



## BONN CLIMATE CHANGE CONFERENCE: TUESDAY, 21 OCTOBER 2014

On Tuesday, the contact group on ADP item 3 addressed workstream 1 (2015 agreement), with a focus on adaptation and finance. A TEM on carbon capture use and storage (CCUS) was held throughout the day. In the evening, the Co-Chairs held a special event with observers.

### CONTACT GROUP ON ADP ITEM 3

**ADAPTATION:** ADP Co-Chair Kishan Kumarsingh requested parties reflect on, *inter alia*: parity between mitigation and adaptation; a global goal; common and individual commitments and actions; and institutional arrangements.

Bolivia, for the G-77/CHINA, and IRAN called for recognizing that adaptation is country-specific. TIMOR LESTE and SENEGAL urged linking adaptation and long-term mitigation measures. MEXICO, presenting a Mexico-AILAC proposal, with JORDAN, supported a global goal that includes an aspirational vision.

The G-77/CHINA, MEXICO, SOUTH AFRICA and COLOMBIA drew linkages with mitigation and MOI. Sudan, for the AFRICAN GROUP, opposed by NORWAY and the US, said a quantitative goal for adaptation MOI could be aggregated from national adaptation plans (NAPs). TANZANIA, with the G-77/CHINA, suggested adaptation be seen in the context of sustainable development.

SWITZERLAND, CANADA and the EU agreed that the global goal should be qualitative, with SWITZERLAND, NEW ZEALAND and JAPAN stressing it should focus on promoting resilience by integrating adaptation into national policies. The US said the goal should “elevate” adaptation within national planning processes.

Tuvalu, for the LDCs, with SOUTH AFRICA, said all countries should be encouraged to develop adaptation plans, and proposed biennial reports on MOI for adaptation provided to developing countries.

The G-77/CHINA, with BANGLADESH, the AFRICAN GROUP and SAINT LUCIA, described NAPs as key in supporting adaptation. SWITZERLAND said all parties should develop NAPs and report on national strategies and plans.

AUSTRALIA underscored that adaptation action is not a substitute for mitigation. NIGERIA called for strong and clear commitments for Annex II parties. ALGERIA stressed the evolutionary character of adaptation needs.

The G-77/CHINA, SWITZERLAND, Costa Rica, for AILAC, Nauru, for AOSIS, the EU, NORWAY, JAPAN, NEW ZEALAND, BRAZIL and TURKEY called for building on existing institutions

and mechanisms, such as the Cancun Adaptation Framework. AOSIS and CHINA supported strengthening the mandate of the Adaptation Committee to oversee UNFCCC adaptation efforts.

The LDCs emphasized anchoring existing institutions in the 2015 agreement. AILAC called for a consolidation of adaptation institutions in 2017. EGYPT suggested building synergies between the UNFCCC and other international organizations.

The LDCs proposed an international clearinghouse and registry. SAUDI ARABIA, with ALGERIA, CHINA and INDIA, opposed by CANADA, called for a “NAMA-like” registry. SWITZERLAND called for a space to share best practices.

AOSIS and the LDCs called for regional adaptation platforms, while NEW ZEALAND suggested strengthening existing regional initiatives. SOUTH AFRICA supported an adaptation technical and knowledge platform from the Mexico-AILAC proposal. SINGAPORE opposed a “massive monitoring machinery” for MRV of adaptation.

The G-77/CHINA, the LDCs, AOSIS, CHINA and SAINT LUCIA, opposed by AUSTRALIA and CANADA, urged anchoring the Warsaw International Mechanism for Loss and Damage in the 2015 agreement. NICARAGUA said the message that developing countries should continue to “shoulder the burden” is unfair and does not build trust on the road to Lima.

The ADP Co-Chairs proposed that Franz Perrez, Switzerland, and Juan Hoffmaister, Bolivia, coordinate informal consultations, *inter alia*, on the global goal, institutional arrangements, including a possible registry, and linkages with support. The G-77/CHINA informed they need to coordinate on whether this is an acceptable approach.

**FINANCE:** ADP Co-Chair Artur Runge-Metzger outlined possible areas of convergence, including on anchoring the financial mechanism of the Convention into the agreement and strengthening the role of the Standing Committee on Finance (SCF). GCF Board Member Ayman Shasly, Saudi Arabia, and Seyni Nafo, SCF Member, Mali, provided updates on work undertaken by the GCF and SCF. PERU reported on finance-related work undertaken by the incoming COP 20 Presidency.

Malaysia, for the G-77/CHINA, said developed countries should provide financial support in accordance with their obligations under the Convention. Jordan, for the LMDCs, called for an ambitious commitment by developed countries, and a clear roadmap and timetable for finance through 2020 and beyond.

NORWAY, with the EU, called for commitments from all parties and pricing of emissions. NORWAY and NEW ZEALAND opposed legally-binding numerical financial commitments.



NORWAY and BRAZIL called for moving away from project-based approaches to finance. NEW ZEALAND proposed a political declaration on finance.

The G-77/CHINA, Costa Rica, for AILAC, and the EU said the GCF should be anchored into the agreement. The REPUBLIC OF KOREA called for strengthening the role of the SCF. MEXICO and BRAZIL emphasized building on existing institutions. Maldives, for AOSIS, called for the agreement to address the gaps in the current climate finance architecture.

The LMDCs suggested developed countries mobilize 1% of their gross domestic product (GDP) in public finance. SOUTH AFRICA called for a mechanism to assess contributions of developed countries based on GDP. KENYA supported a review mechanism, and MEXICO called for robust MRV. AILAC called for reviewing and revising financial commitments upward on the same timeline as the review of mitigation ambition.

The REPUBLIC OF KOREA stressed the importance of private-sector engagement and supported strong public-private partnerships. The EU called for the agreement to send signals to the private sector. The LMDCs said public finance should be the major source of climate finance.

Closing the session, Co-Chair Runge-Metzger highlighted areas of convergence, such as the centrality of the GCF and the SCF. He outlined predictability and quantified commitments as areas of complexity.

#### TEM ON CCUS

Ulrika Raab, Swedish Energy Agency, facilitated the TEM. Juho Lipponen, International Energy Agency (IEA), presented the global state of play on CCUS. He emphasized that carbon capture and storage (CCS) is only one of the technologies in the portfolio required to address climate change and that strong policies drive CCS investments.

**CCS: Party Perspective on Options, Barriers and Opportunities:** Martin Aubé, Canada, and Matthew Billson, UK, shared their countries' experiences with CCS. They emphasized the need for: clear regulatory frameworks; public engagement; international cooperation; government support; and favorable investment environments. They noted the need to improve the business case for CCS, not only as a mitigation option, but as a component of the energy portfolio, stressing the importance of knowledge sharing and mutual learning.

**Expert Panel on the Implementation of Action:** Olav Skalmerås, Statoil, presented the Sleipner natural gas field experience with offshore CCS in Norway. He identified a CO<sub>2</sub> tax as the driver of the project, which has successfully proved that CO<sub>2</sub> can be safely stored in the seabed.

Scott Mc Donald, Archer Daniels Midland, addressed the project status, drivers and barriers to CCS in the US. Noting that CCS projects are complex and costly, he underscored the need for increased federal incentives and a long-term liability plan.

David Hone, Shell, presented on the Quest oil sands project in Alberta, Canada. He stressed that CCS is the only technology that deals directly with cumulative emissions and that can deliver zero net emissions.

**Discussion:** Delegates asked questions relating to, *inter alia*: the effect of regulatory fragmentation on CCS; the possible disconnect between government spending and industry needs; long-term risks of leakage, non-permanence and environmental integrity; the possibility of re-using gas pipelines; accessibility of funding by LDCs; the small number of CCS projects; and how parties can collaborate on CCS under the 2015 agreement. Panelists explained that: a clear regulatory framework is crucial; so far no evidence of leakage has emerged; and market conditions are inadequate for CCS.

**CARBON CAPTURE AND USE (CCU): Party Perspective on Options, Barriers and Opportunities:** Majid Al Suwaidi, the United Arab Emirates (UAE), described his country's green economy initiative, highlighting the importance of CCS as the UAE diversifies its economy and invests in energy-intensive activities.

Angelina Prokofyeva, Bayer, on behalf of the Federal Ministry of Education and Research, Germany, described Germany's programme for CO<sub>2</sub> utilization for a green economy, stressing the need to bridge the gap between research and implementation.

**Expert Panel on the Implementation of Action:** Michael Monea, SaskPower Carbon Capture & Storage Initiatives, remotely presented on the Boundary Dam CCS project, outlining challenges and lessons learned, and stressing the need to scale up CCS to reduce costs.

Prokofyeva, on behalf of Christoph Guertler, Bayer, described the Dream Production research initiative using CO<sub>2</sub> to produce high-quality foams, replacing a portion of the petroleum usually used as a raw material.

**Discussion:** Delegates asked questions on: allocation of competences among ministries on CCS; energy intensity of CCU; and scaling up CCS technology access in developing countries.

**DISCUSSION ON THE WAY FORWARD: Scene-setting Presentations:** Andrew Purvis, Global CCS Institute, cautioned that CCS funding is falling, and emphasized the need for: policy support; political will; policy parity; and a UN institutional champion for CCS.

Tim Dixon, IEA GHG, highlighted various ongoing CCU projects, and informed that the International Organization for Standardization is developing CCS standards. He concluded by noting that CCS is not science fiction but a "science fact."

Ellina Levina, IEA, described the IEA CCS Roadmap identifying seven key actions for deployment of CCS over the next seven years.

**Discussion:** Delegates addressed: developing countries' access to CCS technologies; transboundary and liability issues; and ways forward to address CCS under the UNFCCC. Panelists underscored: information sharing; inter-state cooperation; and using existing UNFCCC mechanisms to support CCS, including NAMAs and the GCF. Kunihiko Shimada, TEC Vice-Chair, Japan, explained that the TEC and the Clean Technology Centre and Network need a mandate from parties to work on CCS.

#### IN THE CORRIDORS

After what many had qualified as a "slow start," the second day of ADP 2-6 opened with a call to switch gears. As discussions on adaptation began, however, a stream of lengthy statements unfolded, and even the Co-Chairs' initiative to allow mixed seating did little to speed up the pace.

While delegates recognized that a constructive dialogue did take place, some lamented that a lot of time was lost in "repeating the obvious," with accumulating delays in addressing items on the ADP's busy agenda.

With negotiations sliding back to familiar patterns, many remarked that it was clear that more negotiating time would be needed to meet the April 2015 deadline announced by the Co-Chairs.

The contact group on ADP item 3 took the lion's share of delegates' attention, with the full-day TEM on CCUS attracting limited participation. Some delegates lamented that, while the TEM format is useful for awareness raising, it allows little time for in-depth discussions. Many noted however, that this was a golden opportunity to make an entry point for CCS in the 2015 agreement.