

Brief assessment of the COP21 negotiation outcome

Element in the negotiations	Content of decision	Comment	Impact on Vattenfall
New post-2020 climate agreement under UNFCCC, incl. its legal status	<ul style="list-style-type: none"> Paris Agreement, a truly global binding climate deal, reached! Legally binding on MRV, to send in INDCs, etc., but not individual mitigation targets, financing, etc. 	<ul style="list-style-type: none"> A dynamic platform for global action and general conditions are established. It must now be filled with ambitious mitigation targets, financing, policies and measures. 	<ul style="list-style-type: none"> Strong political willingness to address climate change on the global level. Possibility that it will entail more coordinated policies. See individual elements below.
Collective long-term goal	<ul style="list-style-type: none"> 2 °C target reconfirmed and strengthened as to keep the increase <i>well below</i> 2 °C and to pursue efforts to limit the increase to 1.5 °C (<i>new!</i>). 	<ul style="list-style-type: none"> One of the key achievements! However, no inclusion of any quantitative collective GHG emissions goal for 2050 (since dropped in the final version). 	<ul style="list-style-type: none"> Higher global collective goal might entail an increase in EU-wide climate targets (currently set for 2030 and 2050) and an associated ETS cap revision.
Mitigation - GHG emissions reduction targets & INDCs	<ul style="list-style-type: none"> Paris Agreement “welcomes” the 185 INDCs which have been submitted by the parties. Periodic review of the ambition levels of INDCs every 5 years. 	<ul style="list-style-type: none"> One of the key achievements! Update of INDCs vital for curbing emissions in time for 1.5 / 2 °C. But uncertain what reviews will deliver, how avoid free riding, etc. 	<ul style="list-style-type: none"> Regular reviews of INDCs in general might entail also a more ambitious INDC from the EU at some stage. First review by those with 2025 targets as an indicator.
Pre-2020 action	<ul style="list-style-type: none"> The urgency of pre-2020 action highlighted, but not prescribed. Parties encouraged to ratify the Doha Amendment (KP’s C.P.2) and scale up climate financing. 	<ul style="list-style-type: none"> It is clear that Paris Agreement has focus on the post-2020 period. Kyoto Protocol’s 2nd commitment period (2013-2020) continues with just a limited number of countries. 	<ul style="list-style-type: none"> No direct impact. EU ETS reforms are being put in place regardless of any policy gap on the UNFCCC level 2013-2020.
Financing	<ul style="list-style-type: none"> International climate financing to be scaled up. (\$ 100 bn figure in decision text, not in any article). The developed countries shall take lead in the mobilization. 	<ul style="list-style-type: none"> New collective quantified goal from a floor of \$ 100 bn / year shall be decided before 2025. Some additional contributions to GCF and Adapt. Fund in Paris. 	<ul style="list-style-type: none"> Somewhat more likely that the share of auctioning will be fixed at a high level in the on-going EU ETS reform post-2020 and that use of offsets is allowed again.
Cooperative Approaches / Flexible Mechanisms / Carbon markets	<ul style="list-style-type: none"> Market provisions allowing for international transfers of the parties’ mitigation outcomes. New mechanism for mitigation and sustainable development. 	<ul style="list-style-type: none"> One of the key achievements! Coop. approach enables linking! New mech. (cf “improved CDM”) Detailed rules to be elaborated / decided at a later COP meeting. 	<ul style="list-style-type: none"> More likely that the EU ETS policy can/will be linked globally. Inclusion of new mechanism can serve as driver for higher target. New business opportunities.
Transparency	<ul style="list-style-type: none"> New transparency framework is established (tracking progress towards INDCs in all countries, informing global stocktake, etc.) 	<ul style="list-style-type: none"> Monitoring, Reporting, Verifying (MRV) requirements are a backbone of any climate agreement. LDCs are given some flexibility. 	<ul style="list-style-type: none"> No direct impact.

The COP21-negotiations in short

During two weeks between Nov. 30th and Dec. 12th 2015, delegates from 195 countries in the world convened in Le Bourget, Paris, for climate negotiations at the long anticipated COP21 summit under the UN's Framework Convention on Climate Change (UNFCCC).

Following the failure at the COP15 summit in Copenhagen 2009, the parties agreed at COP17 in Durban South-Africa, 2011, to establish the "*Ad-hoc Working Group on the Durban Platform for Enhanced Action*" (ADP). The aim of the ADP was to spend the next four years on preparing a new global legally binding climate agreement which should be applicable to all parties and take effect from 2020. Hence, this was the ultimate objective of the COP21 summit in Paris, 2015.

The preconditions for the COP21 summit in Paris were clearly more favourable compared to the COP15 summit in Copenhagen 2009. In the ADP setup, all countries in the world were merged together in the same negotiation track, whereas at COP15 there was a separate track for the 38 jurisdictions regarded as "developed countries" according to the Annex 1 in the Kyoto Protocol. Other favourable developments since 2009 include that key players (e.g. U.S. and China) have signed bilateral climate deals and that carbon pricing is more widely used.

On the first day of negotiations at COP21, Nov. 30th, a massive line-up of ~150 World Leaders arrived to Le Bourget, jointly manifesting the urgent need of reaching a new global climate agreement in Paris and injecting momentum into the coming negotiation sessions. This new approach, which was very different from earlier COPs where the high-level segment occurred in the final stage of the sessions, certainly served to set the pace for the two weeks of negotiations.

On Dec. 5th, the ADP's 4-years of work formally ended when a 43-page draft agreement text (with ~800 brackets) was handed over to the COP Presidency. Ministers then took over the negotiations in the 2nd week and with every new draft the number of pages and brackets gradually reduced. Then on Sat. 7:28 PM, Dec 12th, 31-page Paris Agreement was finally adopted by the COP21 Plenary.

In advance of the COP21 summit all countries were requested to submit their "*Intended Nationally-Determined Contributions*" (INDC) to the UNFCCC secretariat. The national plans outline in particular which quantitative limitations of GHG emissions that each party will pursue in the period after 2020. By the end of the COP21 negotiations, 185 countries (excl. e.g. Libya) had filed in their INDC.

On the positive side, it means that practically all countries have now formulated climate targets – incl. many large emerging economies and developing countries which have never had any target before (which of course is a win in itself).

On the negative side, though, the aggregated effect of these national ambitions are clearly insufficient for bringing down the global GHG emissions in line with the 2 °C target (3°C more likely). Also there were no concrete steps taken at the COP21 summit to close this gap by strengthening the INDCs here and now. Instead, a periodic review process was inscribed in the Paris Agreement, aimed at stepping up the ambition levels every five years.

Even though today's INDCs fail to put the world on track to the 2 °C target, the Paris Agreement took a step forward in strengthening the long-term collective goal, as to keep the increase *well below* 2 °C and to pursue efforts to limit the increase to 1.5 °C. The EU and others also pushed for coupling the temperature (°C) target with a global (collective) GHG emission target (e.g. 40-70 % reduction by 2050), but this was dropped in the final version of the Agreement. Instead it states that the emissions and sinks must achieve a balance during the 2nd half of the century.

On international climate financing - an issue with a lot of weight in the negotiations - a series of additional pledges were announced during the COP21 negotiations (e.g. the GCF and Adapt. Fund). Apart from that, the Paris Agreement mostly set new expectations of a higher collective goal to be set by 2025. To reach the promised annually \$ 100 bn by 2020, it is clear that a lot must come from other channels than GCF (carbon markets, etc.).

On the role of international market mechanisms, the Paris Agreement made significant progress by new provisions that allow for transfers of mitigation outcomes, as well as a new mechanism for supporting mitigation efforts and sustainable development. Exactly how these will function in the future needs to be elaborated and decided at later COP meetings. But in any case, it should facilitate the development and eventually linking of carbon markets in the world as well as create new climate finance flows.

The COP21 summit will most likely be remembered for the momentum that was showed. For sure, a large portion of this momentum will be much needed when more detailed decisions shall be taken at e.g. the COP22 summit in Marrakech, Dec. 2016, the INDC reviews, and when implementing the targets by real policies and measures back home.