COP 26: A focus on energy futures

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Summer School in Energy Economics
16 Feb 2022
Overview

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Primer on the UNFCCC and COP

**UNFCCC:** United Nations Framework Convention on Climate change
- International environmental treaty to combat "dangerous human interference with the climate system"
- Drafted in 1992. By 2020 the UNFCCC had 197 states as parties.

**COP:** Conference of the Parties
- Annual meeting of Parties under the UNFCCC

**Kyoto Protocol:** First agreement to implement measures to address climate change under the UNFCCC

**Paris Agreement:** Signed in 2015. Supersedes Kyoto – current agreement guiding global climate change negotiations
Primer on the UNFCCC and COP

**Formal role of COP**
- Make and implement agreements under the UNFCCC
- Dictate operations of UNFCCC
- Focused on agreement between all Parties (197 member states)

**Informal role of COP**
- Diplomatic space for bilateral and multilateral agreements on climate change
- Key international stage for showcasing climate action by both state and non-state actors
Primer on the UNFCCC and COP

Three key goals of the Paris Agreement (Article 2):

(a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;

(b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and

(c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
Why COP26 was important

- “5 years” (… actually 6) post Paris
  - Countries expected to increase ambition – submit a new round of commitments (NDCs)
  - NZ’s new commitment: 50% reduction on 2005 GHG levels by 2030
- Key parts of Paris Agreement set to be negotiated
  - Article 6 ‘rulebook’ on ITMOs (how countries will trade credits)
Some context... the lead up to Glasgow

Major reports released highlighting the need for more ambition:

• IEA ‘Net Zero by 2050’
  • Fatih Birol: “If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now – from this year.”

• UNEP Emissions Gap Report
  • Current pledges put us on track for 2.7°C temperature rise

• UNEP Production Gap Report
  • Governments planning to produce 2x amount of fossil fuels in 2030 than what would be consistent with limiting global warming to 1.5°C
Some context... the lead up to Glasgow

**Key commitments on energy transition:**

- G20 commitment to end coal financing by end of year
- China pledged to stop financing coal abroad
- Wave of ‘net zero’ commitments by governments and corporations
- Some countries (incl. NZ) adopt recommendations of the Taskforce on Climate Related Risk Disclosures (TCFD) requiring companies to disclose climate-related risks
Some context... the lead up to Glasgow

Uncertain global situation:

• COP happened in the midst of a gas crisis
  • Surging gas prices in Europe raise questions about supply

• Impacts of the COVID pandemic
  • Questions about what the COVID recovery should entail
  • Questions about public health implications of holding major international convening
The Glasgow Pact

• “Recognizes that limiting global warming to 1.5 °C requires rapid, deep and sustained reductions in global greenhouse gas emissions, including reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around mid-century, as well as deep reductions in other greenhouse gases”
The Glasgow Pact

• “Requests Parties to revisit and strengthen the 2030 targets in their nationally determined contributions as necessary to align with the Paris Agreement temperature goal by the end of 2022”
The Glasgow Pact

• to “[accelerate] efforts towards the **phasedown of unabated coal power** and **phase-out of inefficient fossil fuel subsidies**, while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the **need for support towards a just transition**”
The Glasgow Pact

• “Notes with deep regret that the goal of developed country Parties to mobilize jointly USD 100 billion per year by 2020”

• “Urges developed country Parties to fully deliver on the USD 100 billion goal urgently and through to 2025 and emphasizes the importance of transparency in the implementation of their pledges”
The Glasgow Pact

• Agreement on Article 6 “rulebook”
  • Agreed to “carryover” carbon credits generated under the Kyoto Protocol since 2013 – equivalent to 320m tonnes of CO2 equivalent (MtCO2e)
  • Closed off “double counting” of emissions cuts by two different Parties
  • Set up an independent grievance process for disputes over carbon offsets

• Implications
  • Possibility for countries to link up emissions trading schemes
  • Some challenges to global carbon trading still remain
    • E.g. National commitments not always comparable e.g. some have renewable targets, others emissions reduction – hard to account for credits in this system
Near misses

• Some proposals did not succeed, but are worth noting:

  • A proposal was raised to limit proportion of emissions cuts that could come from offshore offsets vs domestic cuts
    • Would have been significant for NZ as our NDC relies heavily on offshore offsets

  • An attempt to set up a new fund for “loss and damage” gained a lot of attention, but ultimately failed to make it into the Glasgow Pact
Global Methane Pledge

• More than 100 countries promised to reduce methane emissions by 30 per cent by 2030
• Covers all sectors, but largely aimed at reducing methane from oil and gas sector
  • Shaw: no new plans for NZ as a result of signing pledge
• Covers approx. half of all half human-induced methane emissions, but missing some key actors: China, India, Russia and Australia
Beyond Oil and Gas Alliance (BOGA)

• Led by Denmark and Costa Rica, this is a new international alliance of governments and stakeholders working together to facilitate the managed phase-out of oil and gas production

• NZ has joined as an ‘associate member’
  • Designation for countries that have signaled an interest, but have not yet committed to a full phase-out of oil and gas exploration and extraction.
Assessment of COP 26

• Energy took a central role
  • First time governments have talked openly about limiting fossil fuels, rather than just emissions
  • Frank discussion of coal phase down/out was significant

• Governments have increased ambition, but we still fall short of Paris goals
  • Current NDC pledges put us on track for warming of 2.4 degrees by the end of the century
“We can now say with credibility that we have kept 1.5 degrees alive. But its pulse is weak and it will only survive if we keep our promises and translate commitments into rapid action.”

Alok Sharma, COP 26 President