

Montreal and Kyoto Protocol Mtgs 2009

Steve Bernhardt

Honeywell

COP-15 Copenhagen Meeting

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- Sensationalized which heightened expectations of an historical breakthrough
- Presence of 115 heads of state further increased excitement
- Mismanagement of the meeting created a carnival atmosphere
- Registered 46,000 attendees for a 15,000 max facility
- Allowed 300+ new ENGO organizations to register
- No host strategy for implementation of a decision
- Leadership was confused, indecisive and allowed some parties to hijack the process and delay
- The sought after legally binding commitments were reduced to a political position document even before the meeting began.

Media panned COP-15 as a failure

But was it a failure?

- Copenhagen Accord hammered out during last day
- Non-binding voluntary accord
- Nations to submit commitments (reductions and financial) by Jan 31, 2010.
- Target of maximum 2 degree C temperature rise
- Emission reduction commitments by all major emitters including China, India, Brazil and others
- Reporting and transparency provisions to verify performance vs. commitments
- Action on adaptation, forest protection (REDD) and clean energy
- Financing package nearly completed. \$10B/yr to 2012 and \$100B/yr by 2020 from all sources

Protocol still work in progress

Troubling Issues

- Demonstration that the consensus based approach of the UNFCCC is untenable
- Process was dysfunctional and complete collapse was averted only due to the presence of heads of state
- Heads not eager to return considering how close this came to disaster
- Handful of countries (Sudan, Venezuela, Bolivia and Cuba) held the conference to ransom in the final hours preventing general acceptance of the accord
- Absence of world emission target, peak year, emission targets for developing countries by 2050
 - China blocked all items
- Plethora of processes going on incomplete with no apparent plan on how to interact

Process is badly flawed

What to expect

- US is still open to pursue a legally binding treaty
- US status improved with current administration and we are more influential in the process
- China has fully emerged as the major power broker.
 - Refuses to be intimidated by western diplomats, environmentalists, media, etc. Will not take a back seat to any country
 - Not shy to actively block proceedings when counter to their interests
 - Aggressive negotiators but noted the need to contribute to the solution
 - No longer talks of “pay to play”
- Two currently scheduled meetings likely to be augmented by a third ad hoc meeting
- Failure of the UNFCCC process will likely lead to use of models such as the Major Economies Forum and the G20

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- HFC phase-down under the Montreal Protocol
 - Amendment proposed by Mauritius and Micronesia
 - Modification by 3-Amigos (US, Canada and Mexico)
 - Significant support by parties
 - Some not ready or informed enough to decide
 - India and China blocked
- Notion was to allow KP to keep HFC emissions in their basket and have the MP phase-down production and consumption
 - Utilize TEAP, MLF, knowledge of uses and products, ability to work cooperatively
- Will need to be reintroduced for 2010 consideration.

Strong US support

MOP-21 Port Ghalib

- HCFC phase-out
 - Art 5 party phaseout of HCFC consumption
 - Seeks input on recommended options to HCFC use
 - TEAP special study requested for discussion at the OEWG in June

- Destruction of ODS banks
 - Seminar requested at the margins of the 2Q10 OEWG on how to mobilize enabling funding
 - Pilot projects asked to be increased especially for low consuming countries
 - Review by TEAP of destruction technologies
 - Projects to account for both ozone and climate benefits for CFC bank destruction.

- Next meeting in USA (California), Nairobi, Kenya or Kampala, Uganda

US Domestic- HCFCs

- In response to reduced HCFC cap in 2010, EPA issue two final rules
- HCFC allocation rule- Grossly overdue it was finalized just in time to allow for 2010 allowances
- Similar in structure and operation as earlier version but seeks to encourage recovery and recycle and to tighten HCFC-22 service availability
- Allows for 2010-2014 allowances for production and consumption
- Equipment containing rule does not allow import of HCFC-containing equipment after 1/1/2010.

Domestic- GHG

- US EPA issued an endangerment finding that requires them to take action to control GHG emissions.
- Should the legislative process fail or stall, it is imperative that EPA proceed on a regulatory process
- Will amend the Clean Air Act to include HFCs
- House approved the EPW Committee American Climate & Energy Security Act (ACES).
- This is very similar to last year's Markey Waxman bill
- HFCs treated separately, allowances auctioned and a more rapid reduction than other GHGs.
- Senate needs to complete development of their bill and then alignment of the bills needed.

Prospects- US legislation

- The legislative process is overwhelmed with health care as a central issue
- Jobs and the economy loom large
- Financial market reform needed
- War efforts in Iraq and Afganistan are a drain
- Terrorism is a national focus
- Climate change legislation is likely to be delayed by the portfolio under consideration
- Added near term costs can delay finalizing this issue
- Elections later this year for House and some Senate seats will be a distraction
- But, the threat of a regulatory initiative absent legislative approach is a catalyst for attention