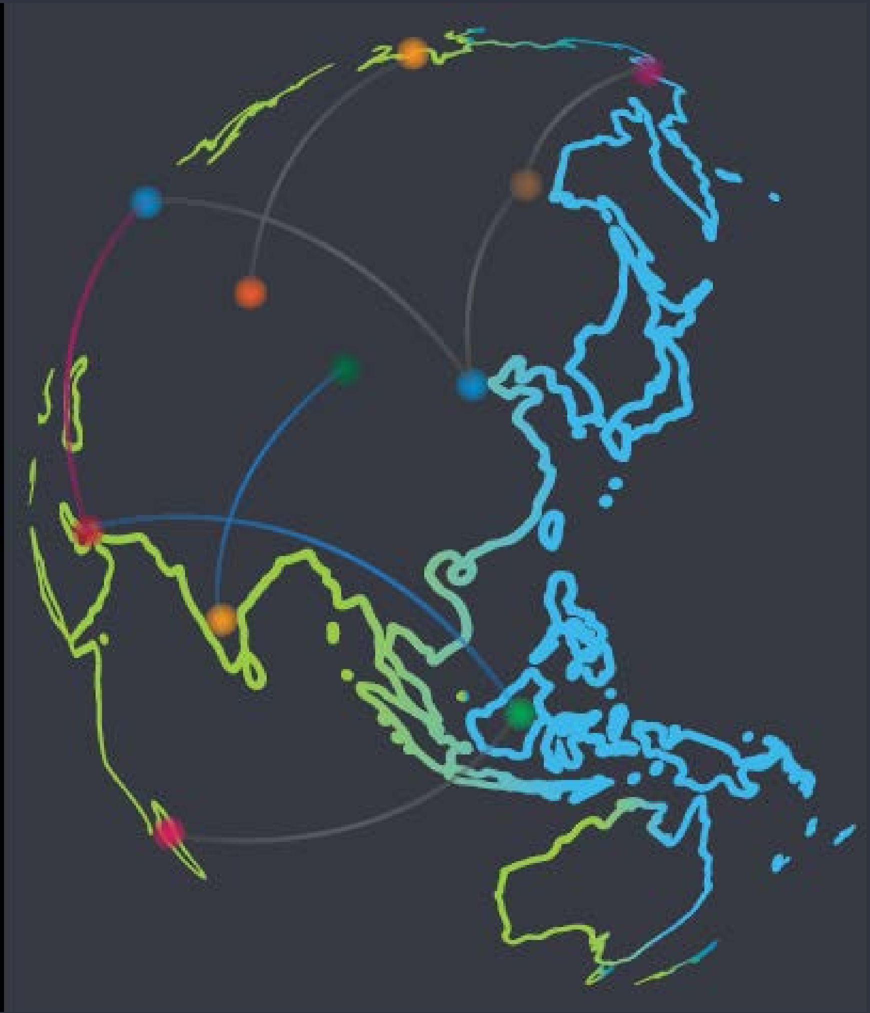


Mitigation value

Bianca Sylvester

Workshop on ‘Comparison and Linkage of Mitigation Efforts in a New Paris Regime’

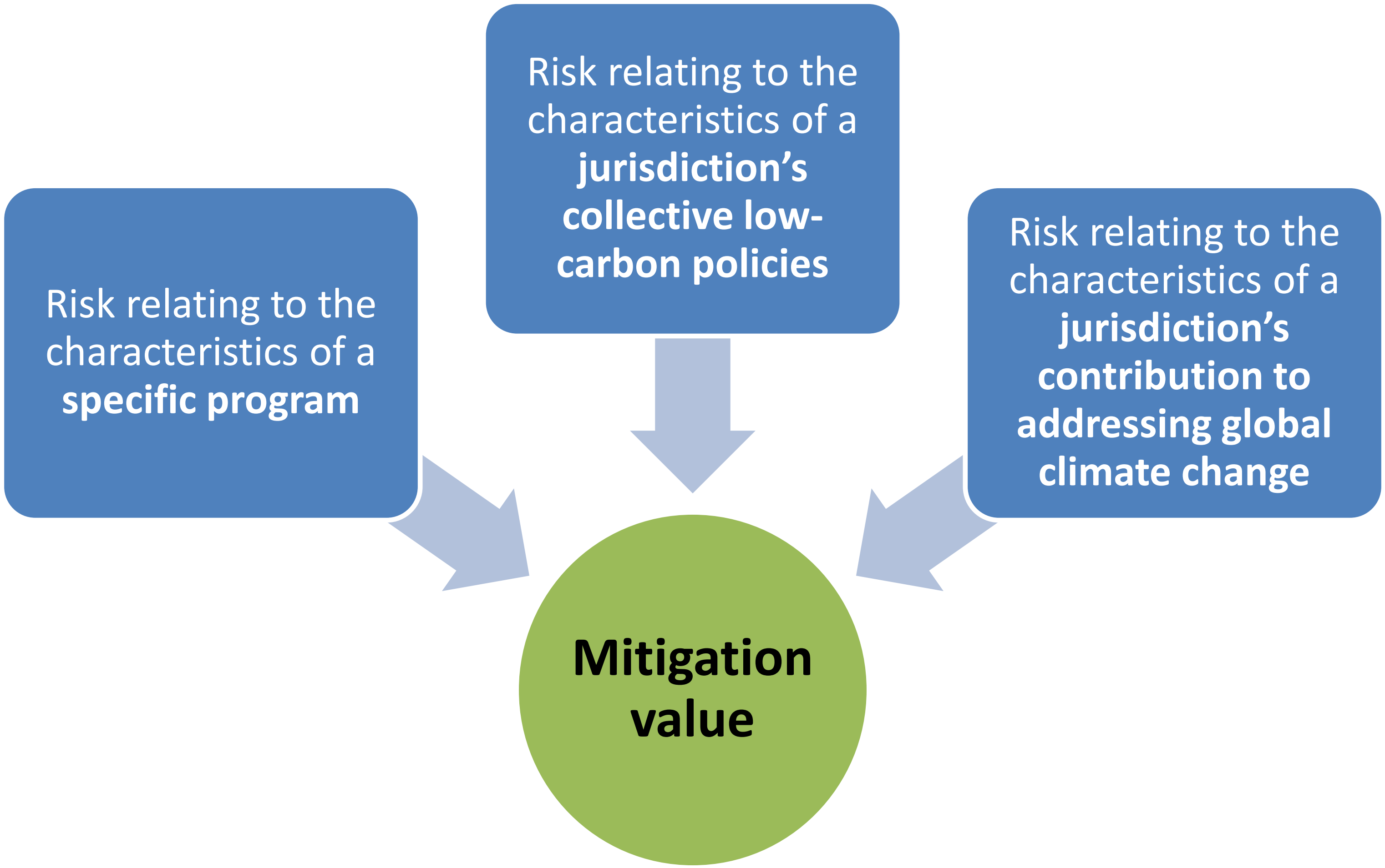
Boston, May 7-8, 2015

Connecting climate mitigation efforts

Form of connectivity		Definition
Linking	**Full**	Compliance unit in one jurisdiction is accepted without restriction in the “linked” jurisdiction
	Limited	Compliance unit in one jurisdiction is accepted with qualitative/quantitative restrictions in the “linked” jurisdiction
	Indirect	Markets are not linked directly, but have access to the same third carbon market.
Networking		Fungibility of carbon assets across schemes facilitated by risk-based assessment and discounting.

The concept of Mitigation Value is fundamental to NCM and an independent assessment framework

Approaches to determining climate change mitigation value can be structured around the risks that it seeks to capture



Debt/bond markets

Debt/bond markets

Credit ratings takes the form of an opinion, issued by a rating agency, on the creditworthiness of the issuer or instrument.

Credit ratings are applied at multiple levels – to schemes operating on a supra-national level, national level, provincial, municipal or corporate level

There is a scale on which all subjects of rating are ranked.

Entities providing ratings are subject to regulatory supervision in a centralized manner.

Currency markets

Currency markets

Exchange rates respond to a range of tangible events and events based on sentiment.

Each nation's market has its own infrastructure. E.g., its own laws, accounting rules, tax code, payment and settlement systems.

Currency markets are over-the-counter (OTC) market with an exchange traded segment.

Markets are driven by sentiment – confidence that what is being purchased has a value that will be honored.

Commodity markets

Commodity markets

There are standardized terms and grades for trading commodities.

Many commodities trade on a specific exchange.

Derivative contracts in commodities are subject to regulatory supervision.

Standardized documentation and clearing procedures reduce risk

NCM's Key partners

Independent Assessment Framework	International Carbon Asset Reserve	Concept development and revision
• DNV GL • IISD • New Climate Institute • Climate Transparency Initiative*	• Grantham Institute, London School of Economics • INFRAS	• Harvard Project on Climate Agreements • International Emissions Trading Association

* The Climate Transparency Initiative is a consortium of organizations that are currently assessing/tracking the climate actions of countries and sub-nationals. The consortium includes: World Resources Institute, Yale University, Climate Action Tracker, Climate Works, Germanwatch.