

Article 6: Lessons from South Pole's Pilots

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Why South Pole is involved in Article 6 pilots?

- South Pole can **support countries** on the development of their strategies to participate in the new market
- This can change the **carbon market rules**, we want to be ahead to assist clients
- We believe in **climate action** and the role that private sector can play in this new market
- With the experience of South Pole, we can contribute to the **transparency** rules established in Article 6

Article 6 Virtual Pilots - Colombia

- Swedish Energy Agency (SEA) exploring **how Article 6 transactions could be designed** & to help UNFCCC negotiations with policy recommendations.
- South Pole worked on 2 ‘Virtual Article 6 pilots’ in Colombia for SEA

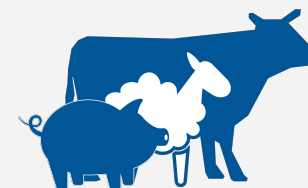


Objective: Provide SEA with **real-world options** for mitigation pilot activities or “virtual pilots” that would produce ITMO’s or other bilateral investment activities that may fall under Article 6 of the Paris Agreement

Pilot 1: Power and/or heat generation with biogas from industrial wastewater

Mitigation Activity	Power and/or heat generation with biogas from industrial wastewater
NDC coverage	Outside the scope of currently planned policies to achieve the NDC, but inside the overall sectoral scope of the NDC. Colombia's NDC aims to reduce GHG emissions from the capture and destruction of methane in domestic wastewater treatment plants but does not specifically target industrial facilities.
Co-benefits	SDG 3: Good health and well-being SDG 6: Clean water and sanitation SDG 7: Affordable and clean energy SDG 8: Decent work and economic growth SDG 13: Climate action

Sectors with potential



Pilot 2: Installation of solar PVs to replace the generation of energy with diesel in non interconnected areas.

Mitigation Activity

Installation of solar PVs to replace the generation of energy from diesel

NDC coverage

Outside the scope of planned policies to achieve NDC targets but within the sector coverage of the NDC. Solar PV policies are not expected to be included in the Colombian NDC, although Colombia is committed to advancing renewable energy development under its NDC.

Co-benefits

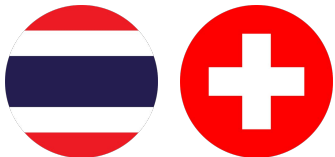
SDG 1: No poverty
SDG 3: Good health and well-being
SDG 7: Affordable and clean energy
SDG 8: Decent work and economic growth
SDG 10: Reduced inequalities
SDG 11: Sustainable cities and communities
SDG 13: Climate action

Areas with potential

- Amazonas
- Pacific Zone
- San Andrés



Pilot 3: SHIFT - Promoting the adoption of electric vehicle fleet mobility for logistic services in Thailand



International cooperation under the Paris Agreement



International cooperation under Article 6.2

Switzerland can provide funding for international GHG reduction activities and count them as part of its NDC. The Climate Cent Foundation is currently following up on 3 pilot activities:

- **SHIFT, Thailand**
- Tuki Wasi, Peru
- BIOVER, Mexico



20-25% GHG reduction by 2030 (from 2005 BAU case)
Priority sectors: Energy and Transport, Waste, Industrial.

*Thailand's NDC does not include **electric mobility in the private transport**.*



50% GHG reduction by 2030 (from 1990 levels).

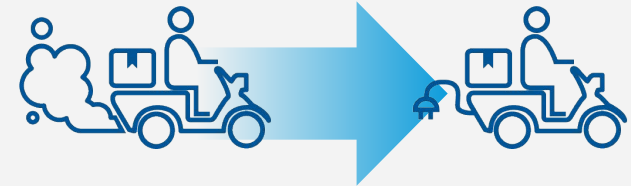
*including use of **international credits**.*

The SHIFT project

Objective 1: accelerate the adoption of EVs by private fleet-operators for mobility and logistic services.

Objective 2: charge EVs using renewable energy.

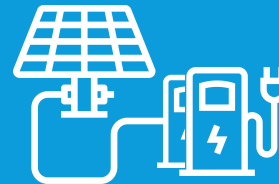
Objective 3: support the ambition of the Thai government to reduce GHG emissions in the transport sector.



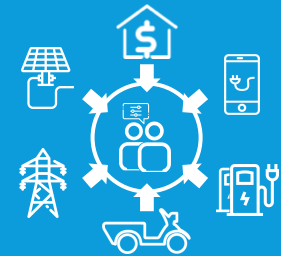
SHIFT supports the Thai government's commitment to **climate policy and electric mobility targets**.



SHIFT provides a large scale opportunity in Thailand to **monetise emission reduction** benefits from electric vehicles.



SHIFT supports the deployment of **renewable energy powered** EV charging stations in Thailand.



SHIFT drives the demand for **electric mobility conversion** through partnerships with key stakeholders.

Role of South Pole in SHIFT

Design phase

South Pole as **SHIFT project consultant**:



Feasibility study and stakeholder engagement



Dialogue and moderation between Thai and Swiss governments



Business model development

Operational phase

South Pole as **SHIFT managing entity**:



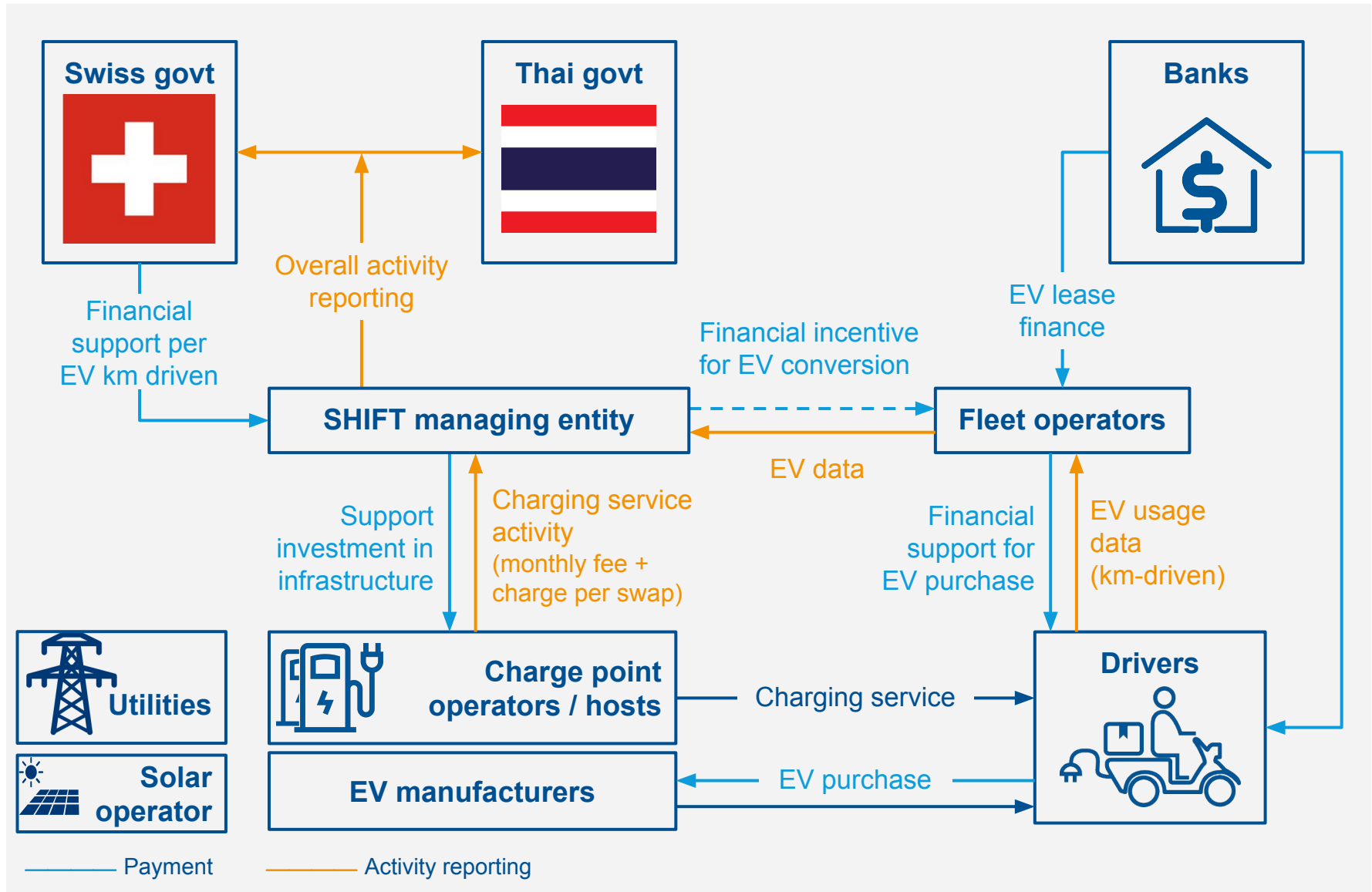
Monitoring, reporting and verification of emissions reduction



Results-based payments for EV conversion

Proposed design of the SHIFT platform

(data and financial flows)



High interest from private sector

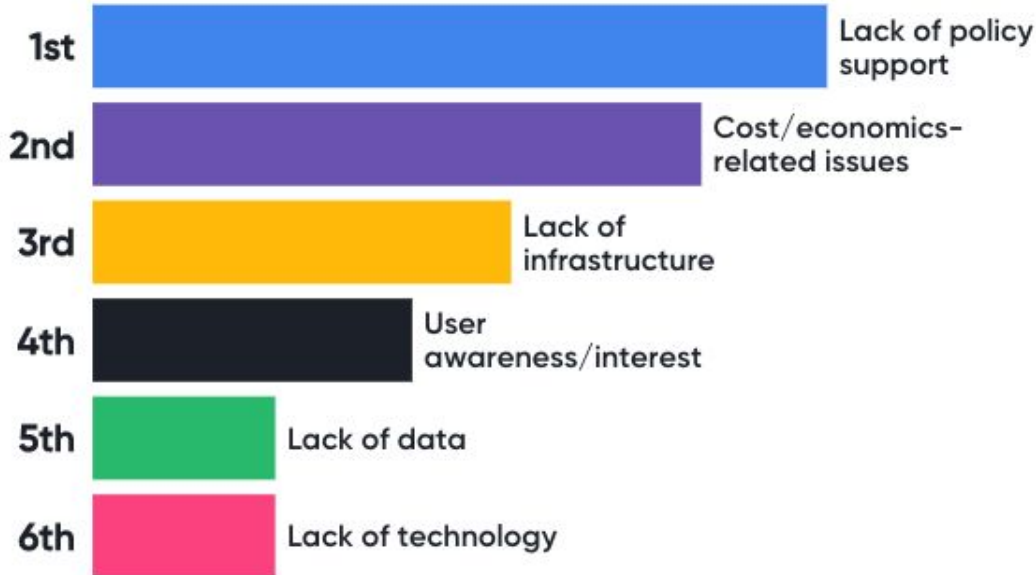
55 private sector representatives



- EV manufacturers
- Fleet owners
- Charge point operators
- Charge point developers
- Battery providers
- Technical solutions providers

Key barriers of EV deployment

Policy support and economics are the two most common challenges.



policy support on:



financial support in the field of:



SHIFT can leverage carbon finance to:

- Develop infrastructure
- Reduce total cost of ownership
- Accelerate EV adoption in Thailand

Common challenges

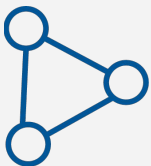




Corresponding adjustments: No host country yet ready to commit to CA's until Art 6 rulebook finalises



Diplomacy: MoU needed to have 'safe space' for working on Art 6. Bilateral ITMO treaty ultimately needed



Institutional Framework: Host countries will need to develop institutional frameworks to take decisions regarding Art. 6



Capacity building: Many host countries still defining NDC, hard to pick sectors to prioritise under Art. 6



Policy additionality: Must look at what is committed in NDC & other government commitments closely in order to identify Art. 6 scope



Host Country Buy-In: Art. 6 sectors could change mid-way, important to have complete support



High quality information: There is a need of high quality official information for real calculations on the emission reductions



ITMO prices will vary according to the investment needs of the project, but surely the value of the reductions will not cover the total value of the development and implementation of the actual ER generation project



Communications: Governments are concerned about how they will communicate with private sector.

Thank you!

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