



## **CARBON NEUTRALITY, ARTICLE 6 AND JCM: THE CHILEAN CASE**

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## AGENDA

- I. CARBON NEUTRALITY & NDC
- II. CLIMATE VULNERABLE INDUSTRIES & OPPORTUNITIES
- III. JCM & ARTICLE 6
- IV. FINAL THOUGHTS



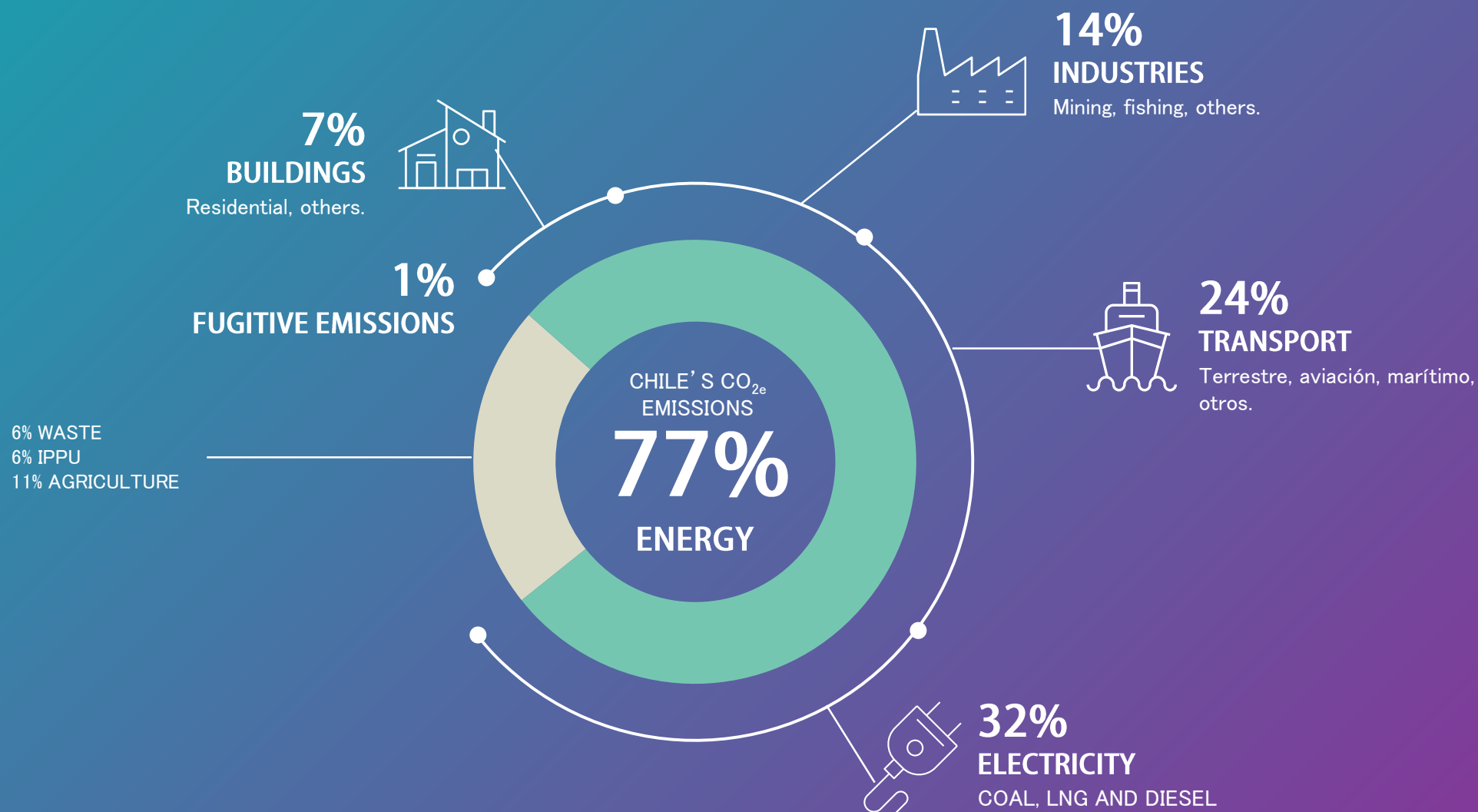


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## THE ENERGY SECTOR IS THE MAJOR CONTRUBITOR OF GHG EMISSIONS IN CHILE (2018)





## CHILE HAS INCREASED ITS AMBITION

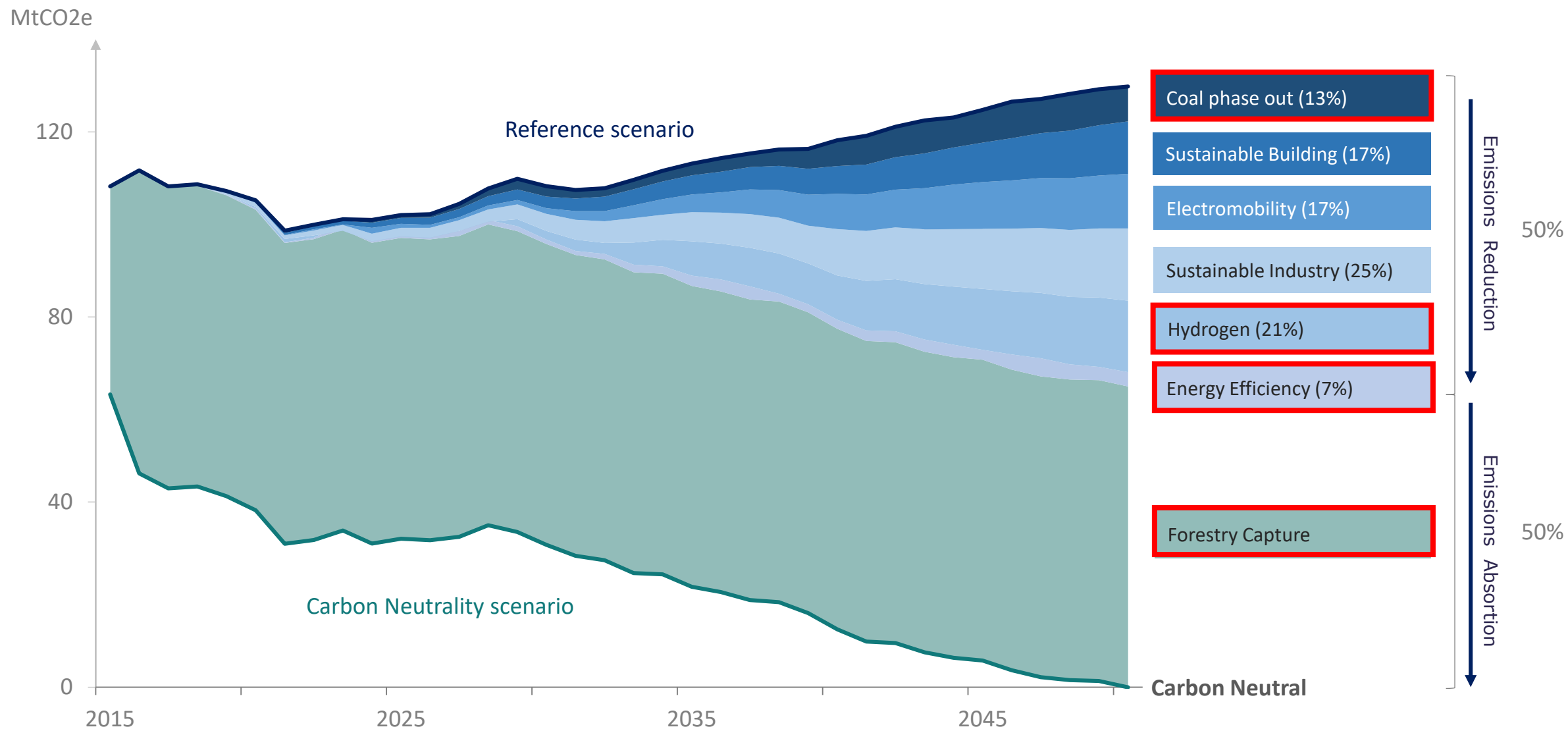


2019: Chile announced its Carbon Neutrality goal by 2050

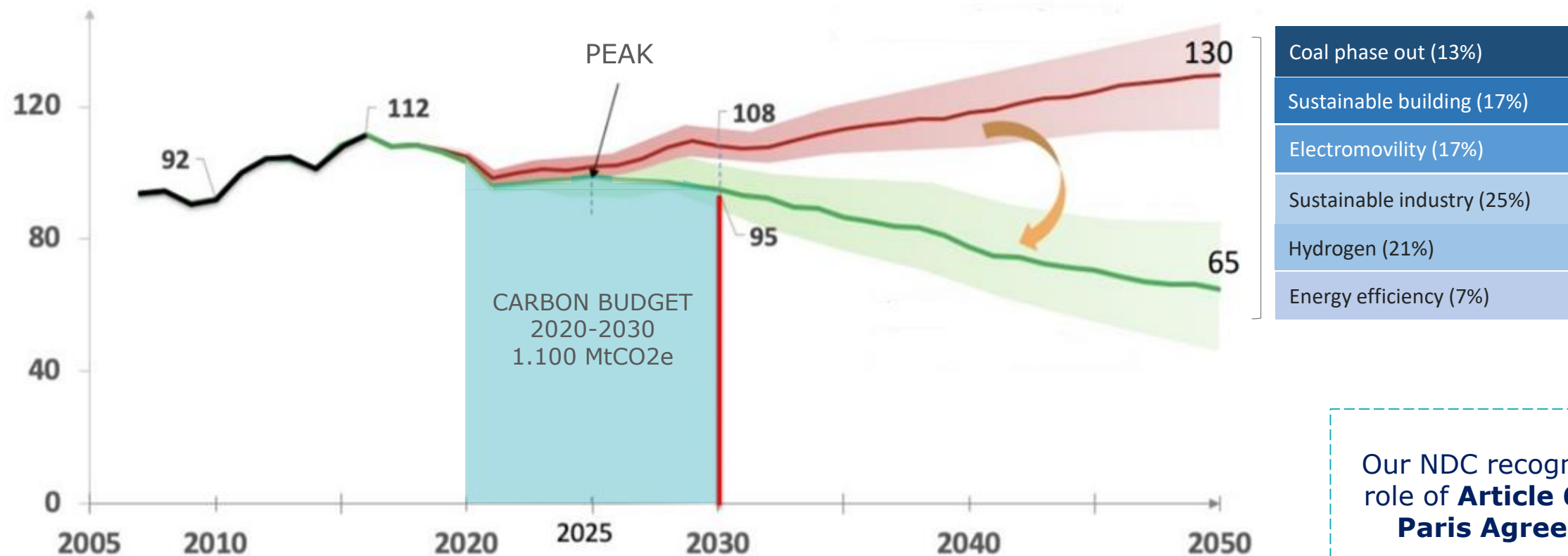


2020: Chile updated its NDC and reaffirmed its carbon neutrality goal by evaluating and prioritizing the needed mitigation actions

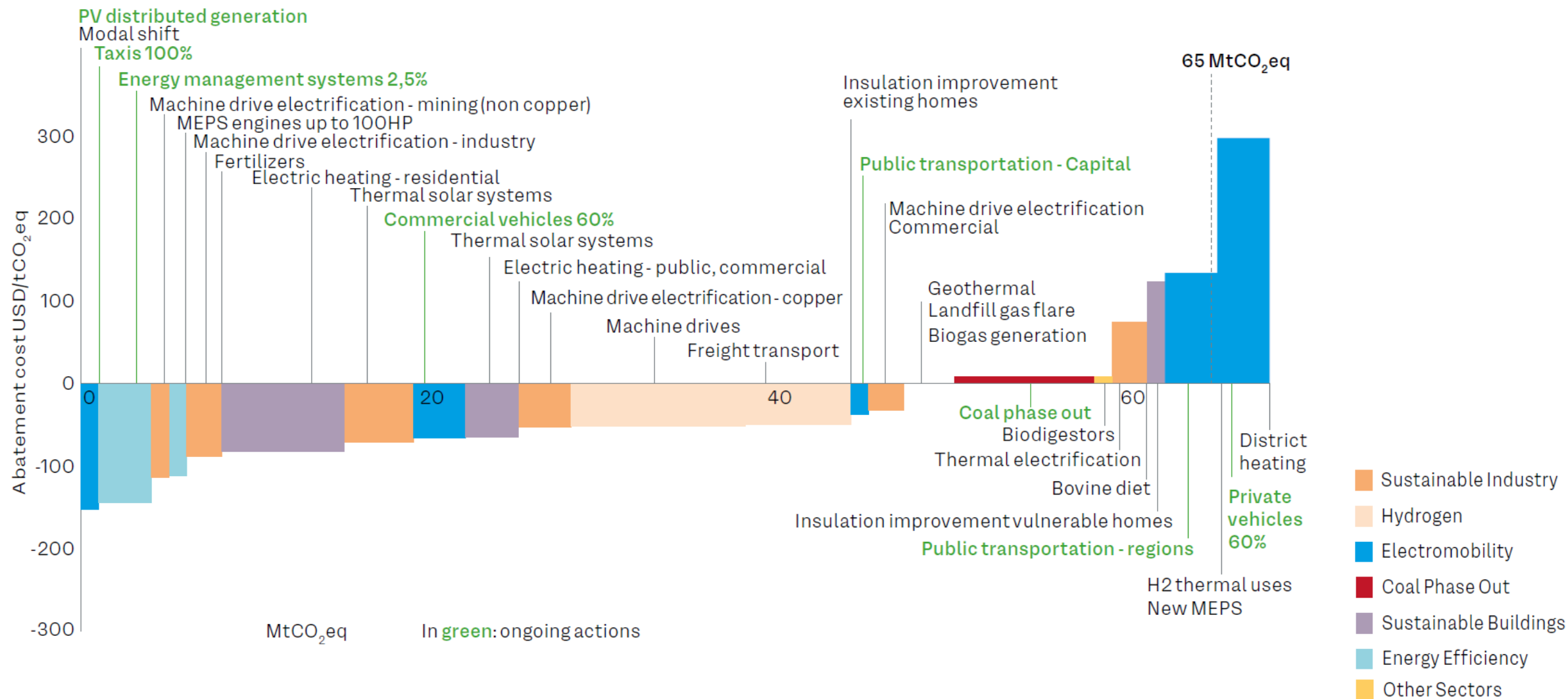
## ENERGY AND FORESTRY PLAY A KEY ROLE



## OUR NDC IS A MID-GOAL TO THIS PATH



## THESE ARE THE MOST COST-EFFECTIVE MEASURES





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# CHILE AIMS TO ALLING ECONOMY GROWTH WITH GREENER INDUSTRIES

**Green Hydrogen** is an opportunity to decarbonize the world's energy consumption

Chile is in a privileged position due its great renewable energy potential

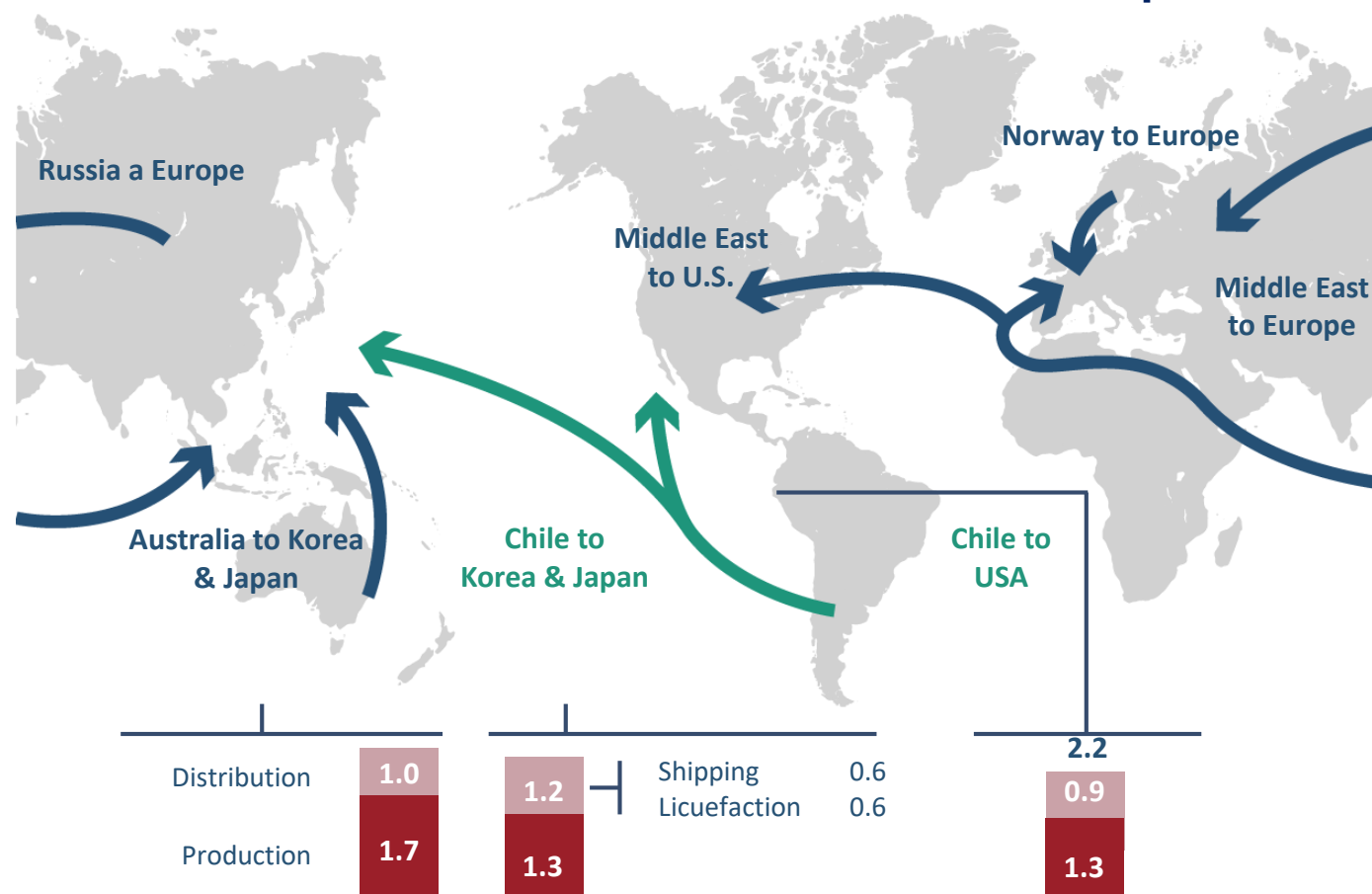
Last November, the Ministry Jobet launched our **National Green Hydrogen Strategy**



## Cost of liquid H<sub>2</sub> at port of destination

(Source: McKinsey & Co)

## Global H<sub>2</sub> transport routes



(1) National Green Hydrogen Strategy (in english) [LINK](#)



## CHILE AIMS TO ALLING ECONOMY GROWTH WITH GREENER INDUSTRIES

Chile is known as one of **the biggest copper exporters** of the world.

Copper, due its physics-chemical properties, will be used in a lot of technological solutions, such as electromobility.

Is fundamental to transit to a low emission (green) mining.

Chile is developing its **National Mining Policy 2050**



(1) Política Nacional Minera 2050 [LINK](#)



## NOT ALL INDUSTRIES ARE PREPARED FOR THE NEEDED TRANSITION

Some Chilean industries have high climate transition risks.

An analysis<sup>1</sup> was made considering following indicators:

1. Trade exposure intensity
2. Energy consumption intensity
3. GHG Emission intensity

Two scenarios were evaluated:

1. No carbon pricing policy implemented
2. Domestic carbon pricing implemented



CEMENT



STEEL



MINING



REFINERIES

(1) Estudio Sectores con riesgo de transición climática, GIZ, 2018. [LINK](#)

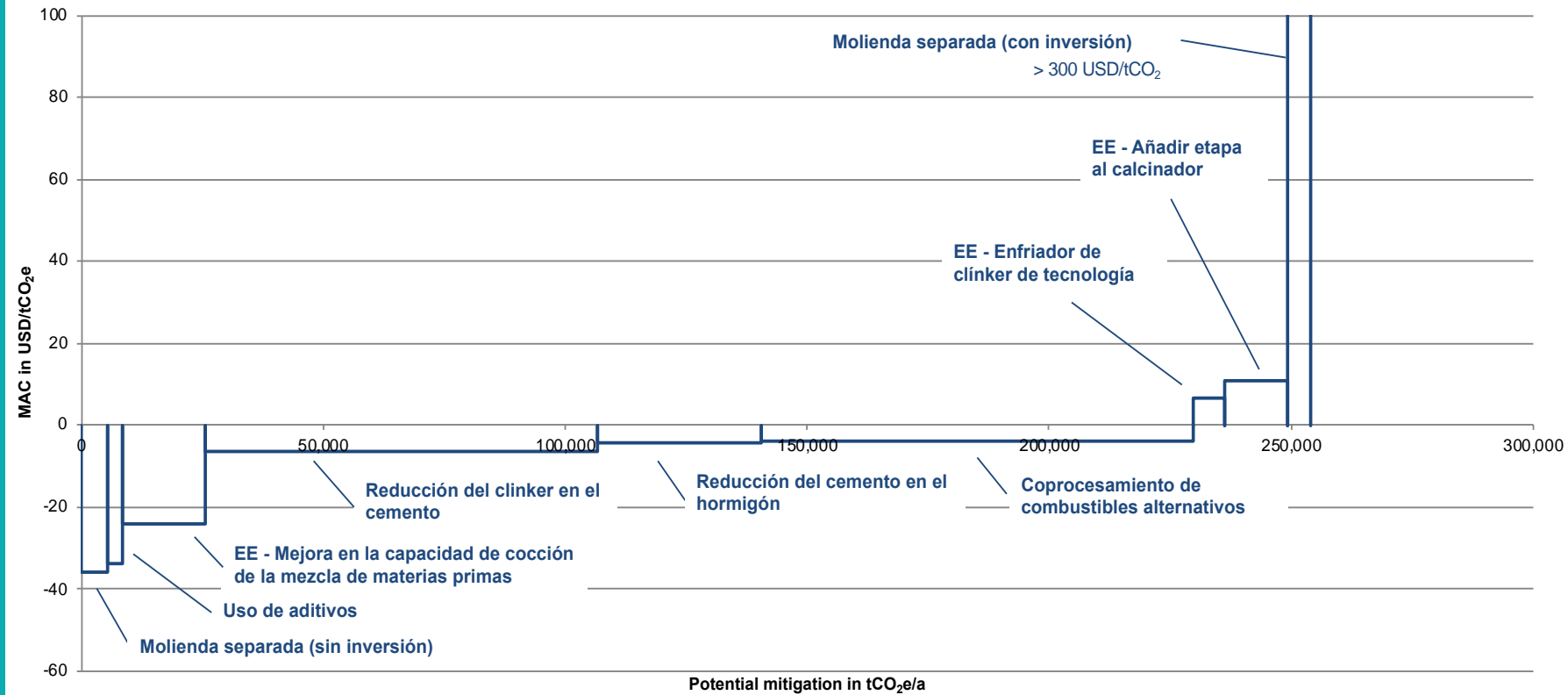
## TNA – CASE STUDY: CEMENT

The Chilean cement industries don't produce much GHG emissions per ton of clinker compared to global emissions in this sector (10% lower than the world average)

This industry is highly exposed to trade (import of clinker/cement from other countries).

A TNA was made identifying mitigation actions for:

1. Clinker
2. Cement
3. Concrete



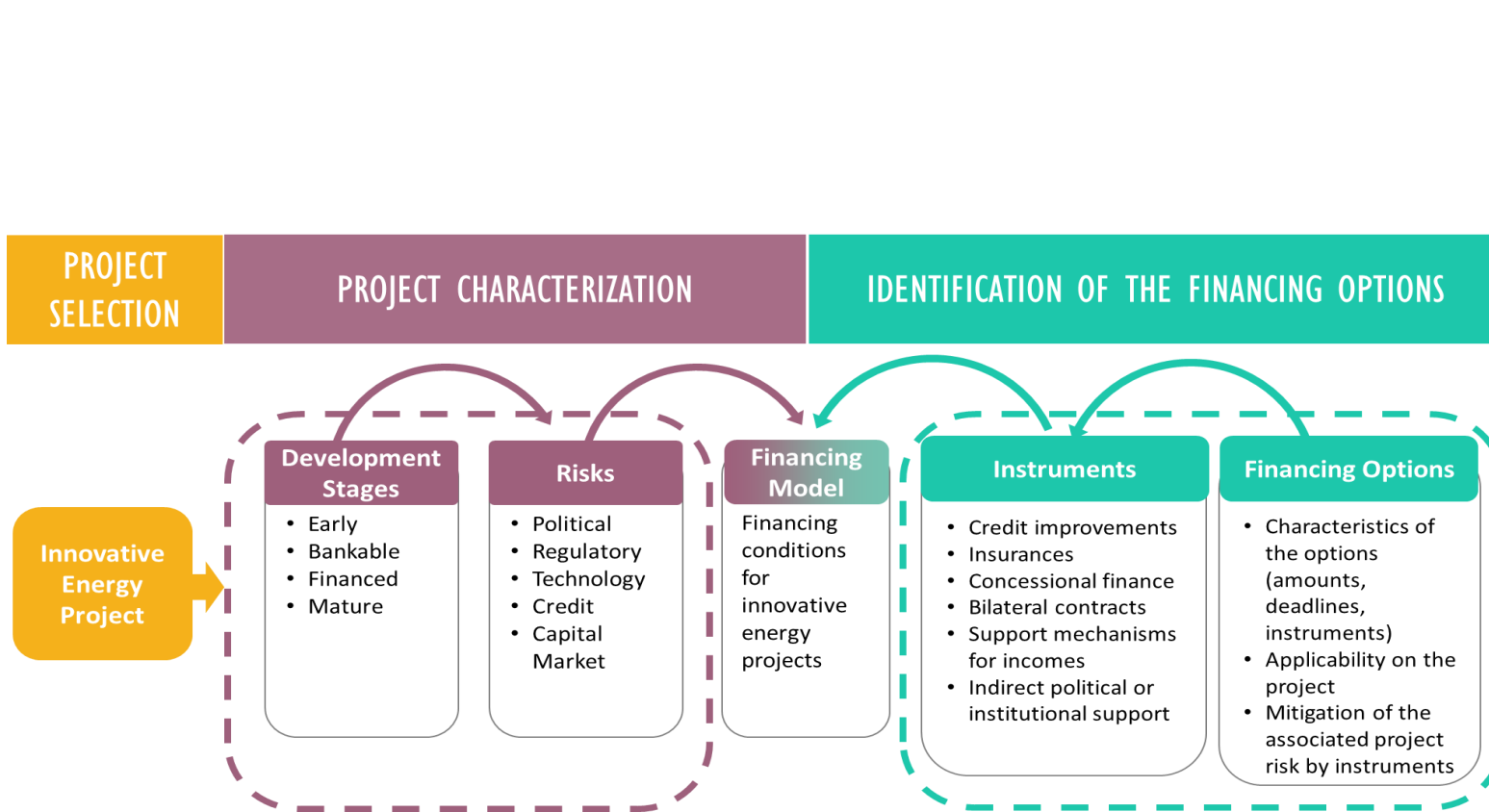
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## GETTING FINANCE FOR GREEN PROJECTS IS NOT EASY



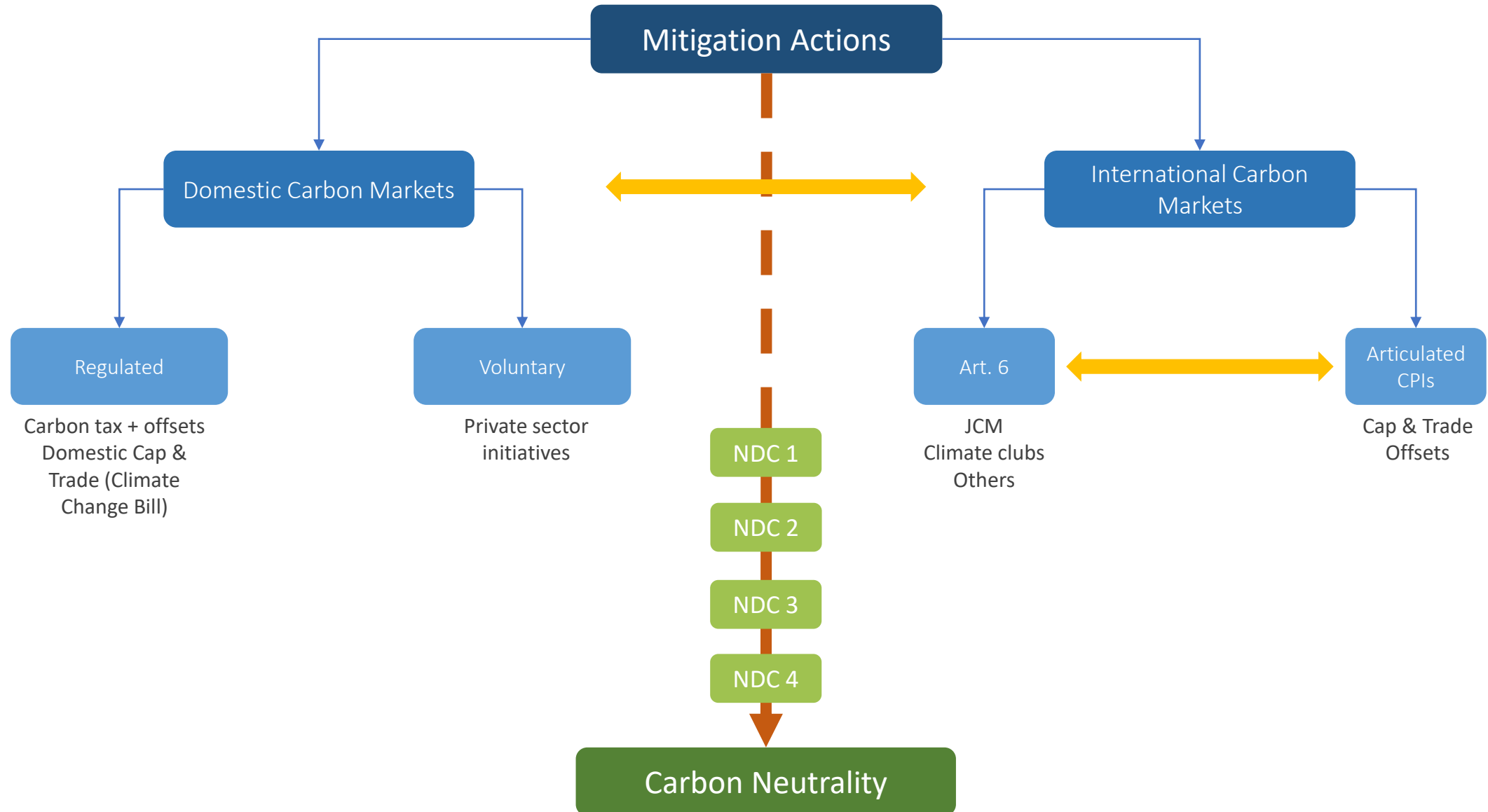
Knowledge gaps on mitigation/adaptation projects is still a challenge

Possible sources of funding

- Domestic banking
- International development banks
- International agencies
- Direct/indirect subsidies
- Carbon markets

Art. 6 & JCM have a carbon market approach. The latter has already provided funding for Chilean projects

## HOW CAN WE USE CARBON MARKETS TO INCREASE AMBITION?



## CHILE IS PART OF DIFFERENT PILOTING INITIATIVES OF ART. 6



Climate Market Club



# ART6 Roundtable

## National Policy



klik

Québec

## No pilots yet

to date.

Instruments and Mitigation.

### Joint Crediting Mechanism

5 Projects in the pipeline: energy sector



Chile – Quebec joint declaration signing ceremony  
COP25, 2019



## ROLE OF THE JCM IN CHILE'S PATH TO CARBON NEUTRALITY

- Assist in the transition of highly vulnerable industry (cement, steel, etc.) by piloting cutting-edge technologies.
- Help Chile in identifying a portfolio of projects (in the context of NDC and Carbon Neutrality) for which technologies and/or other barriers make them costlier now.
- Continue piloting JCM projects in the energy sector, with the aim of accelerating current trend in clean energy transition.
- Deepen Japan's and Chile's understanding of Article 6 and its link to the JCM, in order to adjust current JCM approach to be in line/comparable with the new rules (baseline approaches, corresponding adjustment, NDC accounting, etc.).

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## FINAL THOUGHTS

- JCM is a pioneering initiative with regards to international cooperation towards emissions reductions.
- It has pursued conservative baseline approaches way before this issue was on the table under Article 6.
- It promotes early involvement of the host country concerning crucial decisions for project approval and implementation (baseline and MRV methodologies).
- JCM is an effective promoter of mitigation worldwide and should continue to do so, especially as Article 6 is now in the loop.
- The experience in setting up projects and the governance framework is important for Article 6 implementation.
- JCM could be an important funding source to foster clean transition in sectors that could be highly affected by either climate emission regulations or a price on carbon.





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