El sistema de Nueva Zelanda que incorpora el sector forestal

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Panama (by video link), October 2015

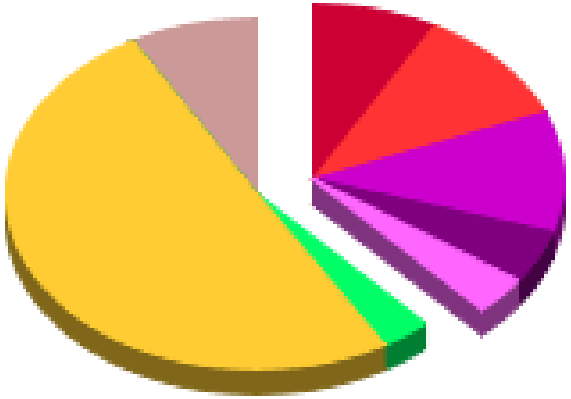
Porque Nueva Zelanda?

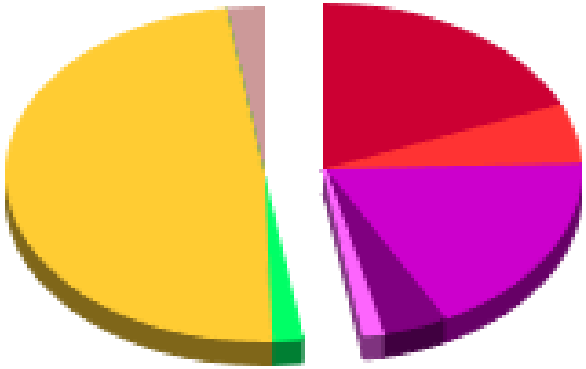
Pequeno

No importante!

4.2 millon

Similar emissions profiles?





- Colombia
- New Zealand

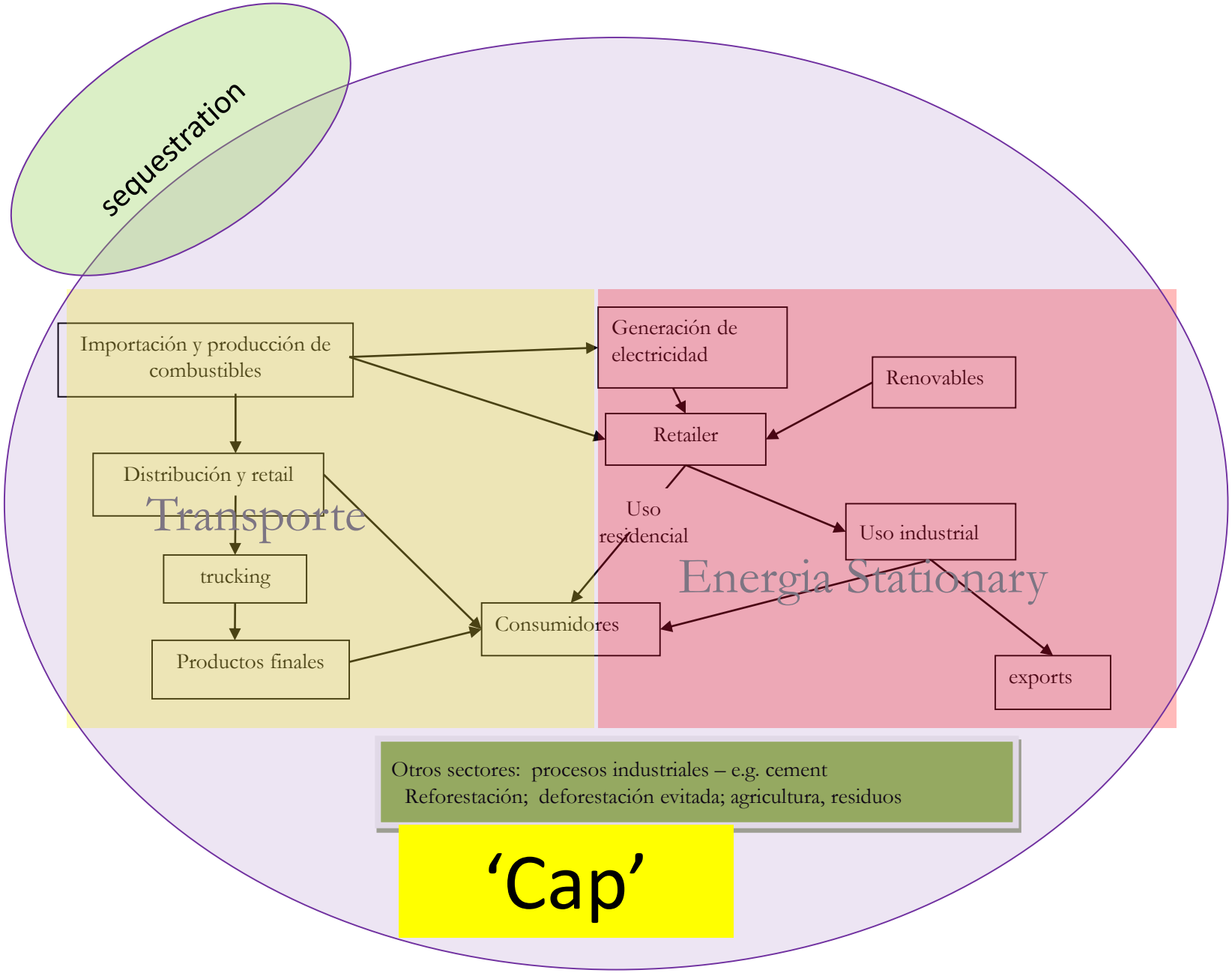
- Oportunidades por mitigación por reforestatión.

El sistema en Nueva Zelanda

Compliance system has been operating since:

- 2008 forestry
- 2010 liquid fuels, stationary energy and process emissions
- Agriculture?

Simple system with high monitoring credibility


sequestration
Importación y producción de combustibles
Generación de electricidad
Renovables
Retailer
Distribución y retail
Transporte
Uso residencial
Uso industrial
Energia Stationary
trucking
Consumidores
Productos finales
exports
Otros sectores: procesos industriales – e.g. cement
Reforestación; deforestación evitada; agricultura, residuos
'Cap'

Measuring emissions

‘National Inventory’ measures all greenhouse gas emissions and sequestration based on international rules.

Target: 5% below 1990 emissions by 2020

0.95 x 1990 + sequestration + purchased units

= 2012 national inventory

Devolution of obligations

Private actors at point of regulation must:

- Report information to model GHGs from chain of production
- Surrender emission units that match the inferred emissions (units are freely allocated by government or purchased from the carbon market)
- Claim emission units to match sequestration

Emissions = free allocation + purchase

In an all-sources, all-gases system, the total units surrendered will match the national inventory and New Zealand will achieve its international target.

Maintain simplicity

- Lower transaction costs
- Less scope for manipulation and opportunism
- Less risk
- Greater responsiveness

Reforestación

A credit is one tonne of carbon sequestered in plantation forests (or regenerating natural forest)

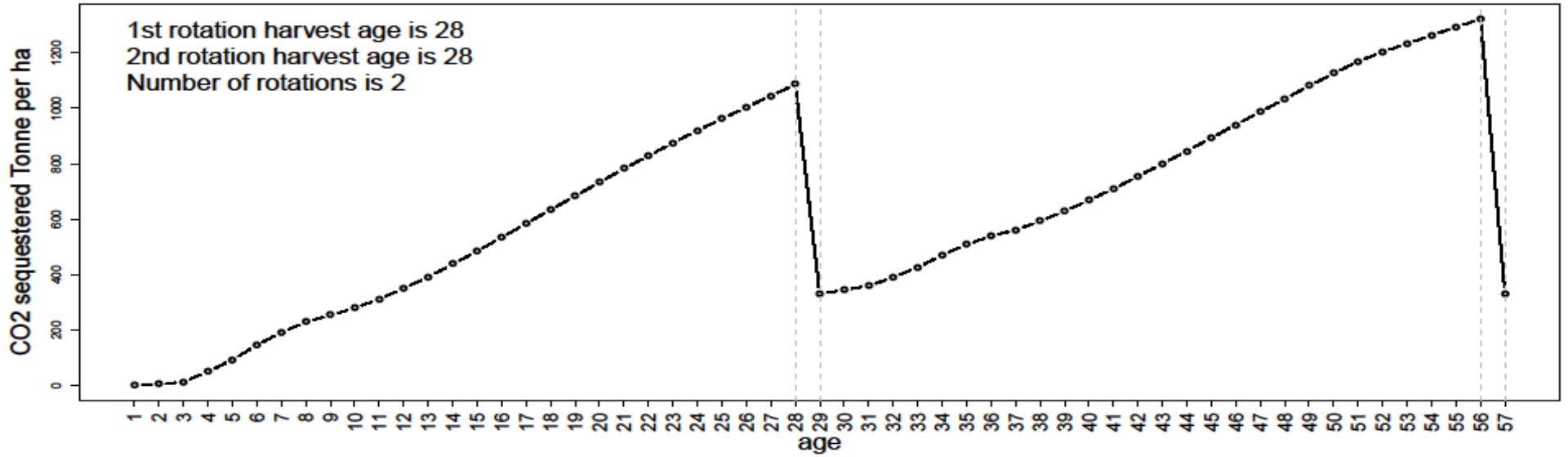
Participation for reforestation is voluntary

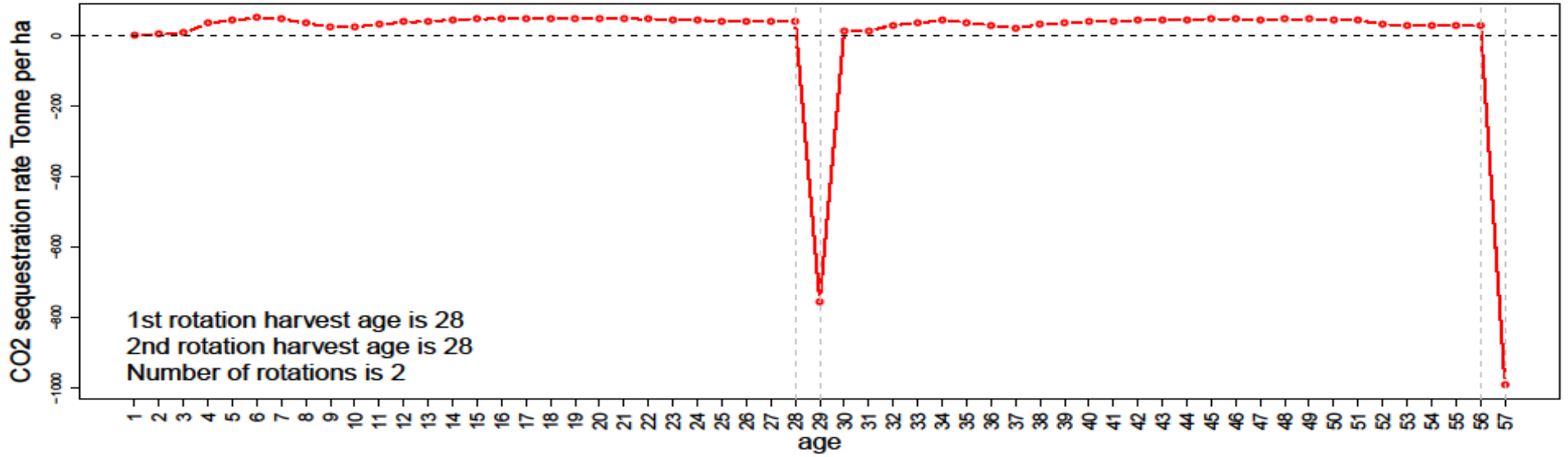
Baseline is no planting

Landowners receive credits as forests grow and are required to surrender them on harvest.

Deforestation of plantation faces a liability.

Sequestration and release

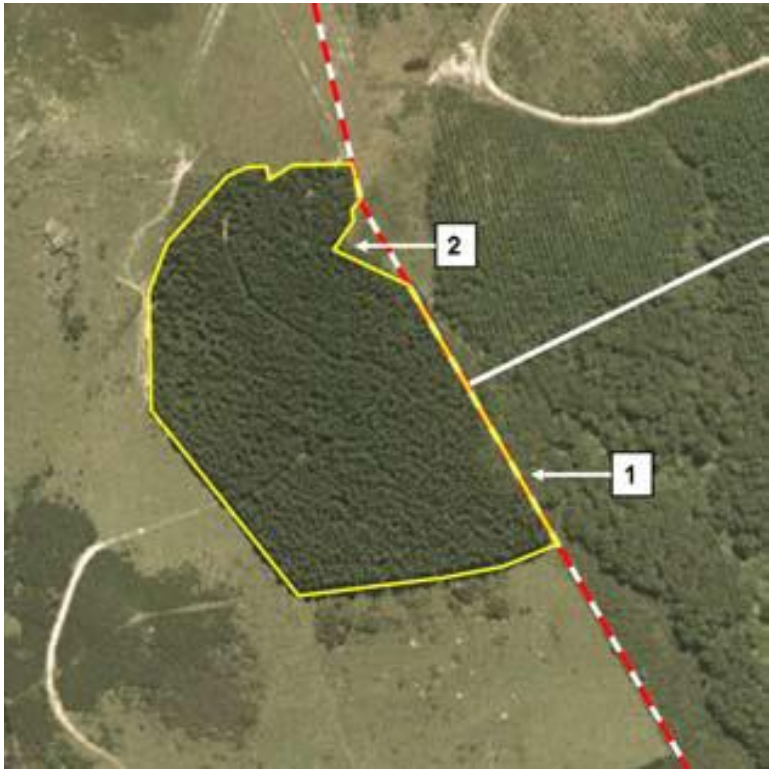




How is carbon monitored?

Monitor forest area and age:

- Self reporting with auditing



Multiply by modeled carbon stock:

- regional carbon yield tables
- Larger areas must provide more accurate, certified measures

Regeneración de nativos

Native forest is eligible for credit

Challenges with monitoring

- don’t have sequestration tables for all natives
- don’t know age of natives in 2008

No penalty for clearing natives – because covered by other regulations

Regeneración de nativos

Low returns relative to pine plantations because grows slowly

Co-benefits – biodiversity

Some land is not suitable for plantations – but could still plant pine and then abandon it

Potential for displacement of regenerating natives by pine

Experience to 2011 (Karpas and Kerr 2011)

The system is functioning well in a logistical sense.

Reasonable levels of participation by existing players

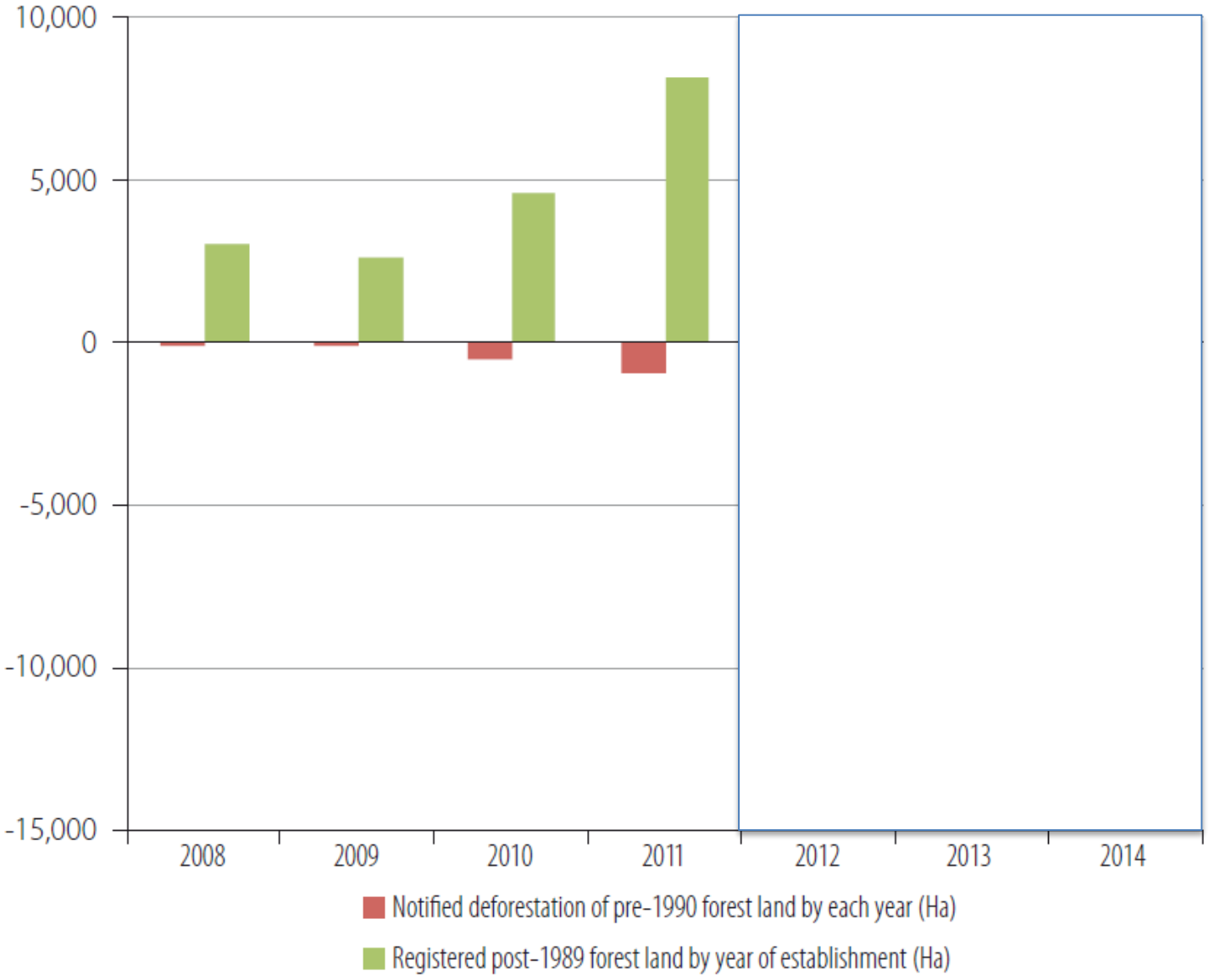
Behavioural change

Almost no reported deforestation up to 2010 when price was high

Very little new planting yet – most under Afforestation Grants Scheme

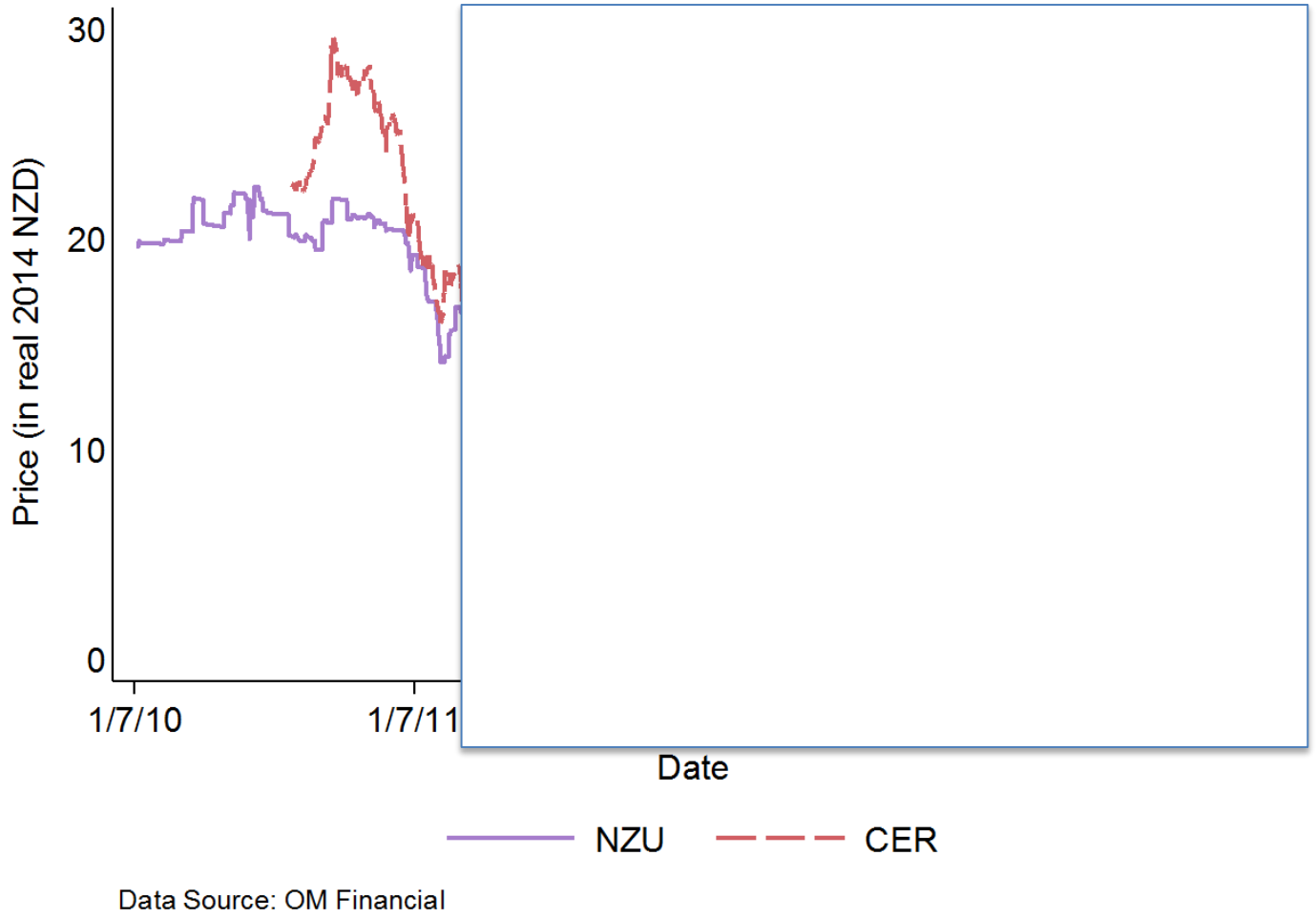
Plans to change behaviour reported

FIGURE 4: Afforestation and deforestation reflected in the ETS



Why?

- High levels of uncertainty about future carbon prices – price driven by European ETS, MDL and then New Zealand's exit from the Kyoto Protocol.



Data Source: OM Financial

Experience since 2010

Low prices

Need way to remove unreasonable policy uncertainty

Futures?

Joint investment?

Lecciones para Panama

Treat deforestation differently from reforestation

Avoid perverse incentives to deforest in order to claim reforestation incentive

Address investment uncertainty

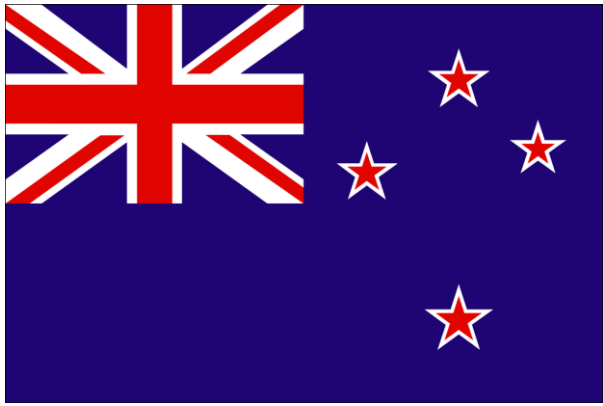
Need to provide a lot of technical support for NZ style system – including for banks / lawyers

May want to avoid risk of landowners facing liability – pay only ‘rental’. Provides long-term income stream

Process is critical

NZ process took more than 10 years

- Research, experimentation, dialogue



The best climate policy for Panama will be unique

Technical solutions to technical problems

Clarify political questions

Build understanding

www.motu.org.nz

www.climatechange.govt.nz