

The Road to Copenhagen

By Karl Schultz

This month Copenhagen will host negotiations to define the structure and set limits on greenhouse gas emissions for the period after the Kyoto Protocol expires in 2012. The implications could be far reaching as the meeting aims to set national emissions targets and outline incentives for future emission reduction projects. For Green Gas, the outcome impacts are pivotal for our business as they will define what projects we may undertake. However, achieving a strong agreement is going to be difficult.

Scientists believe that averting 'dangerous climate change' will mean limiting future global warming to 2° centigrade. To achieve this, emissions would have to reach a peak in the next 10 – 15 years and decline by 50 – 80% from 1990 levels by 2050. In response to the situation, developed countries agreed an international environmental treaty in 1992, known as the UN Framework Convention on Climate Change that set non-binding limits on greenhouse gas emissions for individual countries; and in 1997 negotiated the Kyoto Protocol, which went into force in 2005. Despite all these efforts, however, global emissions have increased by over 30%. Clearly, current actions to limit emissions are not going far enough to meet the science-based targets.

While the Kyoto Protocol is much criticised, it has produced tangible results by setting up a system of national emission targets and mechanisms to credit actions to limit emissions. It spurred the European Union to create an emissions 'cap and trade' scheme, to limit emissions on over 12,000 facilities that allows companies to decide how to comply. This can be by: either limiting emissions directly; buying allowances from other companies that limit emissions beyond their caps; or even buying carbon credits from projects around the world that reduce emissions, such as the Green Gas' Medellin flaring project in Colombia.

Under the Kyoto Protocol, Green Gas creates sanctioned carbon credits from its landfill methane flaring projects in developing countries. Similarly, in Germany and the Czech Republic, Green Gas benefits from favourable feed-in tariffs for power from landfill and coal mine methane, that were set up to encourage emission reductions. These feed-in tariffs benefit from

a guaranteed fixed price for the sale of electricity from projects using landfill and coal mine gas, which is generally higher than electricity from conventional fossil fuel plants. These tariffs are the direct result of policies by the national governments that are part of each government's climate actions to fulfil their international climate obligations.

The aim of Copenhagen is to step up international efforts to combat climate change, to follow on the first phase of the Kyoto Protocol, which expires in 2012. According to the U.N., the agreement reached at Copenhagen does not need to resolve all details, but it must provide clarity in the following four areas:

- Emission reduction targets for developed countries
- National appropriate mitigation actions in developing countries
- Scaling up financial and technological support; and
- Effective institutional framework with governance structures.

A number of countries, ranging from Japan through EU nations to Brazil, have already offered non-binding emission commitments. Unfortunately, the targets are not enough to limit future global warming to 2°C.

The negotiations will be about agreeing the relative contribution to mitigating climate change from the developing and developed world, respectively. The developing countries make the correct point that they have not made the emissions that created the problem: 75% of cumulative emissions came from a handful of wealthy countries. Whilst on the other hand, developed countries state correctly that most future emissions growth will be from the developing countries. Getting the U.S. to join a future agreement is important as it emits about one fifth of all greenhouse gases.

A legally binding treaty is not expected but the current objective is to reach a non-binding "political agreement" that would include rich country targets to cut greenhouse gases by 2020, measures for developing countries to limit future emission growth, as well as avoiding deforestation; financing cleaner technology and the adaptation to climate change.

The outcome will resonate around the world, impacting consumption patterns, national energy and trade policies and creating opportunities for Green Gas to make green energy around the world.