



Methane to Markets

US Thoughts on Future of the Methane to Markets Partnership

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Overview

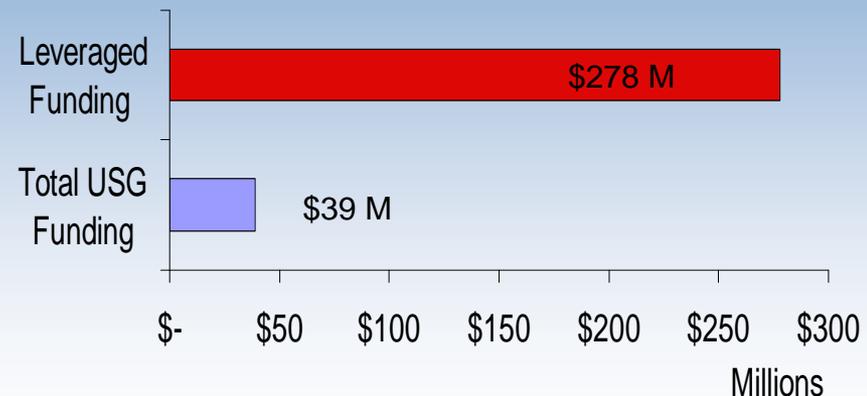
- **USG Activities and Accomplishments**
- **Perspectives on Future Directions**
 - Action Plans
 - Resources/Funding
 - Monitoring and Reporting
 - New Methane Sources
 - Project Network
 - Linkage to UNFCCC
- **New Terms of Reference**
- **Conclusions**

US M2M Commitment



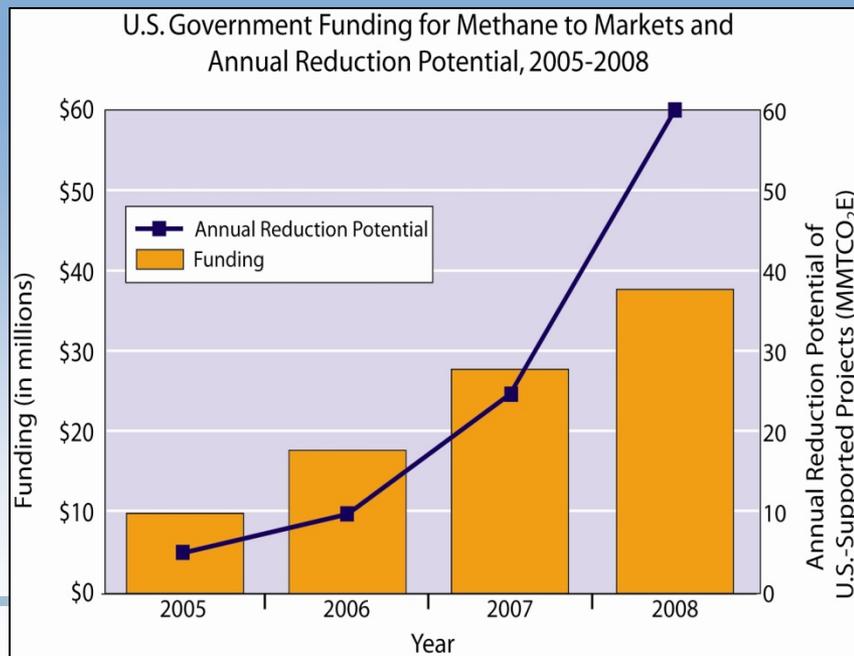
- Pledged \$53 million over five years at Partnership launch in 2004. To date:
 - Provided over \$39 million to support a wide range of projects and activities
 - Leveraged over \$278 million in public and private sector contribution
- Providing significant support to the Partnership through the ASG and technical support in all 4 sectors
 - Supporting projects in Argentina, Brazil, China, Colombia, Ecuador, India, Korea, Mexico, Mongolia, Nigeria, Poland, Philippines, Russia, Thailand, Ukraine and Vietnam.

USG Investment and Leveraged Funding



USG Activities and Accomplishments

- US activities directly support action plans and focus on advancing project development in developing countries
- EPA is exporting the expertise from our domestic programs
- US is engaged in over 150 projects all around the world that are expected to reduce methane emissions by 60 million metric tones of carbon dioxide equivalent.



Looking Forward

An enhanced global commitment to Methane to Markets offers a significant opportunity to achieve climate change and clean energy goals

- Impacts in the Arctic are focusing global attention on short-term drivers to fight climate change
- Reducing global methane emissions can have a significant near-term climate impact
 - 50% reduction from BAU in 2100 could reduce global temperature by .55°C, comparable to reductions from a CO₂ only approach
- Reductions can be accomplished with existing, cost-effective technology, and offer significant co-benefits
 - \$30/tCO₂eq, reduction potential of 1,800 MtCO₂eq in 2020
- M2M has already mobilized a global methane community
 - 30 countries and over 900 public and private sector organizations
- Original M2M Charter is up for renewal in 2009
 - Significant opportunity to reshape and expand a successful global partnership

National Methane Action Plans

Partner Countries should develop national methane action plans

- To date, M2M has focused on the development of global sector-wide strategies – this has been successfully done for all target sectors
- Some Partners have begun to develop country action plans for specific sectors of interest
- The US supports a formal inclusion of national methane action plans into the TOR that focus on the relevant methane emitting sectors
- Action plans could include:
 - National methane emission and project opportunity inventories;
 - Characterization and assessment of in-country institutional capacity;
 - Assessment and identification of project development needs and barriers;
 - Specific policies and measures to accelerate project development.
 - Mechanisms for tracking and reporting on accomplishments
- Developed Countries could provide assistance for National Action Plan Development in Developing Countries
- National Methane Action Plans would serve as an effective tool to guide subsequent technical assistance and project finance as well as share lessons learned among Partners

Developed country partners should make specific financial commitments.

- Strong funding commitments will be necessary to continue to build the global and country specific technical and institutional capacity necessary to achieve aggressive global methane reductions
 - A renewed and expanded commitment will be necessary from all M2M Partners with resources and expertise in these sectors
- Funding contributions should not be centrally managed
 - Countries could provide support according to their national priorities
 - Contributions and assistance should be linked to the development and implementation of National Action Plans
 - A transparent linkage to the country action plans will facilitate coordination and encourage bi-lateral and even tri-lateral engagement, maximize efficiency, and reduce/eliminate duplication of effort.

Enhanced Monitoring and Reporting

Need new mechanisms to improve monitoring and reporting

- Reporting on projects and activities has been informal and focused at the subcommittee level
- More formal tracking and reporting requirements are needed to accurately assess and communicate Partnership accomplishments
- Focus of reporting should shift from the subcommittees to Partner Countries
 - Countries would report on the progress of their national action plans on an annual basis.
 - Reports should account for emission reductions achieved through the Partnership where appropriate
 - Need a system to ensure a consistent and reliable flow of information on funded projects and activities,
 - Projects and activities should be consistent with and supportive of the Action Plans.

New Methane Sources

Decision to expand to other methane source categories should include some important considerations.

- Partnership expansion should only be considered in conjunction with the establishment of a new TOR
- Resource considerations of adding new sectors must be taken into account
- Expansion should be focused on areas where the Partnership can achieve real, near-term methane emission reductions
- New efforts by M2M should not duplicate other international efforts
- Some initial insights on proposed sectors
 - Waste Water –fits well within the current scope of the Partnership; mitigation technologies are available with energy co-benefits; no organized global action.
 - Enteric Fermentation – constitutes significant expansion of the scope of the Partnership; numerous project level mitigation challenges in the near-term; well-organized existing international engagement through the Livestock Emissions and Abatement Research Network (LEARN)
 - Rice Cultivation – constitutes significant expansion of the scope of the Partnership; may be some project level mitigation opportunities in the near-term; no organized global action.

Expanding Project Network

Project network is critical to the continued success of M2M and new mechanisms should be adopted to enhance participation

- Special consideration should be given to enhancing the participation of Multilateral Development Banks (MDBs)
 - MDBs have significant resources available to fund capital investments in M2M projects
 - Future investments could be aligned with National Methane Action Plans
- More consistent and strategic engagement of MDBs could be achieved by formalizing MDB input into the Steering Committee and Subcommittees deliberations.

Linkages to UNFCCC

- *Methane to Markets is a unique, and adaptive institutional structure*
 - Provides technical assistance and capacity building necessary to achieve long-term project development – good complement to CDM and JI mechanisms
 - Effectively engages the private sector and has developed an international pipeline of methane offset projects
 - Still has significant potential to assist countries in delivering on financial or action-oriented commitments taken under the UNFCCC
- *M2M should be linked to but remain separate from the UNFCCC to maintain its flexibility and allow for innovation*
 - Work to ensure that the Partnership is recognized by, supportive of and complementary to the UNFCCC.
 - Should continue to utilize the Partnership to help achieve aggressive reductions of methane in the near-term.

Terms of Reference

- Terms of Reference should be extended for a year or until a revised and expanded TOR is approved.
- A Ministerial-Level Meeting would be necessary to continue the growth and success of the Partnership
 - Provides an opportunity to approve an enhanced and extended TOR for the Partnership.
 - Will attract high-level attention to M2M
 - The U.S. is open on the best timing and location for this

Conclusions

- Methane is a critical part of the climate solution, offering near-term climate impacts at low cost and with important co-benefits
- M2M has established the foundation and is uniquely qualified and positioned to advance an enhanced, global mitigation effort
- The U.S. remains strongly committed to M2M and hopes to work with Partners to enhance and expand the partnership in a way that
 - Encourages more robust action on methane
 - Includes stronger financial commitments
 - Continues to engage the private sector, and
 - Is fully supportive of the UNFCCC process.