

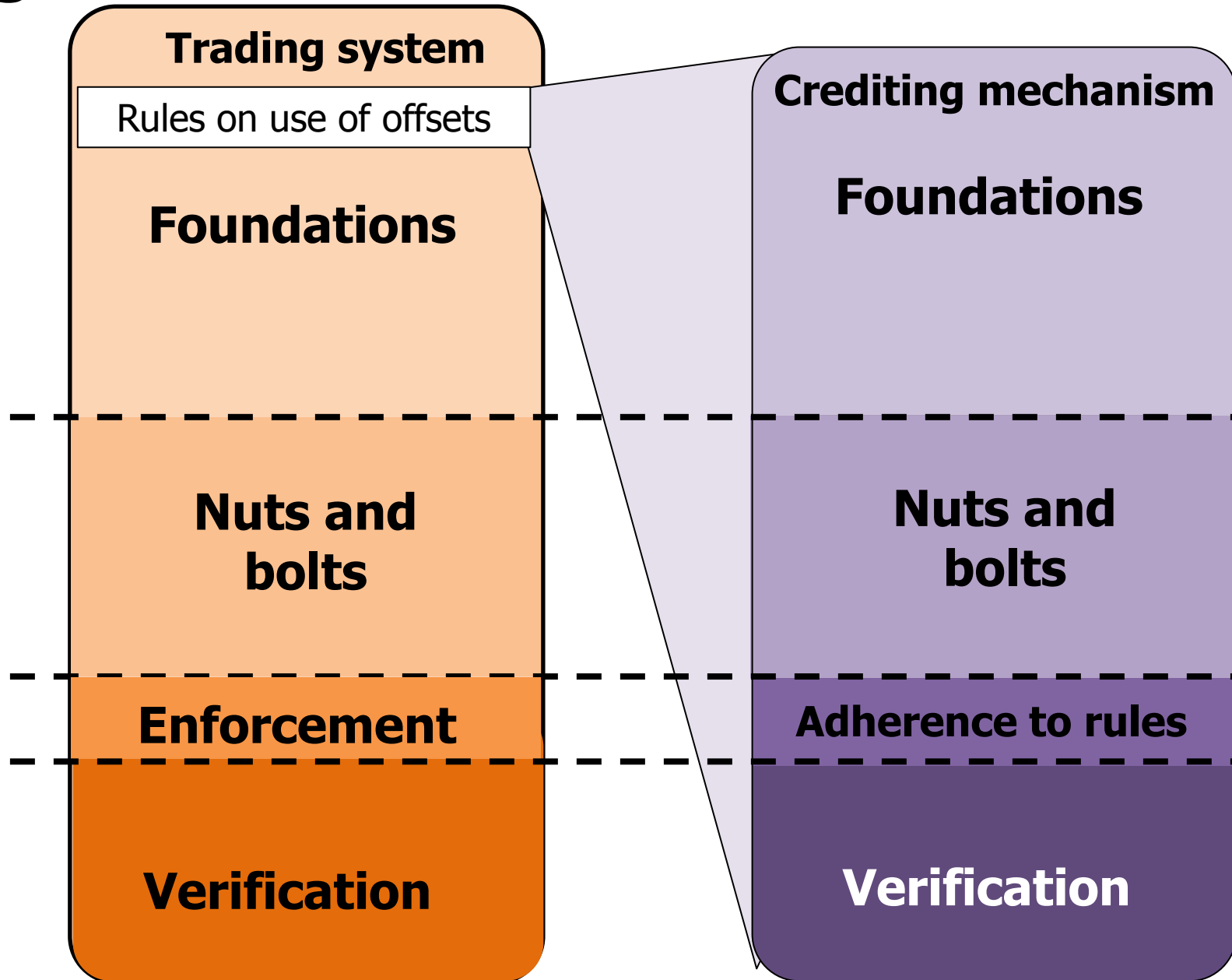


Making Markets (Part 2): design elements and governance

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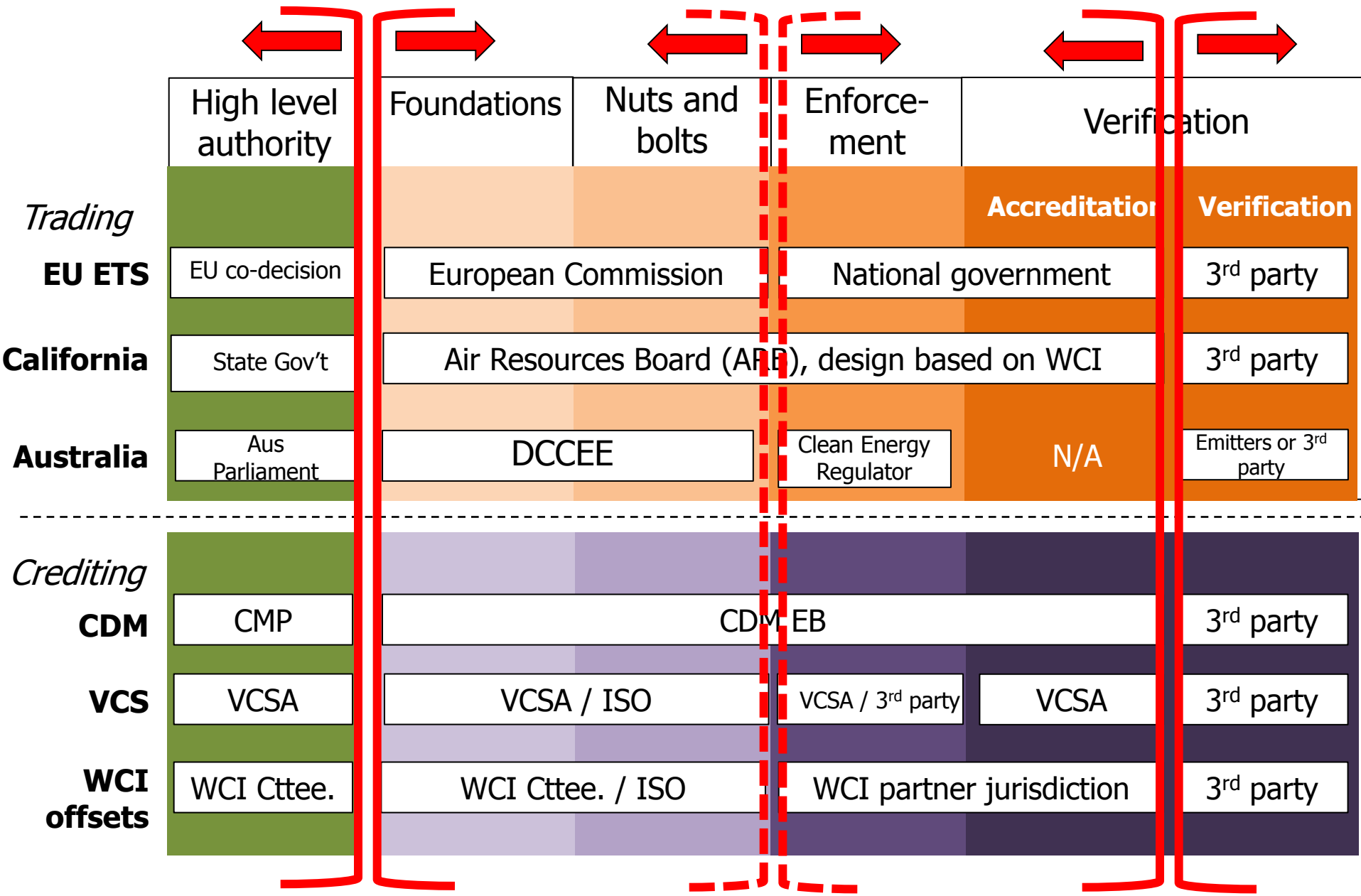
Design elements of market mechanisms



Governance: who does what?

	High level authority	Foundations	Nuts and bolts	Enforcement	Verification		
<i>Trading</i>					Accreditation	Verification	
EU ETS	EU co-decision	European Commission		National government	3 rd party		
California	State Gov't	Air Resources Board (ARB), design based on WCI				3 rd party	
Australia	Aus Parliament	DCCEE		Clean Energy Regulator	N/A	Emitters or 3 rd party	
<hr/>							
<i>Crediting</i>							
CDM	CMP	CDM EB				3 rd party	
VCS	VCSA	VCSA / ISO		VCSA / 3 rd party	VCSA	3 rd party	
WCI offsets	WCI Cttee.	WCI Cttee. / ISO		WCI partner jurisdiction		3 rd party	

Dividing governance roles



In search of fungibility?

- Via **linking** or **recognition** under **UNFCCC** framework
- **Mutual confidence** in standards and governance process
- Confidence through **common standards in mechanism design** even if governance is devolved

What role for standards in UNFCCC process?

And for which design elements?

How to approach standards through UNFCCC process?

- **UNFCCC decisions**

- ◇ Could be broader facilitative guidance or more detailed prescriptive standards

- **UNFCCC recognition of other standards**

- ◇ Recognising ISO or other standards if verified

- **UNFCCC agrees only on transparency**

- ◇ National regulators decide on standards and which units to recognise

Which elements for standards?

Foundations

- ◇ More politically-sensitive areas, particular to national circumstances
- ◇ Examples of design agreements

Nuts and bolts

- ◇ More technical aspects conducive to standards
- ◇ Monitoring standards, registry systems

Enforcement

- ◇ Highly specific to jurisdictions
- ◇ Good practice guidelines and transparency, but is it enough ?

Verification

- ◇ Wide experience with third party verification and accreditation
- ◇ Fairly comprehensive ISO standards

Thank you



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