

EMISSIONS DISPLACEMENT METHODOLOGIES: SETTING THE STAGE

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ROADMAP

- Observations
- Recommendations for the process
- Suggestions for critical next steps

OBSERVATIONS

- There are a variety of reasons why people, governments, institutions, and businesses want to calculate displaced emissions
 - Policy making- evaluate effects of policy, justify benefits
 - Regulatory compliance (businesses and states/provinces)
 - Tool for Kyoto compliance and reporting under voluntary carbon reduction programs
 - “Early action” – voluntary compliance; belief that actions now will be credited toward future regulatory regime
 - Public relations- metric to measure progress toward corporate environmental goals and substantiate PR claims

OBSERVATIONS

- Many emissions displacement calculations and methodologies already out there
- There are trade-offs involved with nearly every methodology
 - What level of accuracy is needed?
 - What level of accuracy is acceptable?
 - What are the costs?
 - Is the methodology practical and feasible enough for widespread adoption?

OBSERVATIONS

- Before you ask “How?” need to understand “Why?”
- Is there a common purpose among the three countries?

RECOMMENDATION #1: NARROW SCOPE OF EFFORT

- Need to more clearly define why each of the 3 countries wants to have a standard emissions displacement methodology
- May not be practical or desirable to develop one methodology that will support all applications
- Need agreement on common purpose and goal of creating common methodology

RECOMMENDATION #2: FORM FOLLOWS FUNCTION

- The application should dictate which emissions displacement methodology is selected

RECOMMENDATION #3: GET REAL

- All other things being equal, greater accuracy is better. But, all other things aren't equal!!!
- At present time, the methodology used to calculate displaced emissions is ultimately an economic decision
 - Balance costs versus level of precision needed to meet goals
- Higher levels of accuracy necessary for some applications e.g those with direct financial impacts,
- Absolute precision is not needed for every emissions displacement application!

RECOMMENDATION #4: FOCUS ON CREATING A LEVEL PLAYING FIELD

- There are tri-national applications that will benefit from a standard methodology
 - E.g. Voluntary pollution markets, transnational air quality management efforts
- Building a foundation for future activity and cooperation—
 - Crucial to create “apples to apples” calculations
- Getting all 3 countries to agree on one methodology for one (or more applications) is more important than the methodology selected
 - Need agreement to get credibility, and foster widespread usage

RECOMMENDATION #5: DON'T TRY TO SOLVE ALL PROBLEMS

- Separate out policy issues that fall under the domain of states or federal government from displacement calculation issues
- Can't solve every problem with single tool

CRITICAL NEXT STEPS

- Define and narrow scope of effort
- Need to better understand costs of various displacement methodologies
 - How much more precision does one get for increased price
- Assess the capacity of 3 governments to assist with developing a displacement calculation tool(s) that can be deployed in all 3 countries at a low cost to participants

CRITICAL NEXT STEPS

- Continued coordination with GHG registries and other groups
- Tri-national tracking system to track and verify RE generation and certificate transactions
 - Address double-counting, establish property rights, foster credibility
 - Tracking system should contain sufficient detail to plug into displacement calculations
 - Need to identify what the displacement calculation information needs are
- EE??

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