, Dr Gereon Klein, Dennis Tänzler