



EUROPEAN
BUSINESS COUNCIL
FOR A SUSTAINABLE
ENERGY FUTURE



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Energy UK



Intervention to the Ninth Conference of the Parties to the UNFCCC

**The US Business Council for Sustainable Energy (BCSE)
The European Business Council for a Sustainable Energy Future (e5)
The UK Business Council for Sustainable Energy (UKBCSE)
The Australian Business Council for Sustainable Energy (ABCSE)**

Milan, Italy
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Distinguished delegates: thank you for this opportunity to present the Business Council views. My name is Lisa Jacobson, the Managing Director of the Business Council for Sustainable Energy. I am speaking on behalf of the US, UK and Australian Business Councils for Sustainable Energy and the European Business Council for a Sustainable Energy Future. Our organizations have members throughout the world in both developed and developing countries that represent energy efficiency, natural gas, renewable energy, independent power and electric utility industries that are committed to finding solutions to reduce the global threat of climate change.

Sustaining political momentum at this meeting is critical. We believe that it is important that governments remain focused on creating the regulatory and market conditions necessary to reduce greenhouse gas emissions through clean and efficient energy technologies.

Looking forward, 2012 is less than a decade away. For investor confidence, business needs clear signals on where the international process is headed. The Councils support the model of an international regime, with binding emission reduction commitments for developed countries and market-based mechanisms, like emissions trading, the Clean Development Mechanism and Joint Implementation, to enable cost-effective emission reduction.

Vehicles like the European Union's emissions trading scheme: a mandatory cap and trade system will drive new business activity on climate change. It will put carbon on the balance sheet of companies, and provides clear financial rewards to those who reduce emissions.

In the United States, the recent 40 percent vote in the Senate in favor of an economy-wide emissions trading program demonstrates growing political concern about climate change and the value of market-based approaches to enable cost effective emission reductions.

Leading US state efforts in California, New York, and Massachusetts as well as regional greenhouse gas programs in the Northeast and Pacific Northwest, affirm the belief of many companies that action to address climate change is not a matter of *if*, but *when*.

As we begin the Ministerial session, we applaud the significant progress that has been made towards the implementation of the Clean Development Mechanism (CDM) and the dedicated work of the CDM Executive Board to help eliminate market uncertainties. But there is still work to be done.

- The growing number of Executive Board approved baselines is encouraging, but a project-by-project approach is not the optimal route to generate high integrity and geographically diverse projects. We

believe that it is important for the Executive Board to develop standardized baselines, especially for energy efficiency and renewable energy projects, to provide the certainty essential to drive these investments.

- On small-scale projects, the proposed CDM guidelines on baselines and additionality will cut down uncertainty, time and cost. However, given the limited carbon streams from small-scale projects, the rules and procedures need to be further streamlined to minimize transaction costs.

In closing, we urge Parties to take steps to adopt policies and incentives that promote existing and innovative sustainable energy solutions. It is desirable for such actions to be accompanied by strong capacity building to enable countries to develop and deploy clean energy technologies and achieve sustainable development.

Thank you for the opportunity to present these comments.