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**Fourth Conference of Parties to the
U.N. Framework Convention on Climate Change
11 November 1998**

Intervention on behalf of the

The U.S. Business Council for Sustainable Energy
European Business Council for a Sustainable Energy Future
International Cogeneration Alliance
International Association for Public Transport

Madam President, Subsidiary Body Chairmen, distinguished delegates. My name is Paul Metz, I am the Executive Director of the European Business Council for a Sustainable Energy Future. I speak to you on behalf of organizations representing sustainable energy businesses worldwide involved with the implementation process for the Framework Convention on Climate Change. We appreciate the opportunity to present our views on the climate change negotiations and express our strong support for your work to protect the climate. We are pleased with the progress made so far on the complex issues related to the implementation of the Kyoto Protocol and look forward to subsequent agreements during the Ministerial phase of COP-4.

This statement of the U.S. Business Council for Sustainable Energy (BCSE), the European Business Council for a Sustainable Energy Future (e5), the International Cogeneration Alliance (ICA) and the International Association for Public Transport (UITP) represents business views in Europe, the United States and worldwide associations in the natural gas, renewable energy, cogeneration and energy efficiency in industry, household and transportation.

Our business organizations believe that early and firm action is necessary and feasible to address global climate change. It is our opinion that solutions are not technologically constrained, but require changes in economic and regulatory frameworks to expand use of clean energy technologies.

In the first place, domestic policies must be initiated that recognize the contribution of existing energy efficiency technologies, such as insulation, natural gas, renewable energy, cogeneration and energy efficient products, in reducing greenhouse gas emissions and provide programs for crediting these reductions. The challenge is to encourage governments to initiate environmental and energy policies for existing technologies while removing barriers to new, innovative technologies. The goal is to make the reductions of greenhouse gases attractive from a business perspective.

It is essential that momentum continues to build in support of climate stabilization efforts and the establishment of market-based mechanisms to achieve greenhouse gas reductions. Our companies are confident that cost-effective clean energy technologies exist today to address climate change while fueling sustainable economic growth worldwide. During this conference, we urge the Parties to focus on achieving agreement on outstanding issues, particularly those related to the development of the flexibility mechanisms under the Kyoto Protocol and fostering technology cooperation. Specifically, we urge the Parties to consider the following during COP-4:

- Adopt workplans with deadlines for each of the flexibility mechanisms. We believe the flexibility mechanisms should be considered collectively. However, we also maintain that the opportunities for greenhouse gas reductions provided by the CDM should not be discouraged due to delays in securing final agreement on the other mechanisms. An incremental approach will allow CDM

projects to be initiated as early as 2000. We believe that the most important areas to develop criteria for early CDM projects are in energy supply and the efficient use of energy in the industrial, building and transportation sectors. These technologies will advance economic development and create jobs in developing countries.

- Support early action to reduce greenhouse gas emissions by Parties and companies. Specifically, the COP should provide retroactive certification of CDM projects initiated after January 1, 2000 provided the project ultimately meets CDM project criteria.
- Establish streamlined evaluation procedures for CDM projects that generate transparent and quantifiable greenhouse gas emissions reductions. Some CDM projects will use clean energy technologies and sources that generate clear and quantifiable greenhouse gas emissions reductions. Reliable projects should be encouraged in the early stages of the flexibility mechanisms to provide credibility to the system that provides certainty to potential CDM investors.
- Implement a strong liability system to maintain the integrity of international emissions trading. With regard to Article 17, since regulators can only control domestic entities, buyers of assigned amounts must be liable. However, consideration should be given to extraordinary circumstances where the seller is also liable.
- Oppose a restrictive interpretation of the term "supplemental" with regard to the ability of Annex I countries to utilize the flexibility mechanisms in meeting emissions reductions targets. Domestic actions must be taken by the Parties in order to meet their emissions reductions obligations. However, imposing restrictions on the ability of countries to use the flexibility mechanisms will hamper the market-based mechanisms and inhibit the market for credits from developing in the most efficient manner.
- Support model frameworks for Technology Cooperation Agreements that encourage investment in clean energy technologies and that accelerate technology transfer in developing countries. Specifically, consider the U.S. government's Technology Cooperation Agreement Pilot Project and similar EU programs as models for multilateral action.
- Finally, developed countries must take the lead in reducing greenhouse gas emissions reductions. Under the Kyoto Protocol, developed countries must demonstrate progress toward meeting their emissions reductions commitments by 2005. The Councils believe that criteria for this progress should be agreed upon, and, when satisfied could serve as a trigger for developing countries to consider expanding their participation under the Protocol. While not on the agenda during COP-4, the Councils encourage the consideration of voluntary participation by developing countries.

Clean energy technologies can assist in achieving economic development and environmental goals in developed and developing countries. At this crucial time, the COP should encourage the use of these technologies through the stimulation of early action by the Parties, progress on the modalities of the Protocol and the flexibility mechanisms. Thank you for the opportunity to present our views. We look forward to working with this body in the future.