

Initiatives on the Joint Crediting Mechanism (JCM)

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Mr. Naoki TORII
Chief Administrator
Office of Market Mechanisms
Global Environment Bureau
Ministry of the Environment of Japan

Negotiations on market mechanisms in COP22

Guidance on cooperative approaches (PA 6.2)

Rules, modalities and procedures for the UN governed mechanism (PA 6.4)

Work programme under the framework for non-market approaches (PA6.8)

Points and conclusions in COP22

- The SBSTA considered possible works towards 2018 and Parties engaged in a productive exchange of views
- Parties are invited to submit their views on the matters related to each agenda sub items by March 17th 2017. specifically on:
 - the elements to be addressed, incl. their operationalization
 - overarching issues
 - relationships between matters under Article 6 and other provisions of the PA
- **“a round-table discussion among Parties”** is held in conjunction with the SBSTA46 in May 2017

The Joint Crediting Mechanism

- Facilitating diffusion of leading low carbon technologies through contributions from Japan and evaluating realized GHG emission reductions or removals in a quantitative manner to use them for achieving Japan's emission reduction target.
- Japan will address the high initial cost barrier of introducing advanced low-carbon technologies in developing countries through the JCM (GoJ implements several supporting schemes)



Waste heat recovery in Cement Industry, JFE engineering, Indonesia



Eco-driving with Digital Tachographs, NITTSU, Vietnam



Energy saving at convenience stores, Panasonic, Indonesia



High efficiency air-conditioning and process cooling, Ebara refrigeration equipment & systems, Indonesia



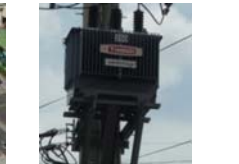
High-efficiency Heat only Boilers, Suuri-Keikaku, Mongolia



Upgrading air-saving loom at textile factory, TORAY etc., Indonesia, Thai, Bangladesh



Installing solar PV system, PCKK, Palau Maldives



Amorphous transformers in power distribution, Hitachi Materials, Vietnam



Co-generation system at factory, Toyota, Nippon Steel & Sumikin Engineering, Indonesia, Thai



High efficiency air-conditioning system, Hitachi, Vietnam



High efficiency air-conditioning system, Daikin, Vietnam



Waste to Energy Plant, JFE engineering, Myanmar



High efficient refrigerator, Mayekawa MFG, Indonesia



Regenerative Burners in industries, Toyotsu Machinery, Indonesia



LED street lighting system with wireless network control, MinebeaMitsumi, Cambodia

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JCM Partner Countries

- Japan has held consultations for the JCM with developing countries since 2011 and has established the JCM with Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR, Indonesia, Costa Rica, Palau, Cambodia, Mexico, Saudi Arabia, Chile, Myanmar, Thailand and the Philippines.



Mongolia
Jan. 8, 2013
(Ulaanbaatar)



Bangladesh
Mar. 19, 2013
(Dhaka)



Ethiopia
May 27, 2013
(Addis Ababa)



Kenya
Jun. 12, 2013
(Nairobi)



Maldives
Jun. 29, 2013
(Okinawa)



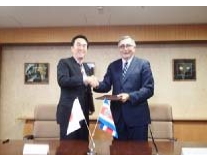
Viet Nam
Jul. 2, 2013
(Hanoi)



Lao PDR
Aug. 7, 2013
(Vientiane)



Indonesia
Aug. 26, 2013
(Jakarta)



Costa Rica
Dec. 9, 2013
(Tokyo)



Palau
Jan. 13, 2014
(Ngerulmud)



Cambodia
Apr. 11, 2014
(Phnom Penh)



Mexico
Jul. 25, 2014
(Mexico City)



Saudi Arabia
May 13, 2015



Chile
May 26, 2015
(Santiago)



Myanmar
Sep. 16, 2015
(Nay Pyi Taw)



Thailand
Nov. 19, 2015
(Tokyo)



the Philippines
Jan. 12, 2017
(Manila)

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Progress of the JCM in each partner country as of Feb 13 2017

Partner countries	Start from	No. of JC	No. of registered projects	No. of approved methodologies	Pipeline (JCM Financing Programme & Demonstration Projects in FY 2013-2016)
Mongolia	Jan 2013	4	2	3	5
Bangladesh	Mar 2013	3		1	6
Ethiopia	May 2013	2		1	2
Kenya	Jun 2013	2		1	3
Maldives	Jun 2013	2		1	3
Viet Nam	Jul 2013	5	4	6	17
Lao PDR	Aug 2013	2		1	2
Indonesia	Aug 2013	6	7	12	27
Costa Rica	Dec 2013	1			2
Palau	Apr 2014	4	3	1	3
Cambodia	Apr 2014	2		2	5
Mexico	Jul 2014	1			2
Saudi Arabia	May 2015	1			1
Chile	May 2015	1			1
Myanmar	Sep 2015	1			5
Thailand	Nov 2015	2		2	21
Philippines	Jan 2017				
Total	17	39	16	31	105

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Days taken in each steps of JCM project cycle (comparison to the CDM)

Steps in the project cycle	Days	
	JCM	CDM
From start of public comments/inputs for methodology to approval of methodology	<u>64</u> days ¹	288 days ²
From start of public comments/inputs for project to request for registration	<u>49</u> days ¹	<u>385</u> days ³
From request for registration to registration	<u>47</u> days ¹	<u>95</u> days ³
From request for credit issuance to decision of credit issuance	<u>14</u> days ¹	85 days ⁴

Source: ¹ JCM website
² CDM pipeline (UNEP RISO)
³ IGES CDM Project Database
⁴ IGES CDM Monitoring and Issuance Database
(As of Nov 24th 2016)

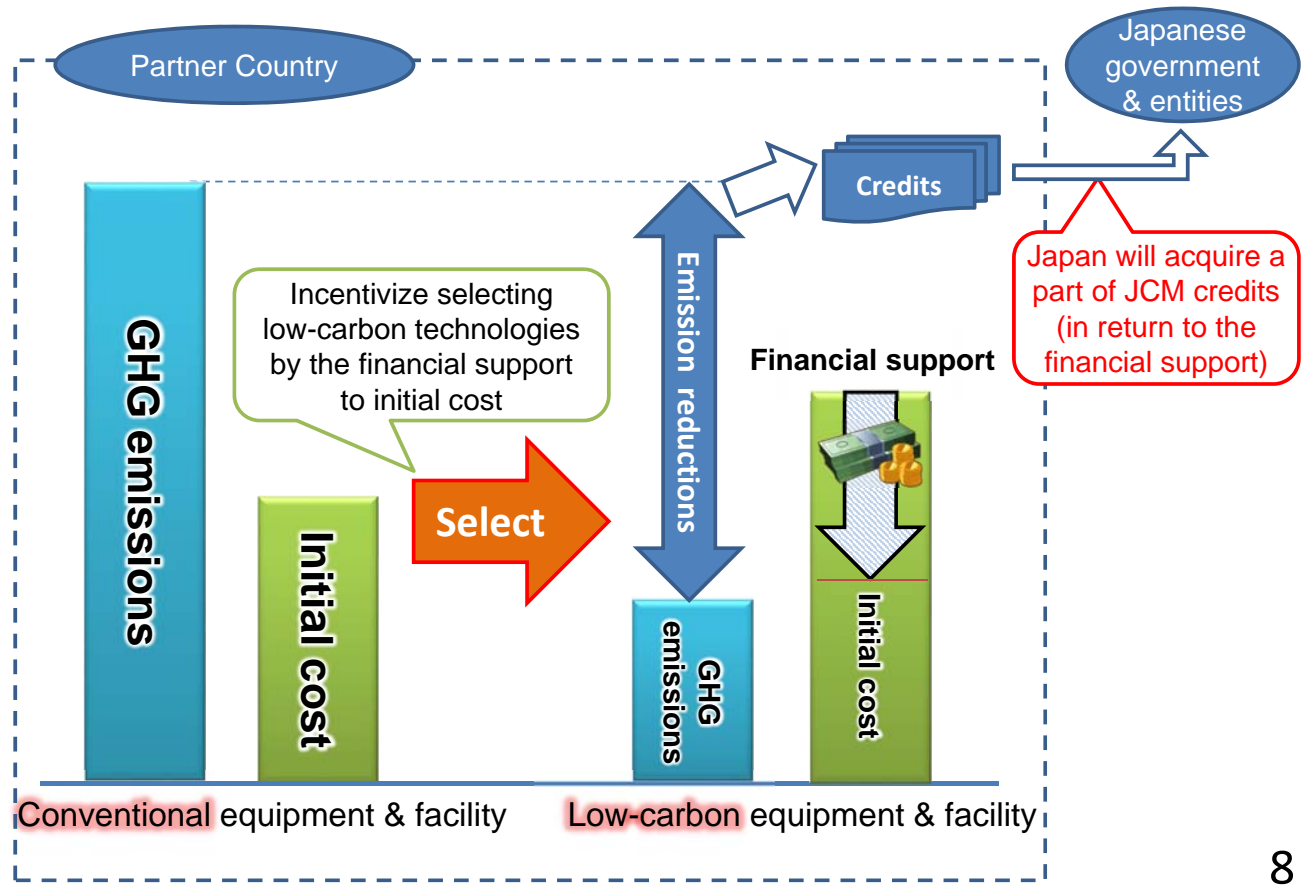
Statement by Prime Minister Shinzo Abe at the COP21 (Excerpt)



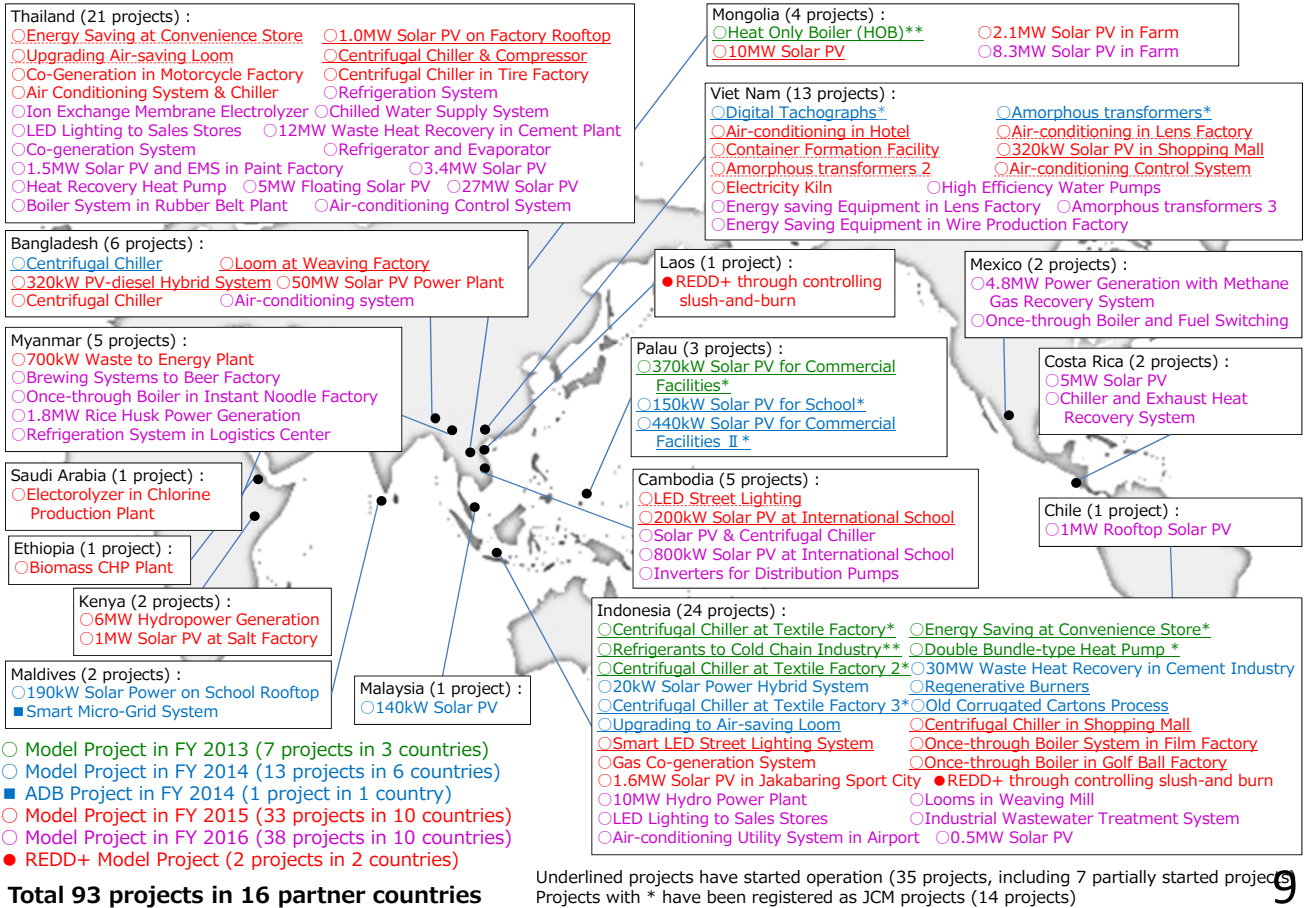
The second component of Japan’s new set of contribution is innovation. The key to acting against climate change without sacrificing economic growth is the development of innovative technologies. To illustrate, there are technologies to produce, store and transport hydrogen towards realizing CO2-free societies, and a next-generation battery to enable an electric car to run 5 times longer than the current level. By next spring Japan will formulate the “Energy and Environment Innovation Strategy.” Prospective focused areas will be identified and research and development on them will be strengthened. (snip)

In addition, many of the advanced low-carbon technologies do not generally promise investment-return to developing countries. Japan will, while lowering burdens of those countries, promote diffusion of advanced low carbon technologies particularly through implementation of the JCM.

Contributions from Japan



JCM Financing programme by MOEJ (FY2013~2016) as of February 13, 2017



JCM Model Projects by MOE

The draft budget for projects starting from FY 2017 is **6.0 billion JPY (approx. USD 60million)** in total by FY2019

(1 USD = 100 JPY)

※Budget will be fixed after approval by the Parliament

※Includes collaboration with projects supported by JICA and other governmental-affiliated financial institute.

Finance part of an investment cost (**less than half**)

Government of Japan

Conduct MRV and expected to deliver at least half of JCM credits issued

International consortiums (which include Japanese entities)



- Scope of the financing: facilities, equipment, vehicles, etc. which reduce CO₂ from fossil fuel combustion as well as construction cost for installing those facilities, etc.
- Eligible Projects : starting installation after the adoption of the financing and finishing installation within three years.

ADB Trust Fund: Japan Fund for Joint Crediting Mechanism (JFJCM)

Draft Budget for FY2017

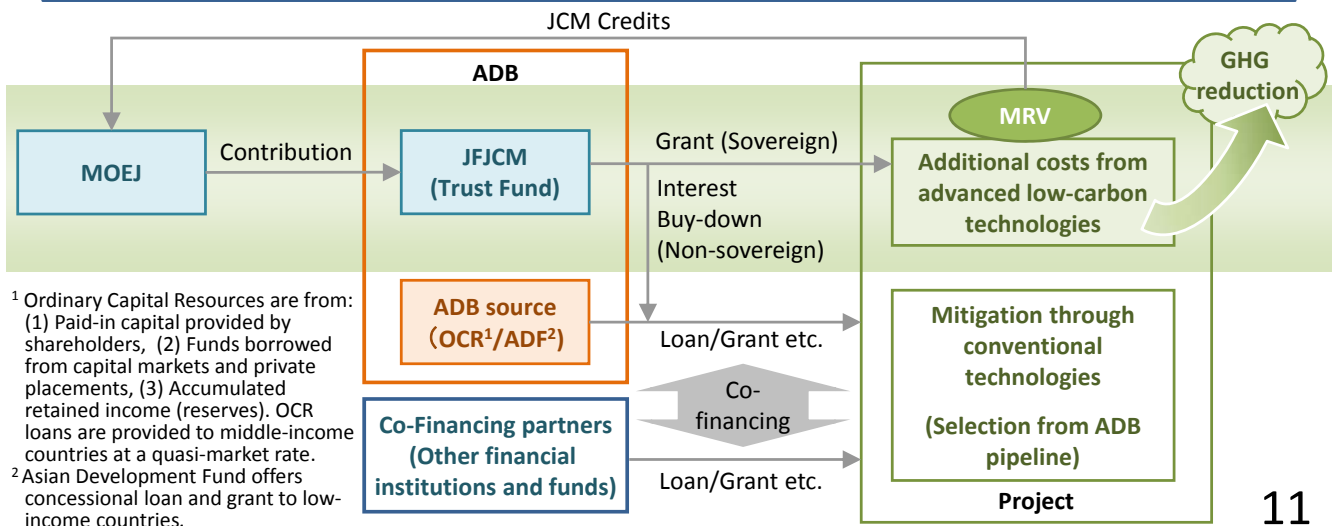
JPY 1 billion (approx. USD 10 million) ※Budget will be fixed after approval by the Parliament (1 USD = 100 JPY)
 ※JPY 1.2 billion in 2016, and 1.8 billion in 2015 and 2014 respectively

Scheme

To provide the financial incentives for the adoption of advanced low-carbon technologies which are superior in GHG emission reduction but expensive in ADB(Asian Development Bank)-financed projects

Purpose

To develop ADB projects with sustainable and low-carbon transition perspective by introducing advanced low-carbon technologies as well as to acquire JCM credits



JCM REDD+ Model Projects by MOEJ



【Background】

- Deforestation and forest degradation in developing countries
- 17 demonstration feasibility studies from 2011 to 2014

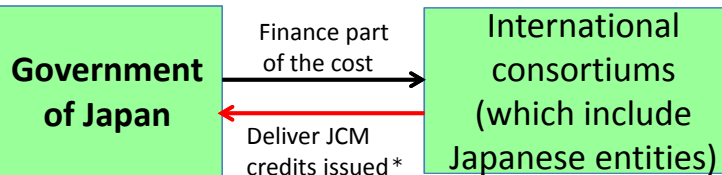
【Expected outcome】

- Participatory monitoring of illegal logging, disaster prevention, and forest restoration
- Provision of alternative livelihoods



《 Projects outline 》

【The budget for FY 2016】80 million JPY (approx. USD 0.8 million)



*At least half or ratio of financial support to project cost of JCM credits issued are expected to be delivered to the government of Japan except the amount which is allocated to the partner country based on its legislation.

※These projects may be implemented in cooperation with other organizations such as JICA

※REDD+ (Reducing Emissions from Deforestation and Forest Degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries)

Purpose

Implement activities for REDD+ and seek to acquire JCM credits for achievement of Japan's GHG emission reduction target

Project budget and implementation term

Up to 40 million JPY/year (fixed)

Eligible Companies

Japanese corporation(the representative of international consortiums)

Schedule and finance rate under JCM Model Project in FY2016

Applications in FY2017 is scheduled as follows.

Items	Date
Starting date of call for request	Beginning or middle of April, 2017
Deadline for entities to submit their application	Beginning or middle of May, 2017
Announcement of selected Model Projects	1- 2 months later after the deadline

Finance rate will be determined based on the number of already selected JCM Model Projects using similar technology in each country.

The actual number of already selected projects using similar technology will be published on the Web site.

Number of already selected projects using a similar technology in each partner country	None (0)	Up to 3 (≤ 3 , except 0)	More than 3 (> 3)
Maximum finance rate	50%	40%	30%

Regardless of the finance rate, selected entities in JCM Model Project are expected to deliver at least half of JCM credits issued to Government of Japan

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Criterion for selecting the JCM model project (Cost effectiveness and Payback period)

Cost effectiveness (*1) and payback period (*2) of a proposed project are some of the criteria during selection by MOEJ.

*1: Cost effectiveness (JPY/tCO₂) is calculated as follows:

Dividing “Amount of proposed subsidy” by “Accumulated emission reductions achieved during the legal durable years under Japanese law

*2: Payback period (year) is calculated as follows:

$$\frac{(\text{Total initial cost}) - (\text{Amount of proposed subsidy})}{(\text{Reduction for annual operation cost})}$$

or

$$\frac{(\text{Total initial cost}) - (\text{Amount of proposed subsidy})}{(\text{Annual revenue}) - (\text{Annual operation cost})}$$

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Indicator for evaluating the cost effectiveness

Cost effectiveness of a proposed project is less than 4,000 JPY/tCO₂ (40 USD/tCO₂)

Note:

GHG emission reductions is dependent on its calculation method and not necessarily able to achieve the planned emission reductions after the project implementation. Therefore, the cost effectiveness is not an absolute indicator for the evaluation.

Indicator for evaluating the payback period

Payback period of a proposed project is more than 3 years.

Note:

Since the payback period is also dependent on its calculation method and not necessarily able to achieve the planned assumption after the project implementation, the payback period is not an absolute indicator for the evaluation.