

Accelerating the Transformation of North American Energy Systems: How Much Should Canada and the United States Restrict International Offsets?

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Shell Perspective

- Cost effective GHG reduction via “reduce or buy” options and market forces.
- Shell supports the adoption of Cap and Trade in Canada within a regulatory framework that targets absolute GHG reductions
- Shell supports the broadest access and use of both domestic and international offsets possible
- Premises:
 - Real GHG emissions reductions
 - Global issue needs a global response
 - Link to global energy strategy
 - Need deployment of advanced technologies

International Offsets

- CDM and JI is a starting basis
- Offsets must be legitimate
- Canada's target of 20% GHG reduction requires external projects for compliance.
- US and EU are enabling broad use of Offsets.
Canada??

Offset Benefits

- Flexibility
- Reduce compliance cost by up to 50%
- Enables compliance while technologies mature to commercialization
- Allows Canada to showcase technologies
- Engages non regulated countries into GHG managements
- Builds a Global CO₂ Market

Challenges

- Environmental integrity is vital
- Need to stimulate offset market growth
- Consider introduction of forestry offsets especially afforestation
- Mitigate wealth transfer
- CCS needs to be recognized as CDM and international certification

Summary

- Use of International Offsets is compelling:
 - Cost containment and fills compliance gap
 - Engages developing countries in GHG management
 - Transition mechanism to more advanced technologies
- Encourage Canada to join EU and US as International Offset supporters.