

Intervention to the Eleventh Conference of the Parties to the UNFCCC
First Meeting of the Parties to the Protocol

Business Councils for Sustainable Energy, from
Australia, Europe, United Kingdom, United States

London Climate Change Services

Montreal, Canada
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Ministers, distinguished delegates, thank you for the opportunity to raise some important points supporting the development of the international regime.

My name is Jim Wolf. I am speaking on behalf of US, UK, European and Australian Business Councils for Sustainable Energy, and a newcomer to the negotiations, London Climate Change Services. The global alliance of Business Councils represents many companies worldwide with a strong commercial interest in the expansion of sustainable energy markets. London Climate Change Services represents the fast growing sector driven by global carbon and climate-related markets – from financial services, legal firms, consultants and others.

Together, our companies are active in reducing their own emissions, deploying and developing sustainable technologies and are active in moving substantial capital into this area.

If we use the analogy of the weather map, at present we can see two fronts.

The Warm Front: business and investors are now marching forward in ever increasing numbers, to capture new business opportunities responding to the carbon price, driven by the Kyoto Protocol and its flexible mechanisms. These are starting to work, capital is now flowing.

Attitudes internationally are starting to change: US financial institutions, for example, are investing in global carbon markets, and more money is set to flow under the right conditions.

We are proof positive that the right framework and signals on climate change will unleash the ingenuity of the private sector to deliver profitable solutions.

But there is also the Cold Front: the lack of clarity on what happens after 2012. The current CDM horizon means developers must look for a return on their investments in 5 or 6 years, making it hard for carbon finance to make the difference.

Businesses in Europe know the international regime provides the crucial context for anticipating the development of the EU Emissions Trading Scheme, as well as linkage to the international credit market – a key driver for the carbon market and carbon price.

Businesses and investors are now calling for a longer-term framework for reducing emissions, and accelerating investment in low carbon technologies.

In particular, this needs to reflect a 20-30 year horizon required for many of the low and zero carbon investments; and it must provide clarity on the scale and timing of changes governments expect from the business community.

In this context, our organisations and companies are looking to governments:

First, to provide a clear signal from Montreal that the flexibility mechanisms, and their legally binding enforcement regime, will continue beyond 2012;

Second, provide a timeline for clarity on the post 2012 regime as soon as possible – we are sure you are starting to hear the message that the sooner we know this, the sooner we can put investments to work;

Third, we need you to provide us with greater certainty that emissions credits will continue to have value and validity after 2012 - this is crucial.

Finally, and more broadly, let us know that you remain committed to a legally binding pathway of decreasing emissions, leading with industrialised countries. We also need to expand involvement of developing countries, through a variety of approaches, to expand opportunities to limit carbon.

Commenting on this week's decisions on JI and CDM, we'd like to congratulate the Parties for your hard work. If implemented, these decisions will help the mechanisms function more efficiently and effectively in the near term– to enable us to scale up investments. Taking the example of those involved in smaller projects: for demand-side energy efficiency projects, there is still the opportunity to facilitate those through standardised baselines.

To achieve these ends, we support providing the CDM Executive Board with adequate funding. This is important.

When we go to our conservative 'credit committees' or Boards – we need to be able to point to concrete elements from this process that show governments are committed to decarbonisation.

The scale of the challenge on climate change, and energy stability is immense.

In summary, the more we know accurately about the 'prevailing wind', the more efficiently and rapidly we can set our course.

Thank you very much.