

**Institute for Global Environmental Strategies (IGES)  
New Market Mechanism Capacity Building  
-Osaka General Meeting in FY2012-  
7-8 March, 2013**

**IGES NEW MARKET MECHANISM CAPACITY  
BUILDING IN MONGOLIA-2012**

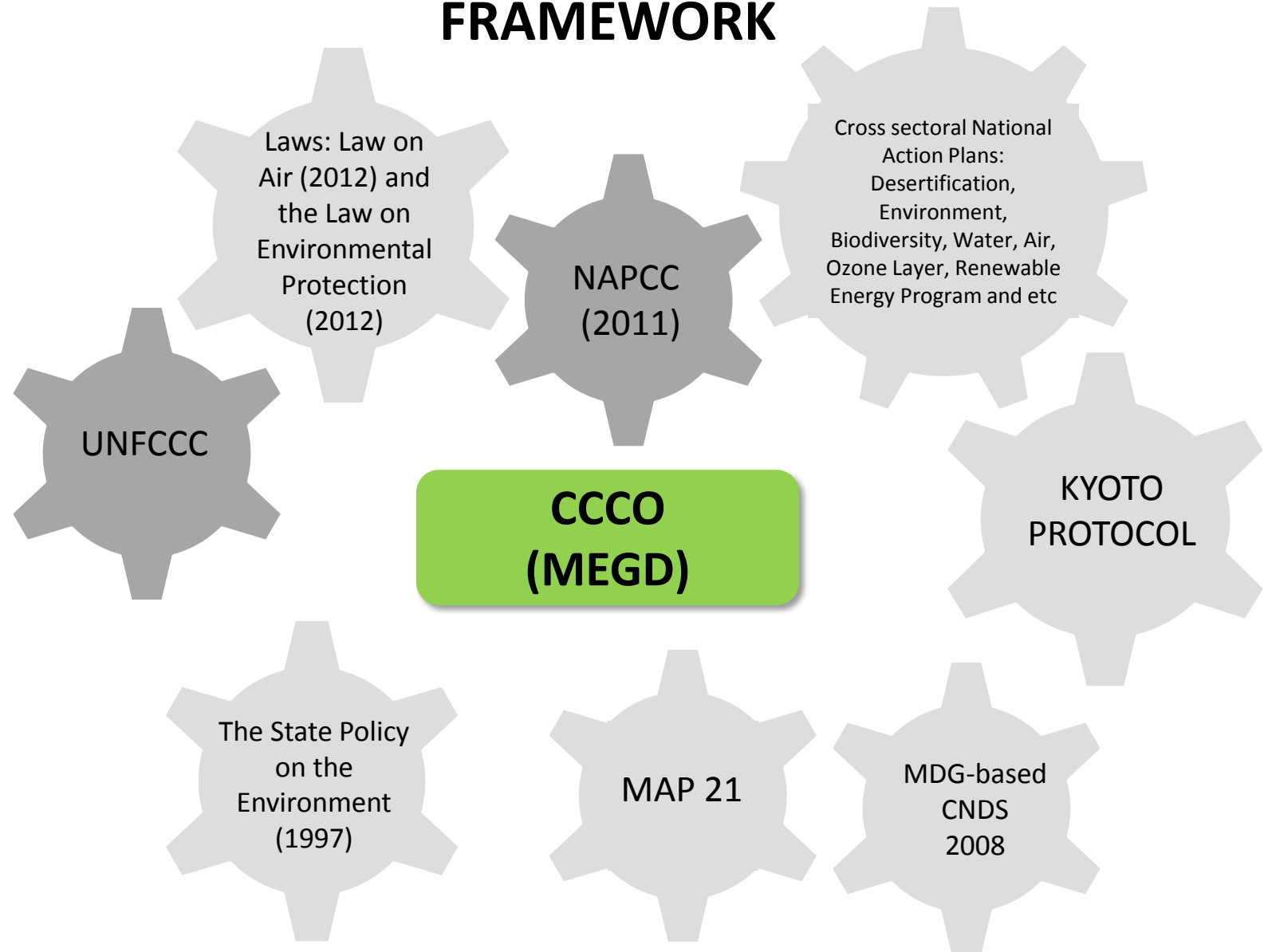
**Climate Change Coordination Office, MEGD**

# NATIONAL CLIMATE POLICY AND INSTITUTIONAL FRAMEWORK

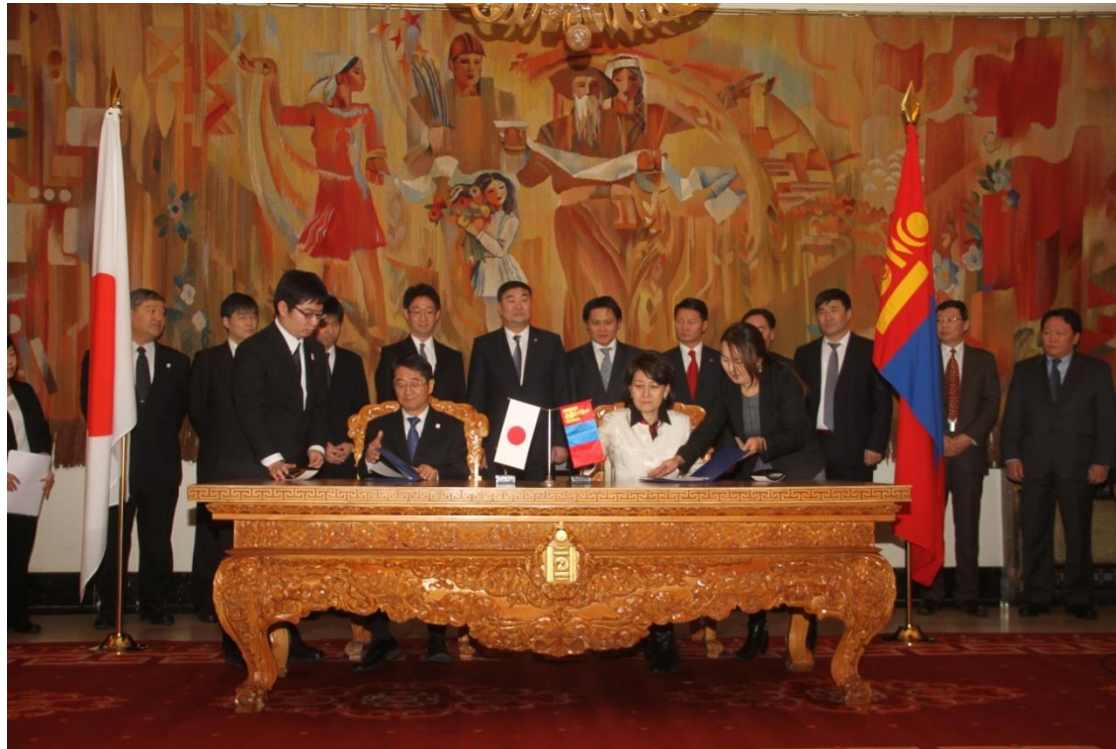


- The action programme includes the national policy and strategy to tackle the adverse impacts of climate change and to mitigate greenhouse gas emissions
- The Mongolia National Action Programme on Climate Change (NAPCC) is aimed not only at meeting the UNFCCC obligations, but also at setting priorities for action and to integrate climate change concerns into other national and sectoral development plans and programmes
- The NAPCC is based on the pre-feasibility studies on climate change impact and adaptation assessment, GHG inventories, and GHG mitigation analysis

# NATIONAL CLIMATE POLICY AND INSTITUTIONAL FRAMEWORK






# **MONGOLIA AND JAPAN SIGNED FIRST JMC AGREEMENT (January 8, 2013)**



# **ONGOING JCM RELATED ACTIVITIES (2012FY)**

- **MoEJ MRV Demonstration Study using Model projects (by GEC):**
  - Project-Replacement of Coal-Fired Boiler by Geo-Thermal Heat Pump for Heating
  - Upgrading and Installation of High-Efficiency Heat Only Boilers (HOBs)
- **METI's Feasibility Study project for the JCM** - Feasibility Study project for the JCM  
- Electric Transmission & Coal Power Plant
- **Second Mongolia-Japan Consultative Meeting on BOCM/JCM-16<sup>th</sup> January, 2013**
- **Consultative Meeting on Simple MRV Methodologies applicable to Bilateral Offset Credit Mechanism projects/activities, 27 Sep, 2012**

# FY2012 MOEJ's Initiative on the Joint Crediting Mechanism (JCM) in Mongolia

Menu of Activities		Implementation Institutes
MRV Demonstration Study	<ul style="list-style-type: none"> <li>● Replacement of Coal-Fired Boiler by Geo-Thermal Heat Pump for Heating (Shimizu Corp.)</li> <li>● Upgrading and Installation of High-Efficient Heat Only Boilers (HOBs) (Suuri-Keikaku)</li> <li>➔ MRV methodologies will be developed, through the MRV practices of model projects.</li> </ul>	 GEC Global Environment Centre Foundation
Capacity Building	<b>MRV/JCM</b> <ul style="list-style-type: none"> <li>● Strengthen the capacities of government officials of Mongolia in new market mechanisms</li> <li>● Assist the development of MRV methodologies for new market mechanisms in Mongolia</li> <li>● Identify and develop project ideas for new market mechanisms</li> <li>● To summarize the experience of implementing clean development mechanism (CDM) and lessons learned in Mongolia</li> </ul>	 Institute for Global Environmental Strategies
	<b>NAMAs</b> <ul style="list-style-type: none"> <li>● To support identifying Reference and NAMA Scenarios, and NAMA as a potential JCM project</li> <li>● To collect information on appropriate technologies in the energy supply sector</li> </ul>	 Overseas Environmental Cooperation Center, Japan

# MEGD and IGES JOINTLY ORGANIZED WORKSHOPS

## 1. **CDM and New Market Mechanisms: Latest Updates, 18 June 2012 / Participants-20**

**Objective:** to provide CDM project developers information about latest updates on CDM and new market mechanism following COP17 and CMP 7 results. It will provide you insight about current status and future prospect for market based mechanisms by providing overview on international negotiations which create the basis for carbon market.

## 2. **CDM Program of Activity (PoA) workshop, 25 September 2012 / Participants-38**

**Objective:** To promote CDM Program of Activity in Mongolia by aising awareness on PoA, providing hands-on training for project developers in using tools, guidelines and standards for PoA, discussing possible problems and potential solutions in the design and implementation of PoA

## 3. **Workshop on New Market Mechanisms, 26 September 2012 / Participants-30**

**Objectives:** Enhance Mongolia's understanding on Japanese BOCM, Seek project developers' interest in two demonstration studies by Suuri-keikaku and Shimizu Corporation, Seek Mongolia's input to Japanese BOCM

## 4. **Market mechanisms and MRV Workshop, 31 January 2013 / Participants-70**

**Objective (1):** To identify opportunities and challenges for linking activities resulting in GHG emission reduction through various energy efficiency measures in the building sector with carbon finance mechanisms and make recommendation on way forward;

**Objective (2):** To discuss opportunities for the Joint Crediting Mechanism/Bilateral Offsetting and Crediting Mechanism (JCM/BOCM) and results of demonstration studies conducted for MRV methodology development for JCM/BOCM in Mongolia

# Market mechanisms and MRV Workshop, 31 January 2013





# BILATERAL MEETING WITH PROJECT DEVELOPERS

No	Company	Project	Stage
1	Aydiner Global LLC	Choir wind park project	Pre-feasibility study
2	Clean Energy Asia LLC	300MW Wind Farm in South Gobi, Mongolia	Pre-feasibility study.
3	Clean fuel LLC	“Biodiesel Fuel” project	Project idea
4	Sopoco LLC	10MW Solar PV power plant	Feasibility study
5	Khiimori wind LLC	Khiimori wind project	Pre-feasibility study
6	Wagner Asia Equipment LLC	Semi-Coke project	Project idea
7	Sainshand Wind Park LLC	Sainshand Wind Park project	Feasibility study
8	New Bio Fuel LLC	Bio fuel project	Feasibility study

# LESSONS FOR JCM:

## CDM AND BARRIERS FOR PROJECT IMPLEMENTATION

Barrier	Historical significance	Current significance
Size – transaction cost barrier	Medium	High
Type – methodological complication barriers	High	High
A/ R Market barrier	High	High
CDM consultant barrier	Low	Low
Institutional barrier	High / prohibitive	Very low / none
Documentation barrier	Medium/low	Medium/low
Financing barrier	High	High
Awareness barrier	Medium/High	Very Low
Demand barrier	None	High

We expect JCM to reduce these barriers to certain extent

## **EXPECTATION FROM JCM**

### **From project developer's perspective**

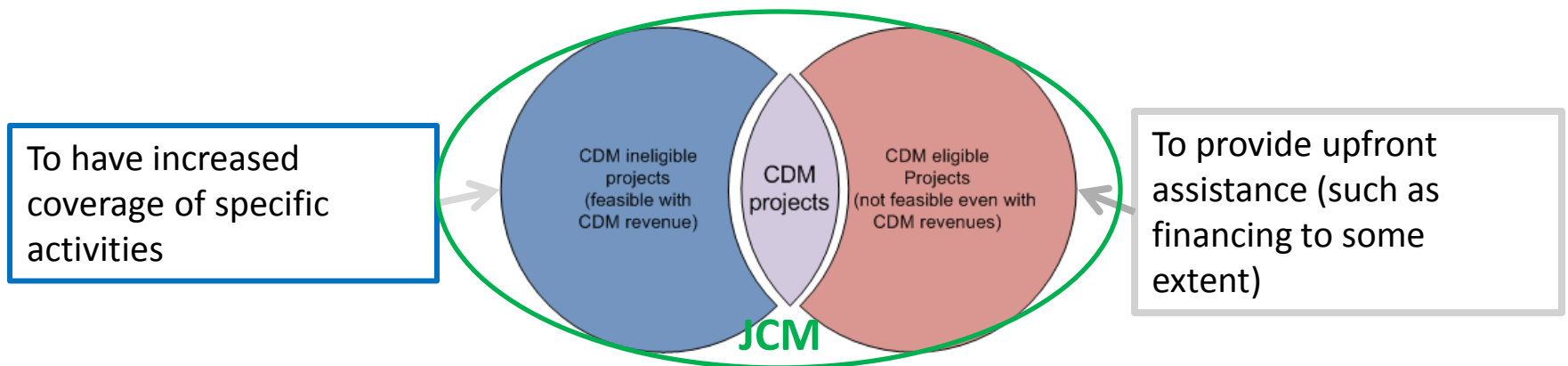
- differentiated treatment
- assistance (financial, technical, regulatory)

### **From Government perspective**

- mechanisms which assist the implementation of government policy objectives(such as air pollution reduction, ensuring energy security, diversification of energy source etc.,)
- Mechanism that assists in transfer and diffusion of leading low carbon technologies, products, infrastructure and services leading to sustainable, low carbon green development

## EXPECTATION FROM JCM (2)

- Incentive???
- New source of carbon finance
- Alternative to CDM
  - To overcome market uncertainty for CDM credits



# EXPECTATION FROM JCM (3)

## Non-tradable credit type JCM

Is expected to be more dependant on government budget/policy



1. Project identification and preparation



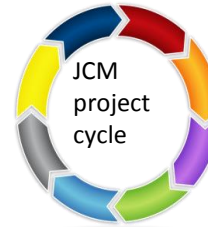
2. Upfront assistance



3. Measurement, validation and registration of project



4. Project Implementation



5. Monitoring and Verification of emission reduction



6. Surrendering the measured emission reduction

## Tradable credit type JCM

Is expected to be same as CDM in terms of project roadmap



1. Project identification and preparation



2. Upfront assistance



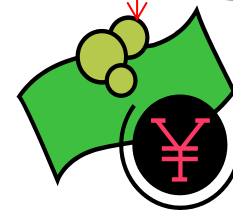
3. Measurement, validation and registration of project



4. Project Implementation



5. Monitoring and Verification of ER, Issuance of credits



6. Selling of credits



7. Surrendering the credits for compliance

## **NEXT STEPS(2) IMMEDIATE**

**To start and operationalize JCM, its important to:**

- To establish Joint Committee and its secretariat and other institutional settings as required
- To develop basic documents for JCM (guideline, standards, procedures etc...)
- To agree project cycle procedure
- To identify the most potential projects and agree by Parties
- To start first JCM projects

## NEXT STEPS (3) MID-TERM



**Technical meeting between Japanese and Mongolian experts and MEGD on 4<sup>th</sup> December 2013**

Discussed about:

- Possibility to establish national verification body in Mongolia
- How to conduct VVM in Mongolia
- Existing structure of accreditation body in Mongolia

### **Importance of Creating National Validation and Verification Body:**

- Reducing transaction cost
- Support and advice with local knowledge
- Overcoming language barrier
- Early stage project identification etc.,

### **Next step:**

- MEGD is planning to have (make it approved) ISO 14065 as MNS (Mongolian National Standard).
- In order to gain license from ISO for 14065, the capacity building for (training of) technical staff is required for National Authority of standard and metrology and related bodies.

# UPDATE

- Technical Meeting between Mongolian and Japanese Government Officials (between 28 Feb-01 March, 2013)

## Participants:

- Mongolian side-representatives from MEGD, MoED, MoE, MoM, MoIA, MoFA, MoRT
- Japanese side representatives from MoEJ, METI, IGES, OECC, GEC and private companies





**THANK YOU FOR YOUR ATTENTION**

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<http://www.cdm-mongolia.com/>