Status of Article 6 Negotiations

- Art. 6.2 "Cooperative Approaches"

- Art. 6.4 "Sustainable Development Mechanism"

About half of the NDCs signal interest in using forms of international cooperation through Article 6

Article 6 provides a framework that will enable the creation of an international carbon market

No agreement on the „Paris Rulebook" at COP 25 in Madrid

COP 26 postponed because of Covid-19 (will take place in 2021)

Main topics that remain unresolved by now:

- Corresponding adjustments (avoid double counting)
- Taxation of transactions under Art. 6.2 for adaptation (SoP)
- Transition of CDM activities and units
- Baselines and Additionality

"First mover" programs:

➢ KLIK Foundation Switzerland

➢ SEA Tender Sweden

TRANSMISSION & DISTRIBUTION (TD) – LOSSES PROGRAM

Test how cooperative approaches (6.2) can be implemented by designing innovative financing instruments using/combining climate and carbon finance aiming at crowding in private sector investments at maximum scale
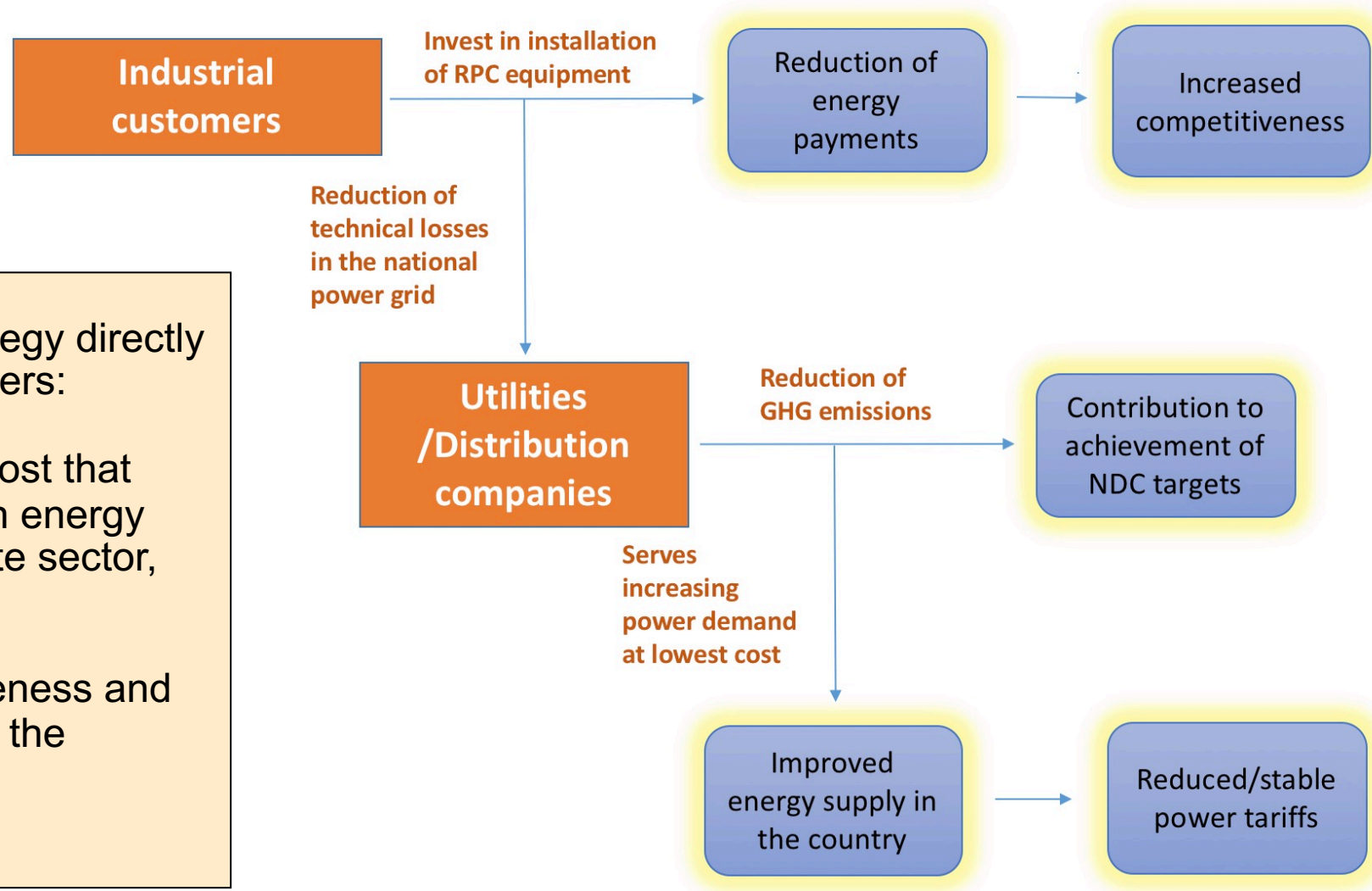
- The installation of Reactive Power Compensation (RPC) equipment at the premises of industrial facilities contributes to reducing the high technical energy losses in transmission and distribution networks occurring in nearly all developing countries.

- The technology is proven, applied standard (BAT) in all industrialized countries.
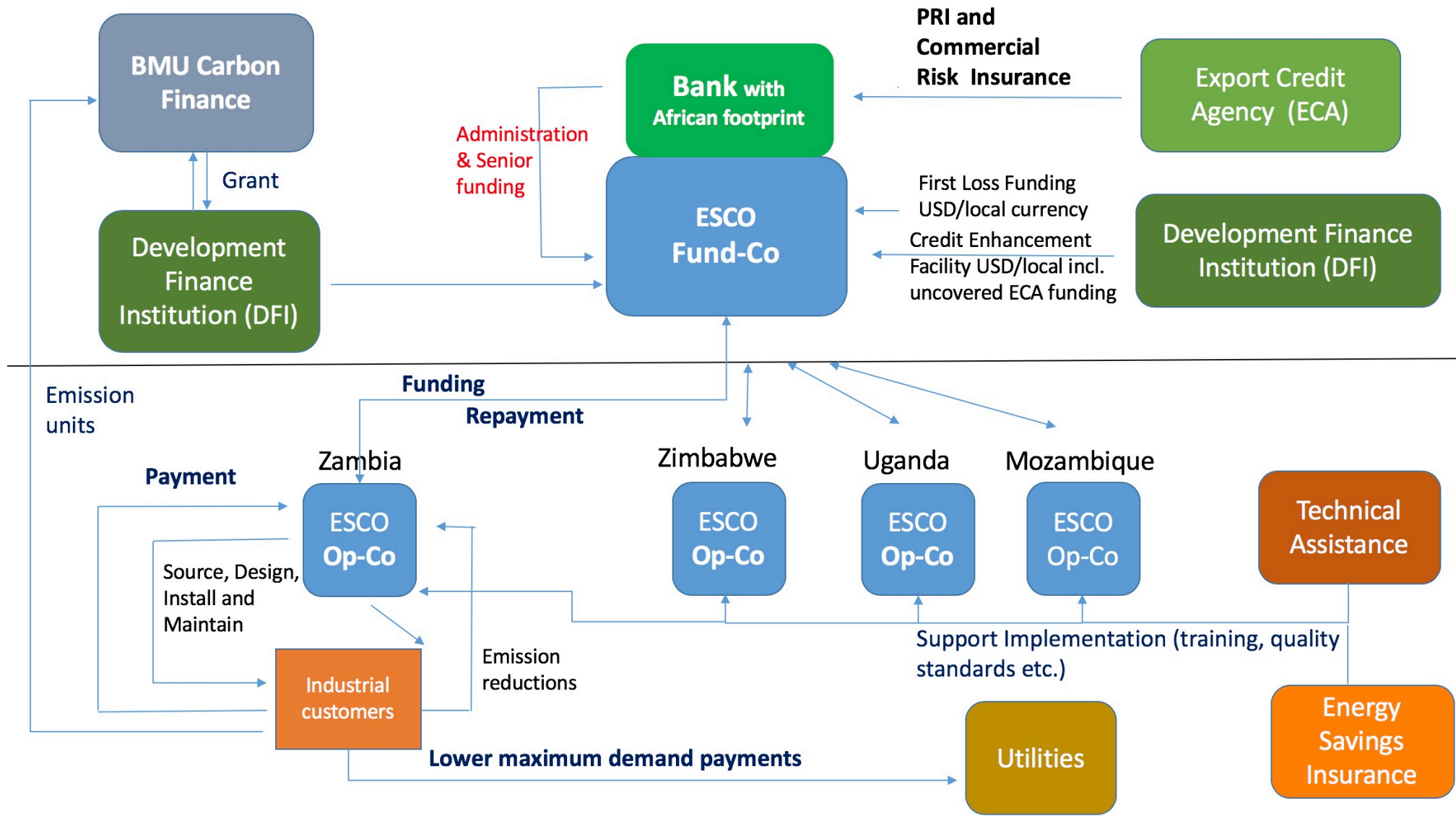
MULTIPLE BENEFITS

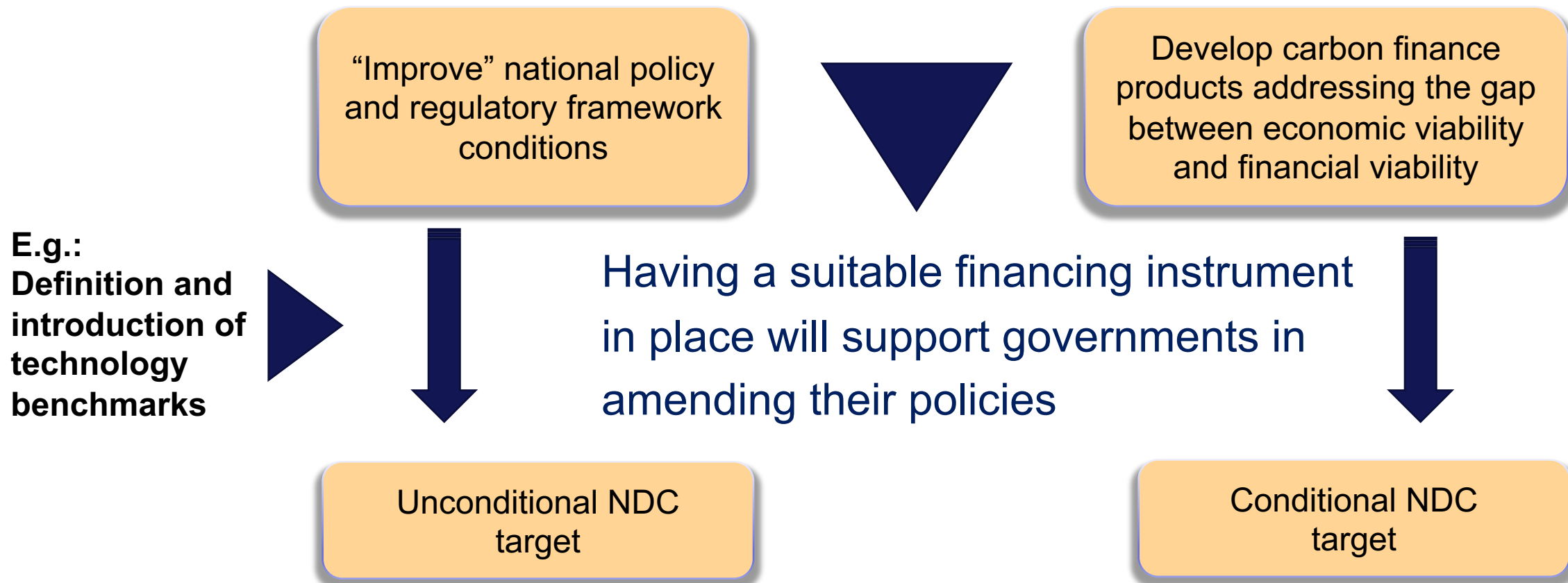The implementation strategy directly addresses the main barriers:

❖ high upfront capitals cost that prevent investments in energy efficiency by the private sector, and

❖ potential lack of awareness and technical capacities in the countries.

Industrial customers

Invest in installation of RPC equipment

Reduction of technical losses in the national power grid

Reduction of energy payments

Increased competitiveness

Utilities /Distribution companies

Reduction of GHG emissions

Contribution to achievement of NDC targets

Serves increasing power demand at lowest cost

Improved energy supply in the country

Reduced/stable power tariffs

Thank you for your attention

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