# Climate Brunch



**31 January 2019**


**Speakers**
**Jeff Swartz,** Director Climate Policy & Carbon Markets
**Bastien Girod,** Business Developer and Corporate Sustainability Advisor
**Natalia Gorina,** Sales Director Carbon & Renewables

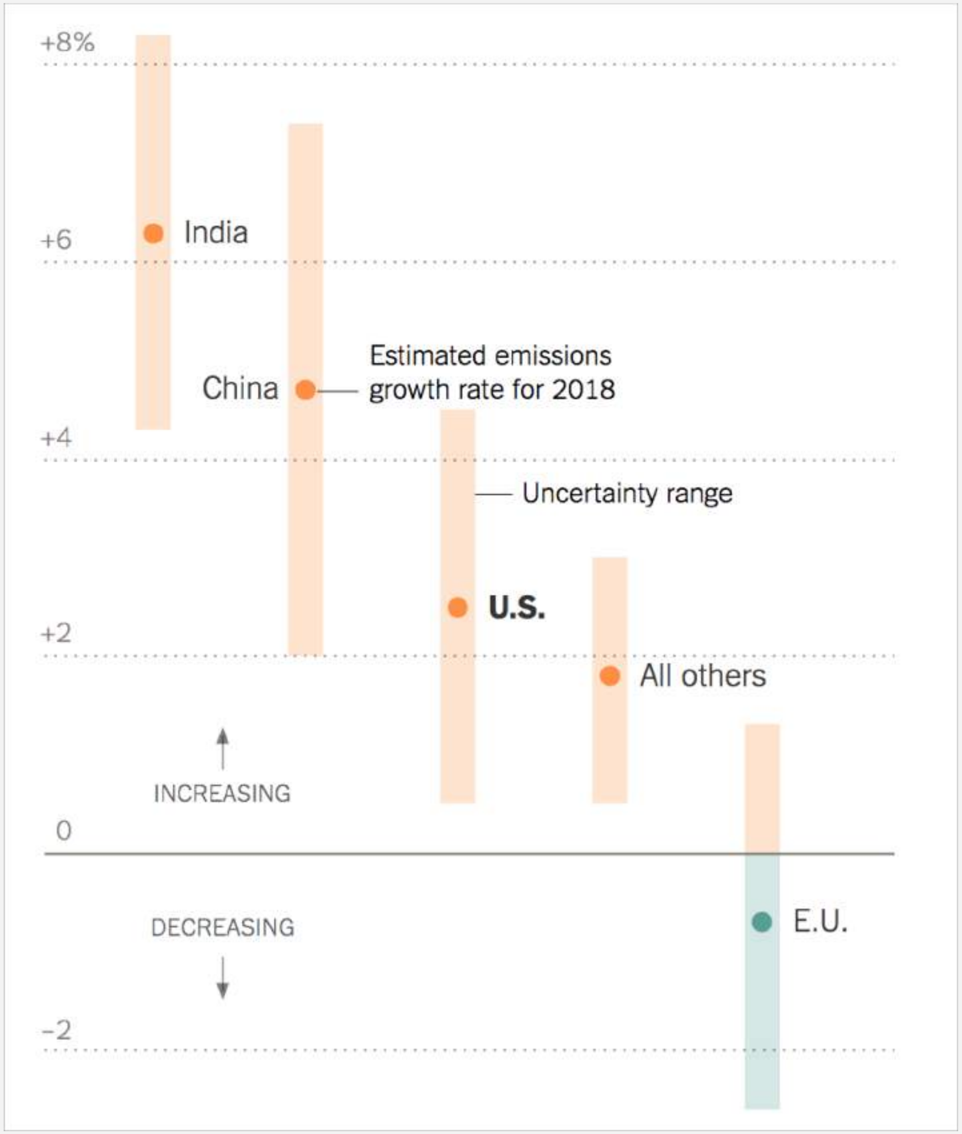
**Presented by**
**Renat Heuberger,** CEO
**Stefan Rösch**, Director Key Accounts


south pole

# Where are we today?

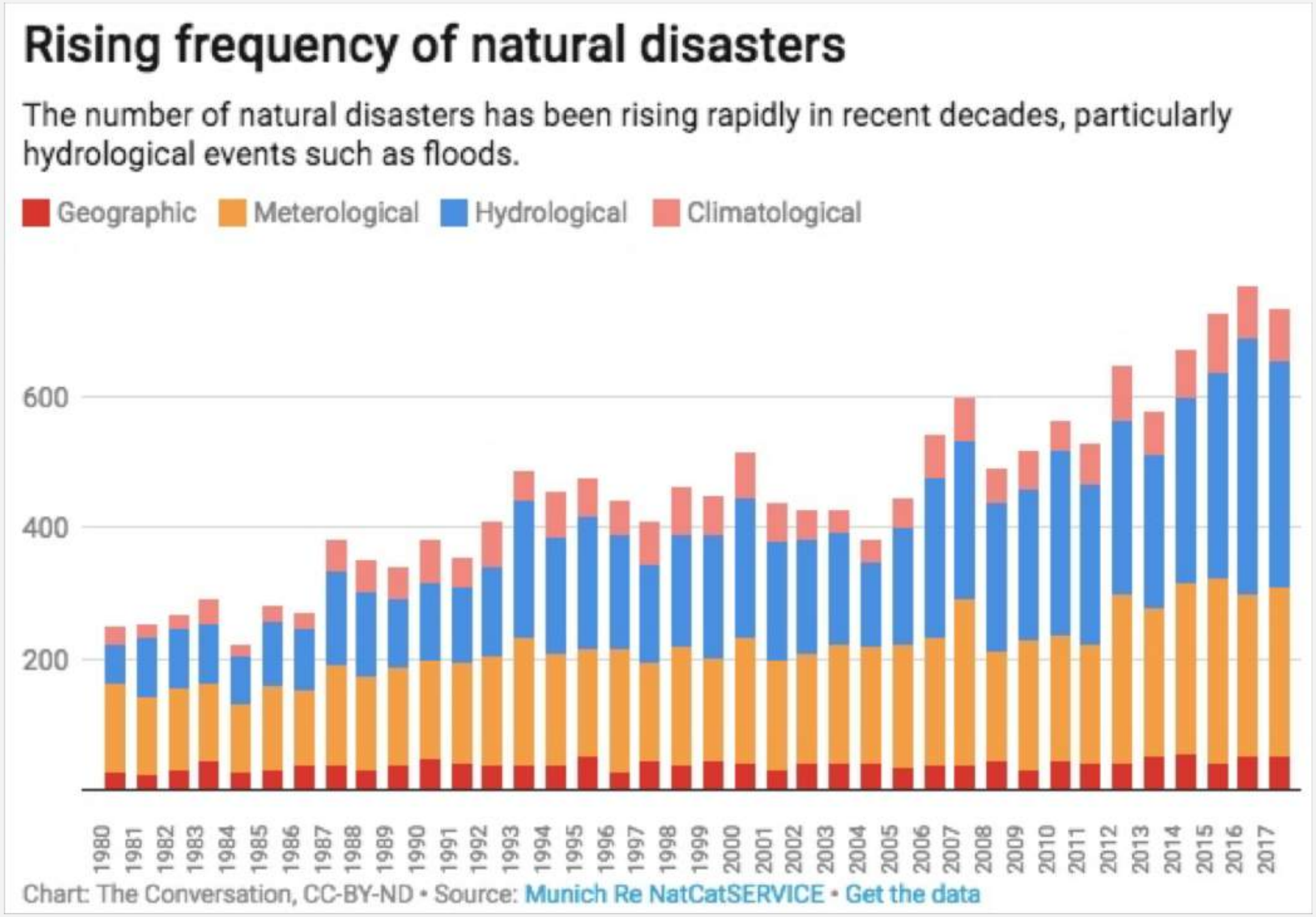
# Greenhouse gas emissions accelerate again in 2018

**Global GHG emissions are rising. Again.**




(Source: The New York Times)

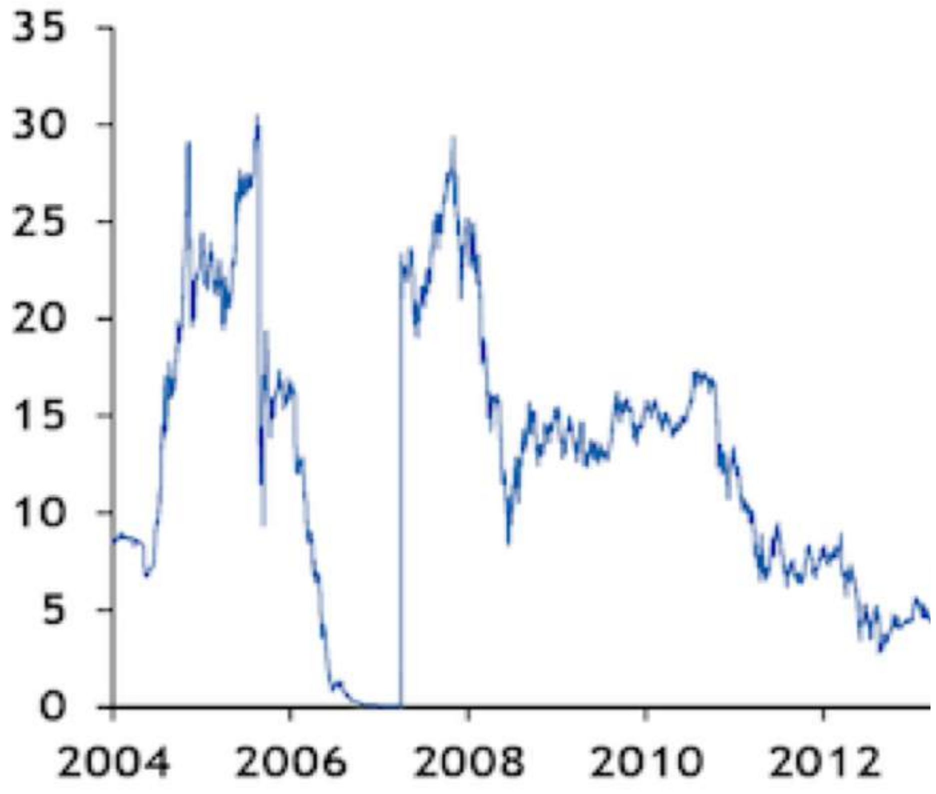
# Natural Catastrophe Insurance Claims hit 135bn USD in 2017 (average is 49bn)




**Source: Munich Re**

https://www.insurancejournal.com/news/national/2018/01/04/476093.htm

# EUA Price Curve (EUR per $tCO_2$)



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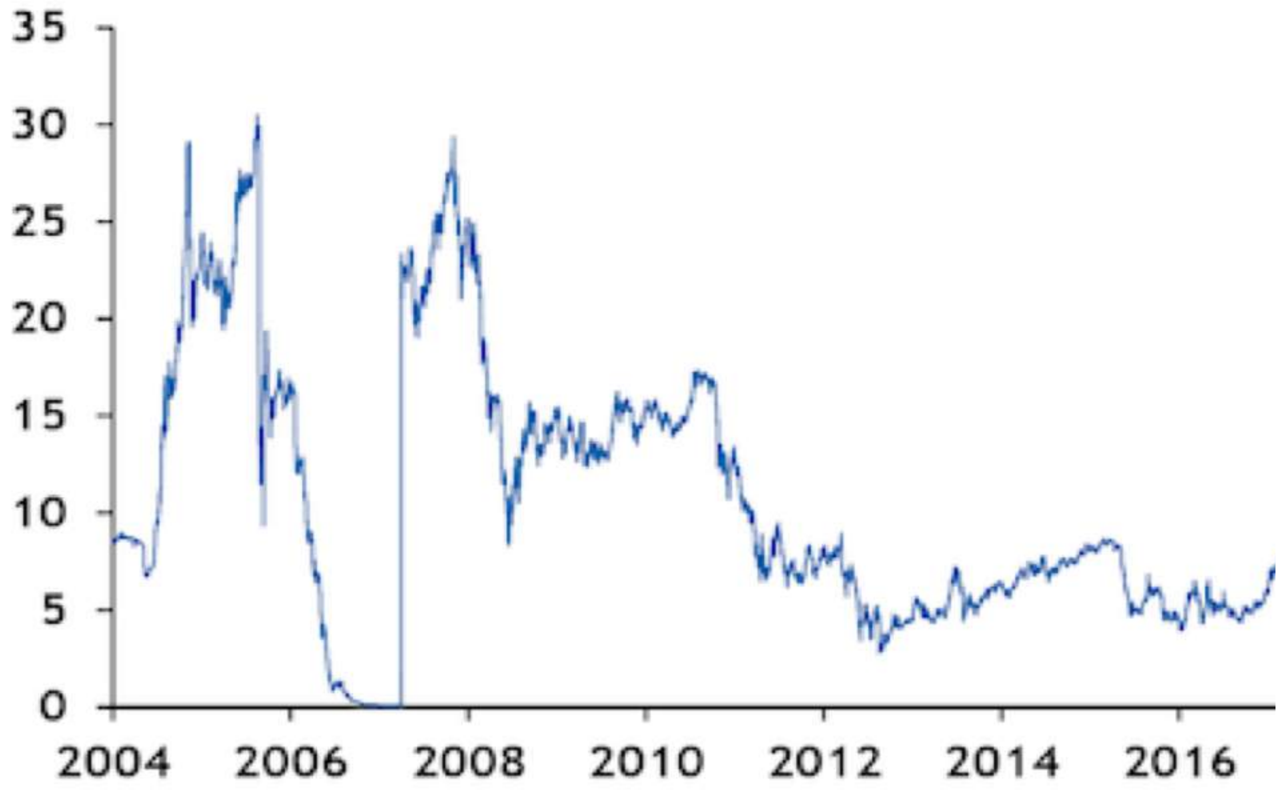

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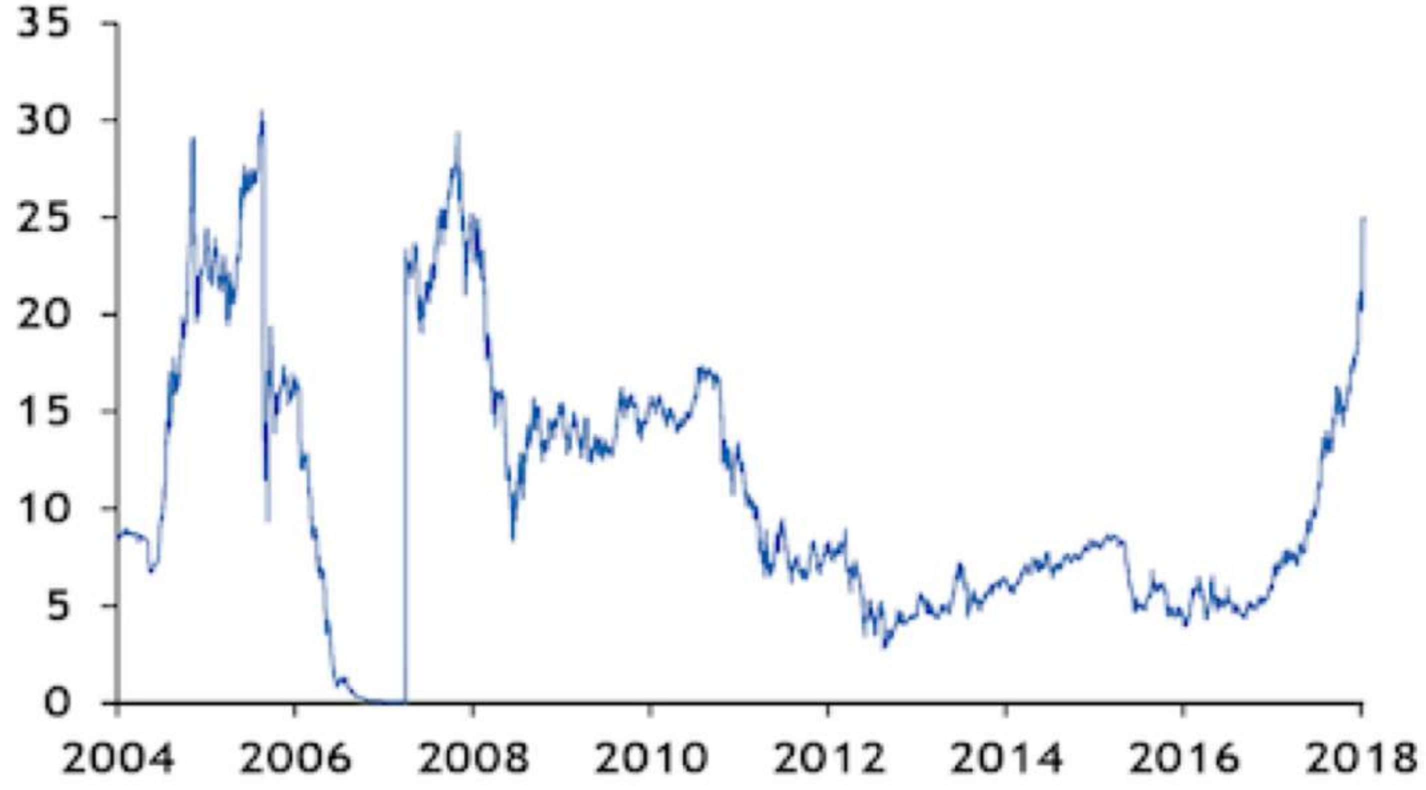


# Are we fast enough?
# The race is on.
# Every month matters.
# Every fraction of a degree matters.

# What's the direction of travel?
## - Jeff Swartz

# Touch points: Paris Agreement & the private sector

## Other touch points: Technology & Innovation

### #1

**NDCs:** Domestic Climate Policy

- National level
- Linked to govt. ambition & priorities

### #2

**Article 6:** Market mechanisms

- Global / bilateral level
- Linked to to voluntary markets

### #3

**Green Climate Fund:** Climate finance

- Focus on developing nations
- Public money to unlock private capital

### #4

**Voluntary action by** non-state actors

- Influenced but no direct link to PA & Rulebook
- Led by cities, corporates, investors & civil society

# What happened at COP 24 in Katowice?

- +20,000 participants in the ‘Spodek’ venue which was on top of an old lignite coal mine
- Focus on finalising the ‘rulebook’ for the Paris Agreement
- 133 page rulebook adopted, includes a single set of rules for all countries (no CBDR), but without Article 6 section
- No clear way forward on CDM continuation
- Paris ‘compliance committee,’ adaptation fund, adopted
- New climate finance pledges (how to get to and above the $100b) to be discussed at COP 26 in 2020
- IPCC 1.5C report ‘taken note of’ by COP, and 1st stocktake will take place in 2023

# Article 6 negotiations

3 main components:

- Article 6.2: Internationally-transferable mitigation outcomes (bilateral or plurilateral transfers of emissions reductions)
- Article 6.4: A new market mechanism (to replace the CDM/JI)
- Article 6.8: Non-market based approaches


# South Pole view on outlook for Article 6

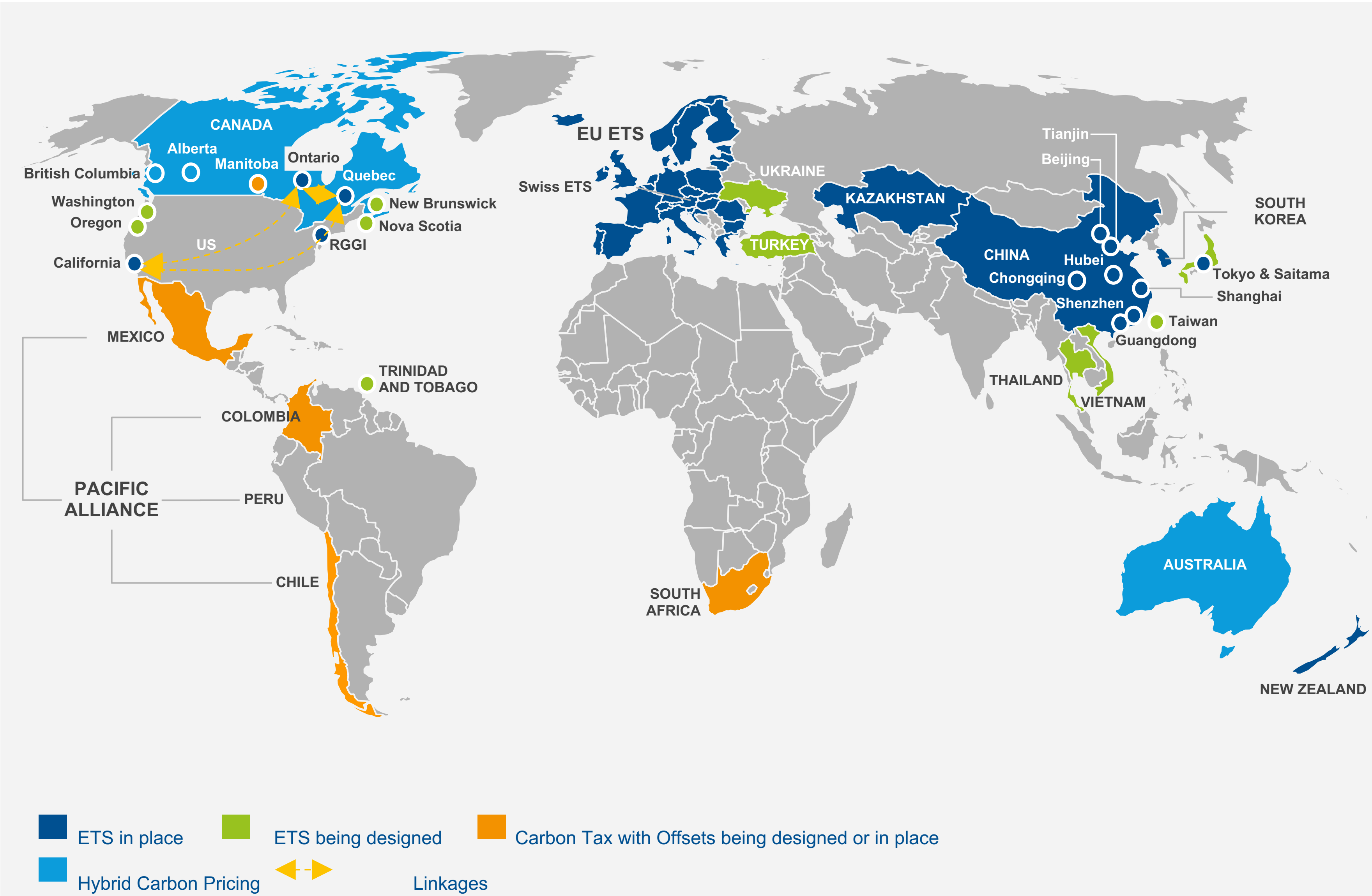
- Lack of Article 6 rules will push some countries to focus on their domestic targets, policies and market instruments (e.g. Switzerland)
- Domestic carbon markets will continue to grow in relevance (without a blueprint defined by UNFCCC under Art. 6.4)
- Lack of new global mechanism around Art. 6.4 will reinforce the role of voluntary carbon markets as the only game in town for international climate action in the next 2-5 years

# Carbon pricing: Bird's eye view
## Where things stand at end of 2018

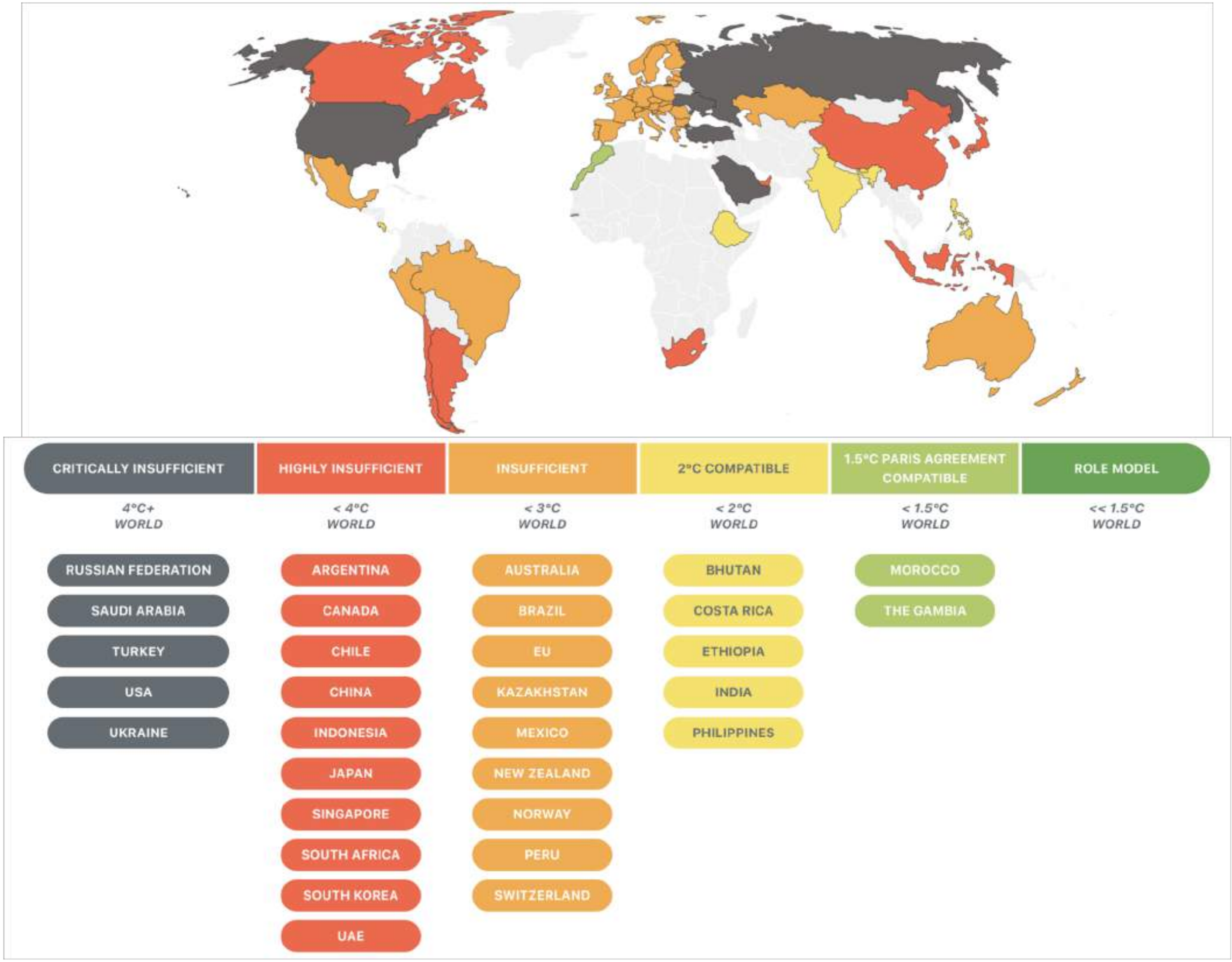
- **Carbon pricing continues to emerge at a national and sub-national level, but pace is slow**
  *South Africa carbon tax (w/offsets) starts next year, China's ETS has 'officially' begun, Colombia carbon tax (w/ offsets) now in 2nd compliance phase*
- **EU ETS allowance prices fastest growing commodity in last 18 months**
  *Improved economic outlook in Europe have improved confidence amongst market players and prices have risen by +150% since 2017*
- **CORSIA moving towards implementation**

  *Focus in 2018 was on MRV and finalising SARP's, offset purchasing amongst airlines not expected until after 2020*
- **Voluntary action by corporates surging**
  *Demand for carbon offsets/REC's largely driven by consumer goods, technology, energy and transportation sectors. Most FTSE/S&P listed companies now have a carbon reduction strategy*

# Carbon pricing policies in 2019



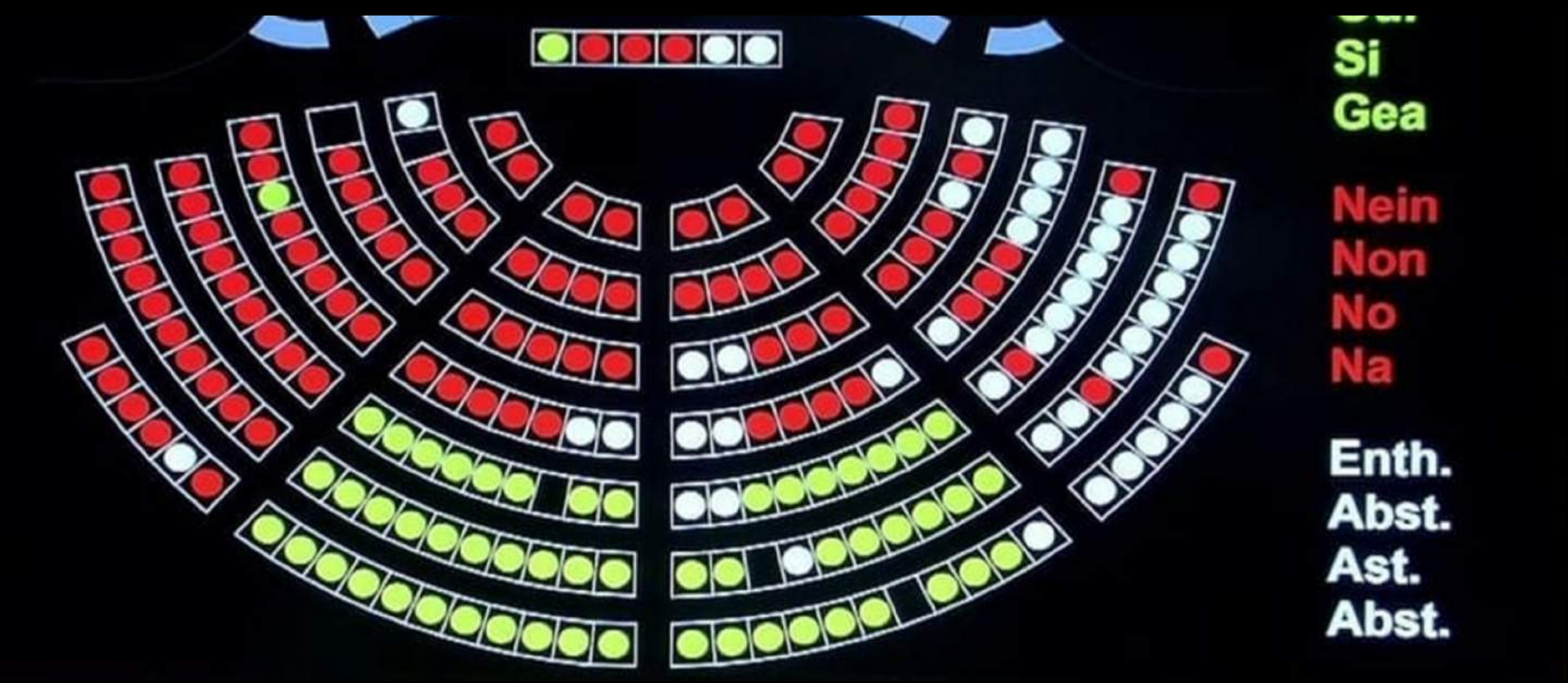
# From Rulebook to real action: A long way to go




**Last update:** January 2019

**Source:** Climate Action Tracker

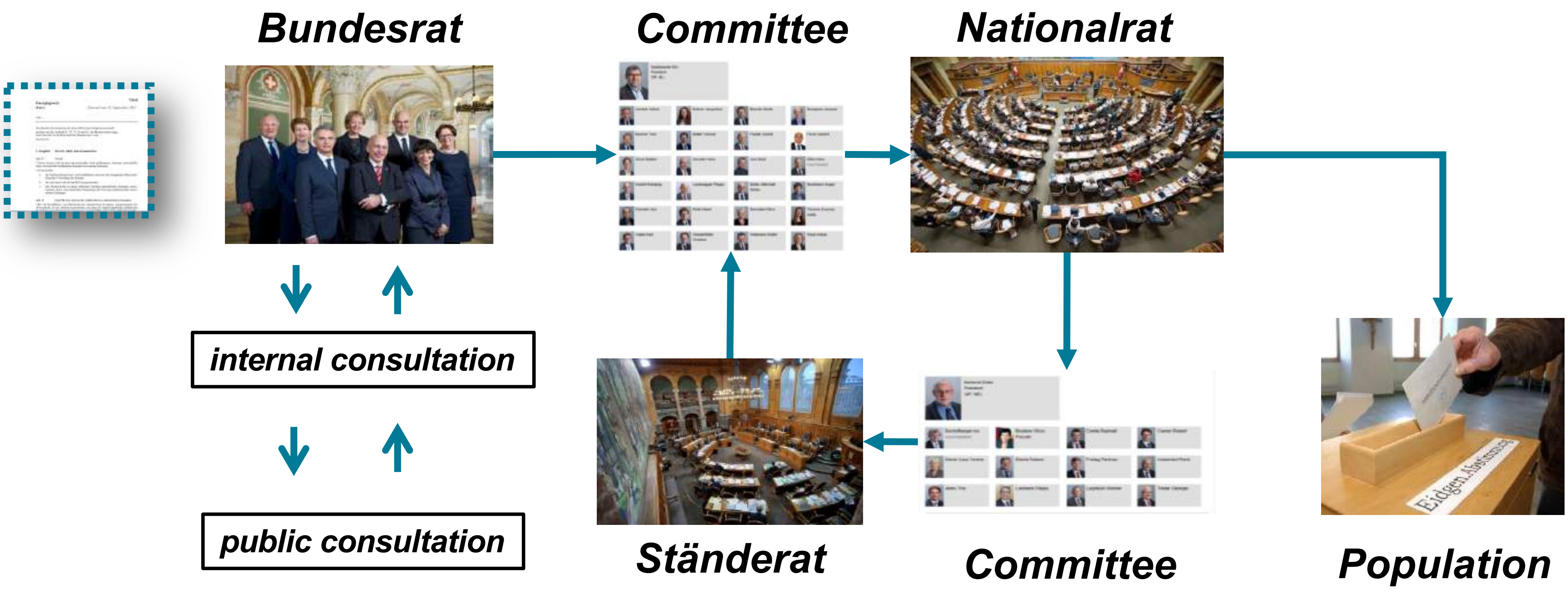
# South Pole is leading public-private collaboration globally




# Swiss $CO_2$ Law

The process, the good, the bad and the ugly

# Policymaking in Switzerland: The journey from consultation to the popular referendum



# What has a majority – and is good for climate

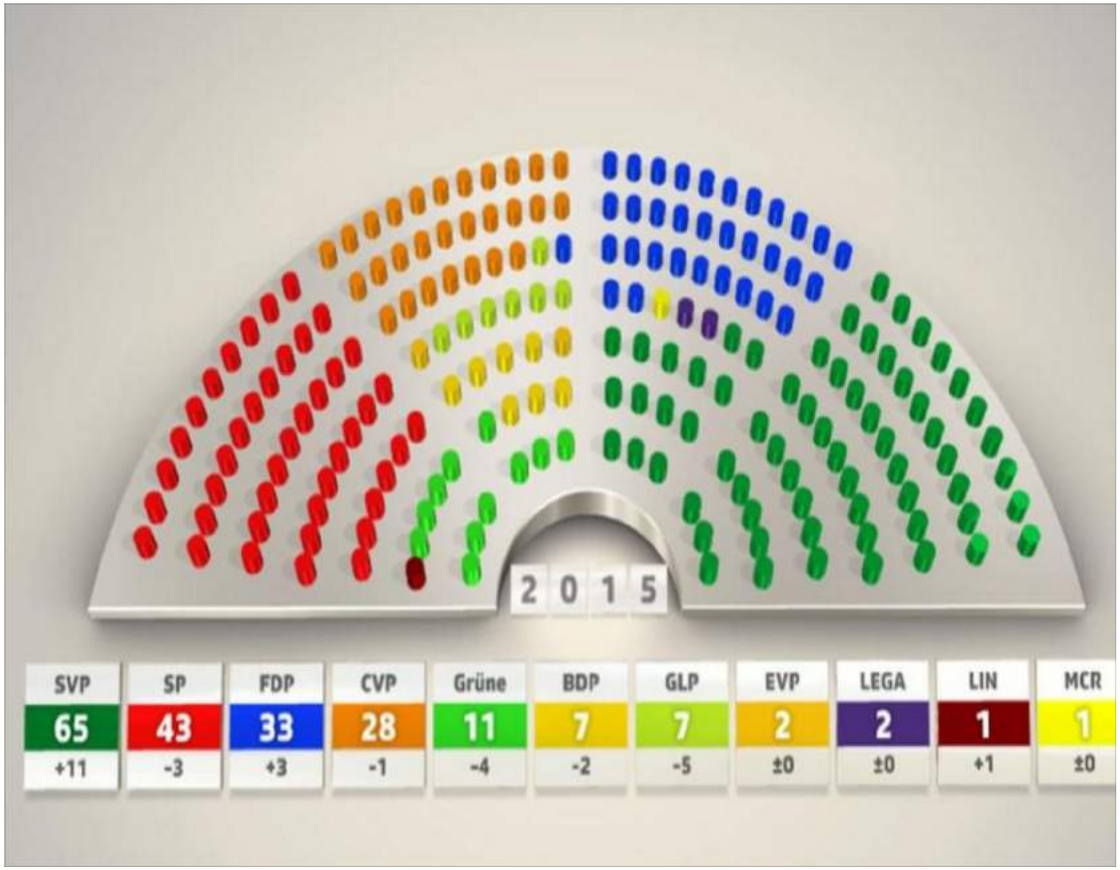
- General: 50% Target
- Heating oil
  - CO2 Abgabe bis auf 210 Franken pro Tonne CO2!
  - Gebäudeprogramm verlängert!
- Fuels
  - Neu bis zu 90% Kompensation und 20% Inland
  - Erhöhung des “Deckels” von 5 auf 8 Rappen pro Liter
  - CO2-Grenzwert 95 g/km


# What is not contested – and bad for climate

- **Keine Massnahmen im Finanzsektor:** 70 dafür / 123 dagegen
- **Auch 2030 noch fossile Heizung** (Gas) bei Heizungsersatz möglich 70 dagegen / 122 dafür
- **Kein Beitrag zur internationalen Klimafinanzierung** 70 dafür / 124 dagegen

And of course

- More than 30% in Switzerland, more than 50% overall
- Allowing for more than 8 cents per liter fuel




# Contested issues

- **Kein Inlandziel** (damit auch keine Erhöhung der CO2-Abgabe): 95 dafür / 97 dagegen
- **Keine Anforderungen an internationale Zertifikate** 94 dafür / 99 dagegen
- **Keine Flugticketabgabe** 88 dafür / 93 dagegen
- **Türe geöffnet für Gaskraftwerke** 93 dagegen / 95 dafür
- **Schwächere statt strengere CO2-Grenwerte für Fahrzeuge** 94 gegen Abschwächung / 98 dafür
- **Keine Förderung der Elektromobilität** 94 dafür / 98 dagegen

# Looking ahead

- **Partnerships**: To achieve scale we all need to act – individuals, companies, governments
- **Science Based Targets:** companies align their climate goals with 2 degrees scenarios, 516 to date and growing
- **Climate positivity**: How to go beyond what's required?
- **Results-based finance:** New ways to channel climate finance where it's needed the most

# Thank you!