Perspectives on Article 6 and a Carbon Market for India

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Technology

SOURCE: CEEW
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 Indian 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
COMMENTS AND SUGGESTIONS!

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