

MOEJ Initiatives on Bilateral Offset Credit Mechanism for Mitigating Climate Change

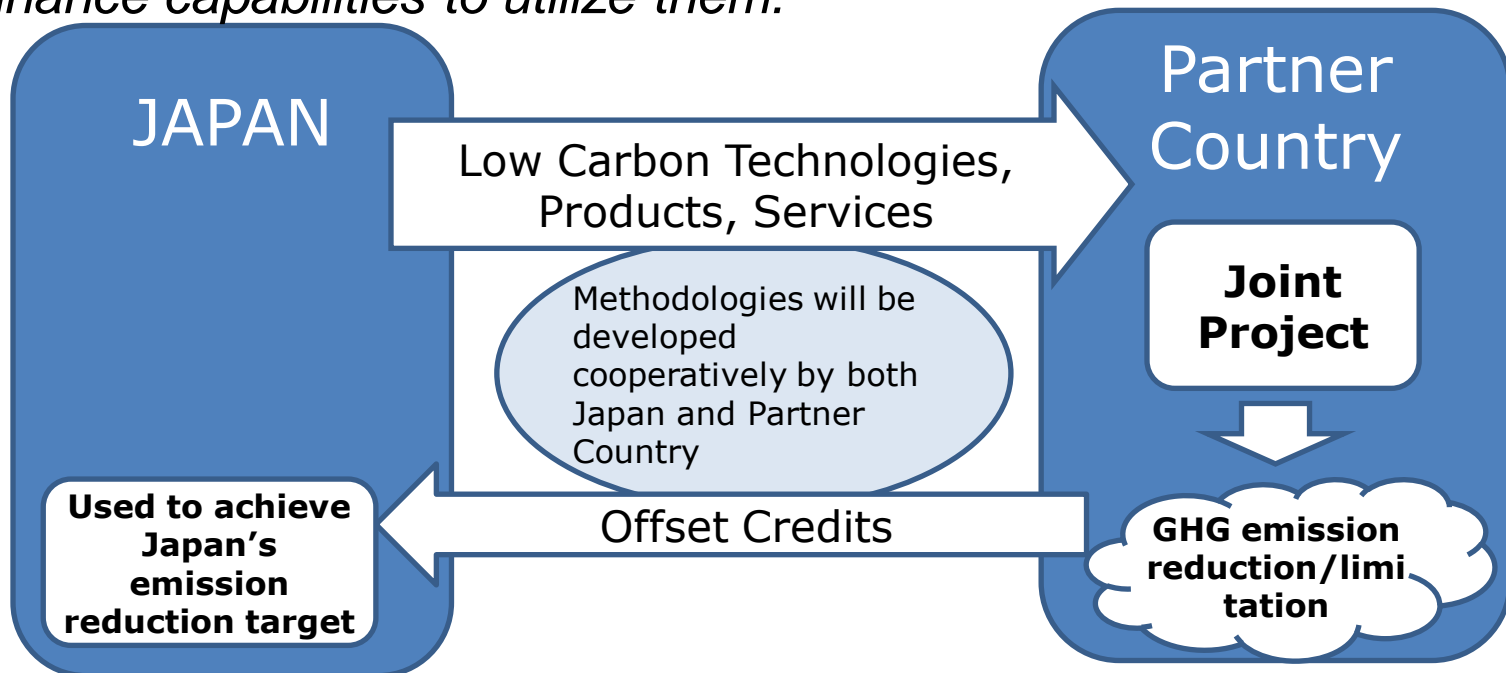
November 2011

Office of Market Mechanisms
Climate Change Policy Division
Ministry of the Environment, Japan (MOEJ)

Image of Bilateral Offset Credit Mechanism

Purposes of the BOCM

- ◆ *Contribute to the ultimate objective of the UNFCCC through promotion of mitigation activities globally.*
- ◆ *Facilitate the bilateral cooperation in the field of climate change in such a way that best suits each country's national circumstances.*
- ◆ *Contribute to the sustainable development of developing countries.*
- ◆ *Appropriately evaluate the contribution to GHG emission reductions or removals.*
- ◆ *Facilitate diffusion of low carbon technologies, products and services and enhance capabilities to utilize them.*



Progress in International Negotiations

Cancun Agreements (COP 16 Decisions)

It was agreed that the Conference of the Parties (COP) “**decides to consider the establishment, at its seventeenth session, one or more market-based mechanisms**”.

High-Level Agreements on Bilateral Cooperation

[India]

At their meeting on October 25, 2010, the prime ministers of Japan and India agreed to enhance bilateral discussions to build a framework for bilateral cooperation in the area of climate change.

Excerpt from the joint statement: “*The two Prime Ministers also reaffirmed the importance of strengthening bilateral discussions on climate change on various occasions, including a possible establishment of a framework of comprehensive bilateral cooperation.*”

[Vietnam]

At their meeting on October 31, 2010, the prime ministers of Japan and Vietnam agreed to start consultation on the establishment of a bilateral carbon offset scheme and other initiatives in the area of climate change.

Excerpt from the joint statement: *The two sides agreed to task relevant agencies of the two countries to exchange views for the realization of these objectives* including the potential establishment of bilateral offset credit mechanism.*

* Making the environment and economy compatible, thereby addressing the climate change issues while achieving sustainable growth.

Multilateral Agreement

In Action Plan for "A Decade toward the Green Mekong" Initiative formulated on October 29, 2010, Japan and the Mekong region countries agreed to “**promote the development of bilateral offset mechanisms.**”

MOE-J's initiatives to promote the BOCM

(1) Feasibility Studies (FS) for potential BOCM projects/actions

- Called for proposals from Japanese entities on for potential BOCM projects/actions, in order to acquire knowledge and experience for designing and implementing the BOCM.
- 29 projects were selected for FY2011, increased from three in FY2010.

(2) Information platform for the BOCM

- New Mechanisms Information Platform website was established to provide the latest movements and information on the BOCM.
- Manage help desk for new market mechanisms, in order to respond inquiries.

(3) Capacity Building for the BOCM

- Consultations with government officials and private firms in developing countries in order to develop capacity to implement new market mechanisms.
- Capacity building for MRV was launched in Asia, Latin America and Africa, including developing MRV methodologies reflecting each national circumstance.

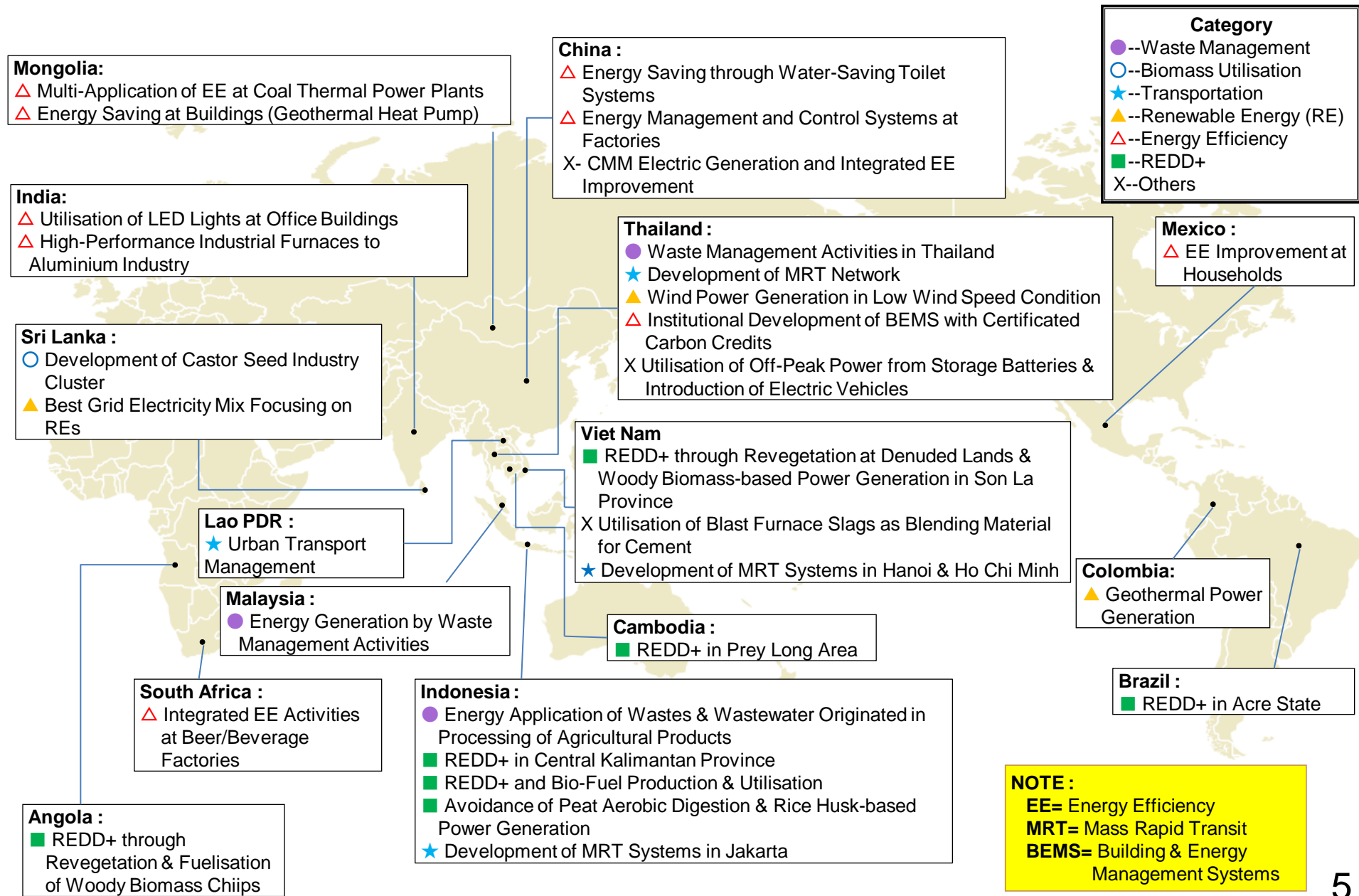
(4) New registry system for the BOCM

- Developing new registry for recording and tracking of emission reductions under the BOCM.

Feasibility Studies for potential BOCM projects/actions

- **Global Environment Centre Foundation (GEC)** is serving as a secretariat for the FS.
- 29 projects were selected for FY2011.
 - 6 potential CDM projects were also selected, to contribute developing new methodologies, standardized baselines and equitable geographical distribution of the CDM.
 - Relevant informations are available at http://gec.jp/main.nsf/en/Activities-Climate_Change_Mitigation-Top
 - Or serch '*GEC, FS, Climate*'
- **Taskforces** composed of experts for specific sectors were set up and the FS is being performed under the guidance of the taskforces.
- Plan to establish **host country committee** for some FS projects, composed of government officials and other experts in host country and Japan, in order to share mutual perspectives on the BOCM, by discussing FS projects in the country.

BOCM Feasibility Studies in FY2011(1)



BOCM Feasibility Studies in FY2011(2)

Category	Host Country	Emission Reduction Project/Activity	Research Entity
Waste Management	Thailand	Waste Management Activities in Thailand	Pacific Consultants
	Indonesia	Energy Application of Wastes and Wastewater Originated in Processing of Agricultural Products	Chugai Technos Corporation
	Malaysia	Energy Generation by Waste Management Activities, through Anaerobic Digestion as Model Technology	Ichikawa Kankyo Engineering
Biomass Utilisation	Sri Lanka	Development of Castor Seed Industry Cluster	PEAR Carbon Offset Initiative
Transportation	Thailand	Development of Mass Rapid Transit (MRT) Network in Bangkok	Japan Weather Association
	Lao PDR	Urban Transport Management in Vientiane	Katahira & Engineers International
	Indonesia, and Viet Nam	Development of Mass Rapid Transit (MRT) Systems in Jakarta, Indonesia, and Hanoi and Ho Chi Minh	Mitsubishi Research Institute
Renewable Energy	Thailand	Renewable Energy Development by Wind Power Generation in Low Wind Speed Condition	Yonden Engineering
	Sri Lanka	Best Grid Electricity Mix Focusing on Renewable Energy Sources	Ex Corporation
	Colombia	Renewable Energy Development Focusing on Geothermal Power Generation	Mitsubishi Research Institute

BOCM Feasibility Studies in FY2011(3)

Category	Host Country	Emission Reduction Project/Activity	Research Entity
Energy Efficiency/ Energy Saving	China	Energy Saving by Reducing Water Consumptions through Diffusion of Water-Saving Toilet Systems to Households in Dalian	Mitsubishi UFJ Morgan Stanley Securities
	China	Energy Efficiency Improvement by Introducing Energy Management and Control Systems at Factories in Shaanxi Province	Yaskawa Electric Corporation
	Mongolia	Multiple Application of Energy Efficiency Improvement Measures at Coal Thermal Power Plants	Suuri-Keikaku
	Mongolia	Energy Saving at Buildings by Utilising Geothermal Heat Pump and Other Technologies	Shimizu Corporation
	Thailand	Promotion of Energy Efficiency Improvement through Institutional Development of Building and Energy Management Systems (BEMS) with Certificated Carbon Credits	Yamatake Corporation
	India	Energy Savings by Utilising LED Lights at Office Buildings	The Japan Research Institute
	India	Energy Efficiency Improvement by Introducing High-Performance Industrial Furnaces to Aluminium Industry	Japan Industrial Furnace Manufacturers Association
	Mexico	Promotion of Energy Efficiency Improvement at Households through Introduction of Low-CO2 Houses and Diffusion of Energy-Efficient Appliances	The Japan Research Institute
	South Africa	Integrated Energy Efficiency Activities at Beer/Beverage Factories Using Specific Energy Consumption Methods	Recycle One.

BOCM Feasibility Studies in FY2011(4)

Category	Host Country	Emission Reduction Project/Activity	Research Entity
REDD+	Indonesia	REDD+ in Central Kalimantan Province	Mitsubishi UFJ Research & Consulting
	Indonesia	REDD+ and Bio-Fuel Production and Utilisation in Gorontalo Province	Kanematsu Corporation
	Indonesia	Avoidance of Peat Aerobic Degradation by Peatland Rewetting and Rice Husk-based Power Generation Associated with Rice Production Increase in Jambi Province	Shimizu Corporation
	Cambodia	REDD+ in Prey Long Area	Conservation International Japan
	Viet Nam	REDD+ through Revegetation at Denuded Lands and Woody Biomass-based Power Generation in Son La Province	Sumitomo Forestry
	Brazil	REDD+ in Acre State	Marubeni Corporation
	Angola	REDD+ through Revegetation at Derelict Commercial Forested Lands and Fuelisation of Woody Biomass Chips for Cement Plants	PricewaterhouseCoopers Aarata Sustainability
Others	China	Electric Generation based on Low-Level Coal Mine Methane and Integrated Energy Efficiency Improvement in Yunnan Province	Tepia Corporation Japan
	Thailand	CO2 Reduction through Utilising Off-Peak Power from Storage Batteries and Introducing Electric Vehicles	Mizuho Information & Research Institute
	Viet Nam	CO2 Abatement through Utilisation of Blast Furnace Slags as Blending Material for Cement	Mitsubishi Research Institute

Information platform for the BOCM

- **Overseas Environmental Cooperation Center (OECC)** is serving as a secretariat for the platform.
- **New Mechanisms Information Platform** website was established to provide the latest movements and information on the BOCM
 - URL is <http://www.mmechanisms.org/e/index.html>
 - Or serch '*OECC, new mechanism*'
 - MOEJ has long experience for operating “the Kyoto Mechanisms Information Platform”, and it has received average 290,000 visitors per year.
- **Help Desk** also accepts and answers inquiries regarding new mechanisms, including those regarding the BOCM.
- Plans to organize seminars on new mechanisms including the BOCM in Tokyo, inviting government officials from developing countries, in FY2011.

Information platform for the BOCM


New Mechanisms Information Platform

Inquiry E-mail Newsletter Japanese

Font Size Standard Big Maximum Site Search Google Custom Search

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Japan's Initiatives Support Programmes Useful Experiences Useful Calculation Methodology REDD/REDD+




Topics of Japan List

- Jul 22, 2011
Solar cooling system project in the United Arab Emirates (NEDO) [PDF]
- Jul 19, 2011
Brief Report of the 9th Workshop on Greenhouse Gas Inventories in Asia (WGIA9) (MOE)
- Jul 12, 2011
Overview of the 9th Workshop on Greenhouse Gas Inventories in Asia (WGIA9) (MOE)
- Jul 4, 2011
Climate Change: The Second Meeting of the Transitional Committee for the

Publications List

New Mechanisms Express

 - Promoting New Market Mechanisms for Climate Change Mitigation - November 2011

Information List

- Nov 22, 2011
The pamphlet "New Mechanisms Express : November 2011" has been

Capacity Building for the BOCM

- Starting from FY2003, MOEJ has been supporting **CDM capacity building in Asian countries** to support the establishment of institutional arrangements and procedures.
 - **Institute for Global Environmental Strategies (IGES)** has been collaborating with Asian countries for capacity building.
- Building on the existing CDM capacity building initiative, MOEJ launched capacity building for new mechanisms including the BOCM.
 - Such capacity building may utilize experience of **J-VER** (Japan-verified emission reduction) scheme, which have unique features applicable to developing countries.
- MOEJ also started capacity building especially for **MRV**.
 - Such capacity building will be conducted in **Asia, Latin America and Africa** uniquely, to reflect specific circumstances and capacities of those countries for implementing MRV.

J-VER (Japan-verified emission reduction) scheme

- MOEJ established the J-VER Scheme in November 2008 with Certification Center on Climate Change, Japan (CCCCJ or 4CJ) serving as the secretariat.

- Using a **positive list** as a criteria for validation

- Defining and validating the types of projects that should be promoted as a government policy, rather than assessing the “additionality” of each project.

- Judgment based on **eligibility criteria**

- Ensuring environmental integrity by applying designated eligibility criteria in judging whether or not a proposed project satisfies conditions prescribed in the positive list.

- **Reducing monitoring requirements**

- For example, no need to measure emissions from transportation of biomass under some conditions.
- For example, exclude low emission sources (those accounting for less than 0.1% of the estimated emission reduction) from monitoring requirements.

Funding to the World Bank PMR

Partnership for Market Readiness (PMR)

- It is the initiatives to support developing countries to prepare and implement market mechanisms for GHG reductions.
- It is expected to play important role for developing international rules for new market mechanisms.
- Japan contributed 600 million yen to the PMR.

- The first Partnership Assembly was held in Barcelona, in the end of May 2011. The second PA was held in Istanbul in October 2011.
- Chile, China, Colombia, Costa Rica, Indonesia, Mexico, Thailand and Turkey were selected to proceed to preparation phase.
- Australia, European Commission, Germany, Japan, Netherland, Norway, Spain, Switzerland, United Kingdom, and United States pledged contribution to the PMR

Japan's approach for developing the BOCM

- Japan will take the following steps for developing the BOCM:
 - ◆ **Facilitate mutual understanding** with developing countries through dialogues, exploration of potential projects and capacity building.
 - ◆ Seek to enter into **bilateral arrangements** with developing countries after having sufficient understanding on the BOCM so as to ensure credibility of the mechanism.
- In parallel with the above steps, and drawing on the outcome of such steps, **institutional designs for the BOCM** will be reviewed for improvements.
 - ◆ The mechanism that can address issues of the CDM, bring benefits to developing countries, and promote further emission reductions.

Japan's approach for developing the BOCM

- Japan will address its position in international negotiations so as to ensure that improvements will be made to the existing mechanisms under the new framework applicable from 2013 onward, and that **the BOCM will be consistent with this new framework.**