

Possible use of market based mechanisms under the Paris Agreement for reaching the goal expressed in the Brazilian iNDC

Marcelo T. Rocha

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Brazil's iNDC

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◆ **Mitigation contribution:**

- ◆ Brazil intends to commit to reduce greenhouse gas emissions by 37% below 2005 levels in 2025 (i.e. 1.3 GtCO₂e)
- ◆ Subsequent indicative contribution: reduce greenhouse gas emissions by 43% below 2005 levels in 2030 (i.e. 1.2 GtCO₂e)
- ◆ Type: absolute target in relation to a base year
- ◆ Coverage: 100% of the territory, economy-wide, including CO₂, CH₄, N₂O, perfluorocarbons, hydrofluorocarbons and SF₆
- ◆ Reference point: 2005 (i.e. 2.1 GtCO₂e)
- ◆ Timeframe: single-year target for 2025; indicative values for 2030 for reference purposes only
- ◆ Metric: 100 year Global Warming Potential (GWP-100), using IPCC AR5 values

Brazil's mitigation actions - 2030 (indicative list)

1. 18% share of sustainable biofuels and 45% of renewables in the energy mix
2. Zero illegal deforestation in the Brazilian Amazon and compensating for GHG emissions from legal suppression of vegetation;
3. Restoring and reforesting 12 million hectares of forests (multiple purposes);
4. Restoring 15 million hectares of degraded pasturelands and enhancing 5 million hectares of integrated cropland-livestock-forestry systems (ICLFS);
5. Promote new standards of clean technology and further enhance energy efficiency measures and low carbon infrastructure in the industry sector;
6. Promote efficiency measures, and improve infrastructure for transport and public transportation in urban areas;
7. Among others.

Use of Markets

- ◆ Brazil reserves its position in relation to the possible use of any market mechanisms that may be established under the Paris agreement
- ◆ Brazil emphasizes that any transfer of units resulting from mitigation outcomes achieved in the Brazilian territory will be subject to prior and formal consent by the Federal Government
- ◆ Brazil will not recognize the use by other Parties of any units resulting from mitigation outcomes achieved in the Brazilian territory that have been acquired through any mechanism, instrument or arrangement established outside the Convention, its Kyoto Protocol or its Paris agreement

Possible scenarios for use of Article 6.4

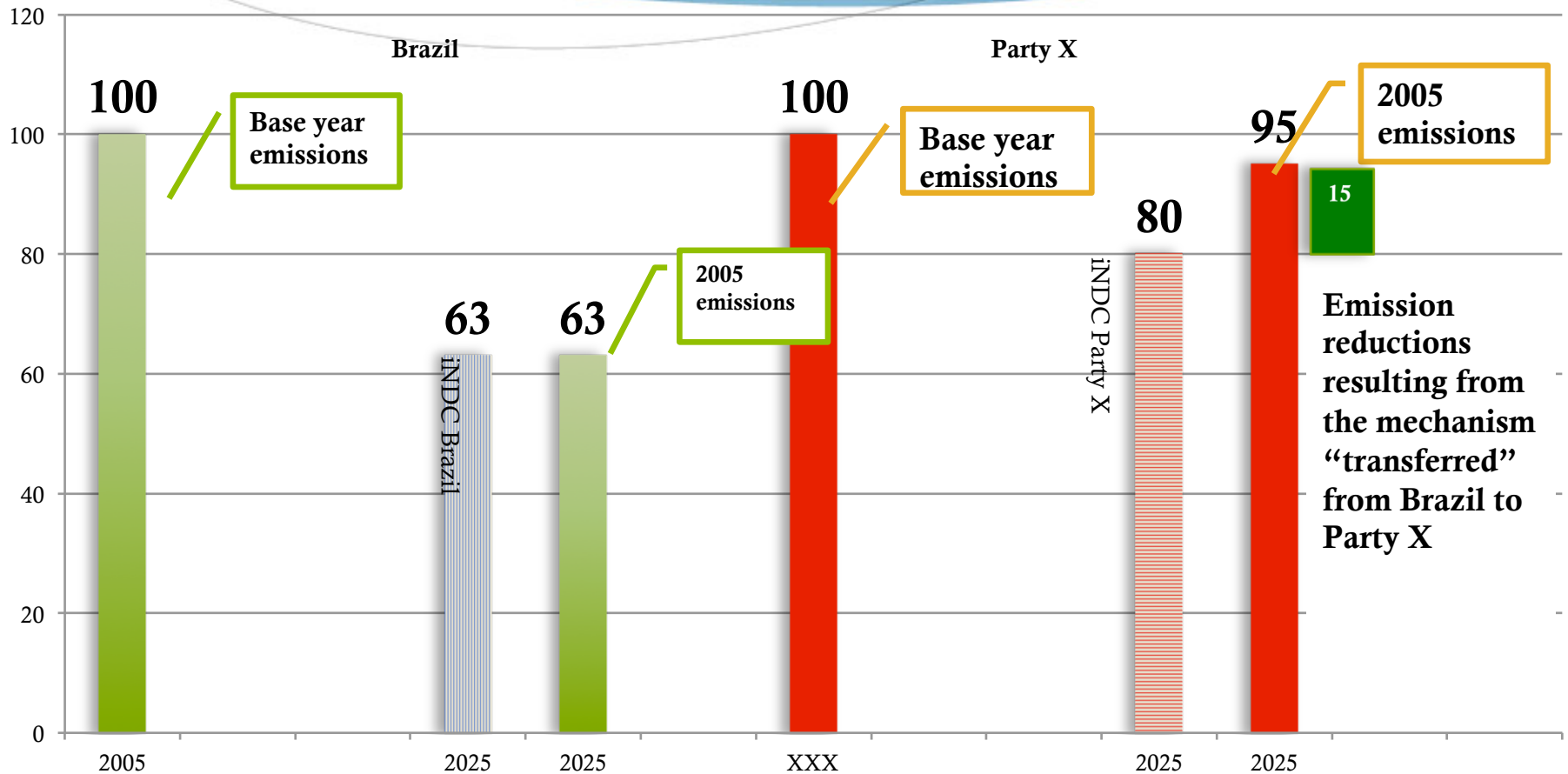
Scenario 1

- ◆ All Brazilian iNDC is achieved through the implementation of the *indicative* mitigation activities
- ◆ Brazilian SDM activities are additional (i.e. reductions in emissions that are additional to any that would occur in the absence of the certified project activity)
- ◆ All emission reduction (i.e. 15) resulted from the SDM are transferred from Brazil to Party X

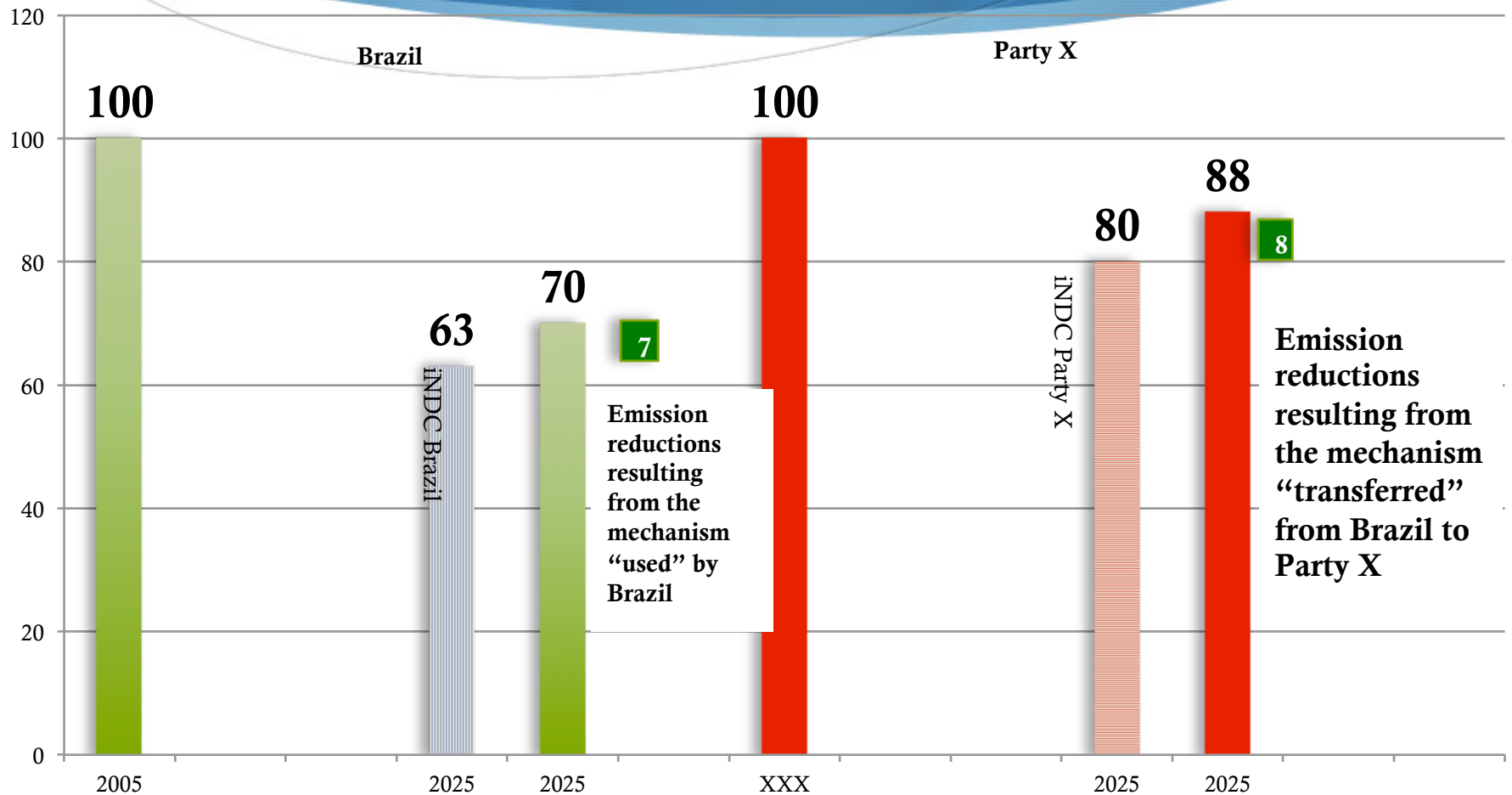
Scenario 2

- ◆ The *indicative* mitigation activities are enable to fulfill the Brazilian iNDC
- ◆ Brazilian SDM activities are additional
- ◆ Part of the emission reduction (i.e. 7) resulted from the SDM is used by Brazil
- ◆ Part of the emission reduction (i.e. 8) resulted from the SDM are transferred from Brazil to Party X

Scenario 1



Scenario 2



Conclusions

1. Brazil haven't decided yet on the use of market based mechanisms under the Paris Agreement for reaching the goal expressed in the Brazilian iNDC;
2. It will depend on the rules for Article 6.4, in particular in relation to additionality;
3. The type of the iNDC (e.g. economy wide) don't define the additionality;
4. Additionality will be defined by criteria's established by the body designated by the CMA;
5. Only SDM projects that are additional will be approved by the body designated by the CMA and can be authorized to issue "emissions reductions" to be used by Parties .

Questions or comments?

Marcelo T. Rocha

marcelo.trocha@fabricaethica.com.br

