

Towards a North American Carbon Market

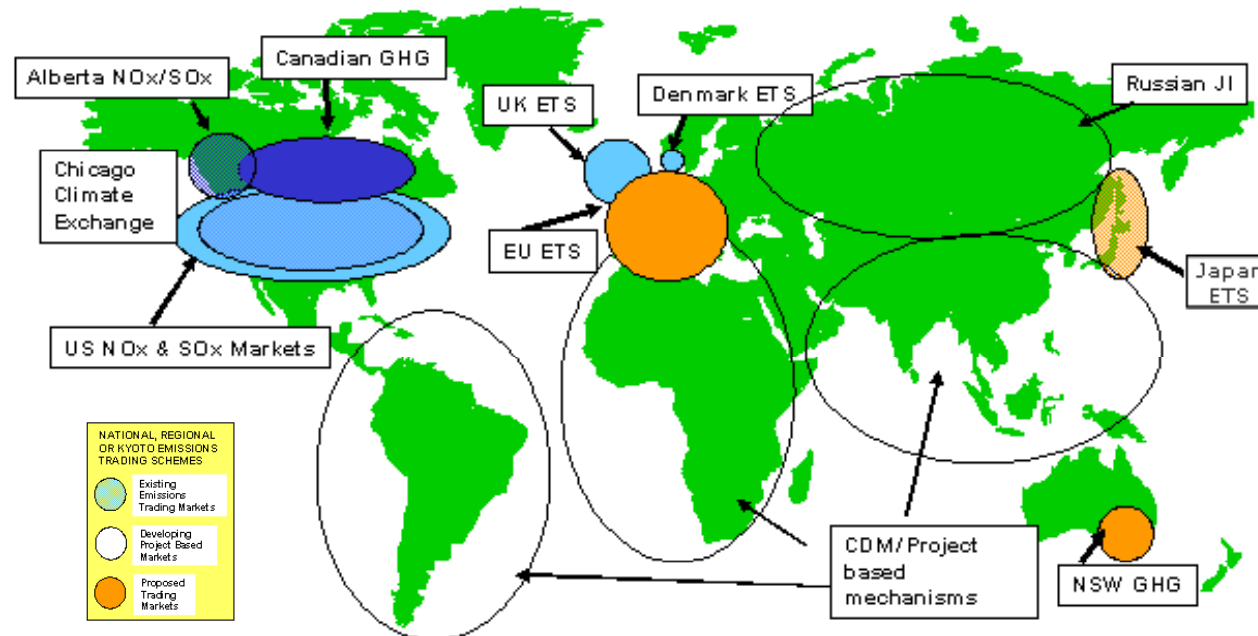
*Transportation
Sector*

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BACKGROUND SCENARIO

- Voluntary or mandatory Emissions Trading Systems are barely incorporating the transportation sector. There are only 2 transport CDM projects (<0.1%)
- Mexico doesn't have any experience in cap-and-trade systems



WHAT TO TRADE?

GHG Offsets coming from:

- ✓ More stringent **fuel economy** (CAFE) and GHG standards
- ✓ Fuel switching programs (CNG, Biofuels, clean electricity, carbon free hydrogen, etc.)

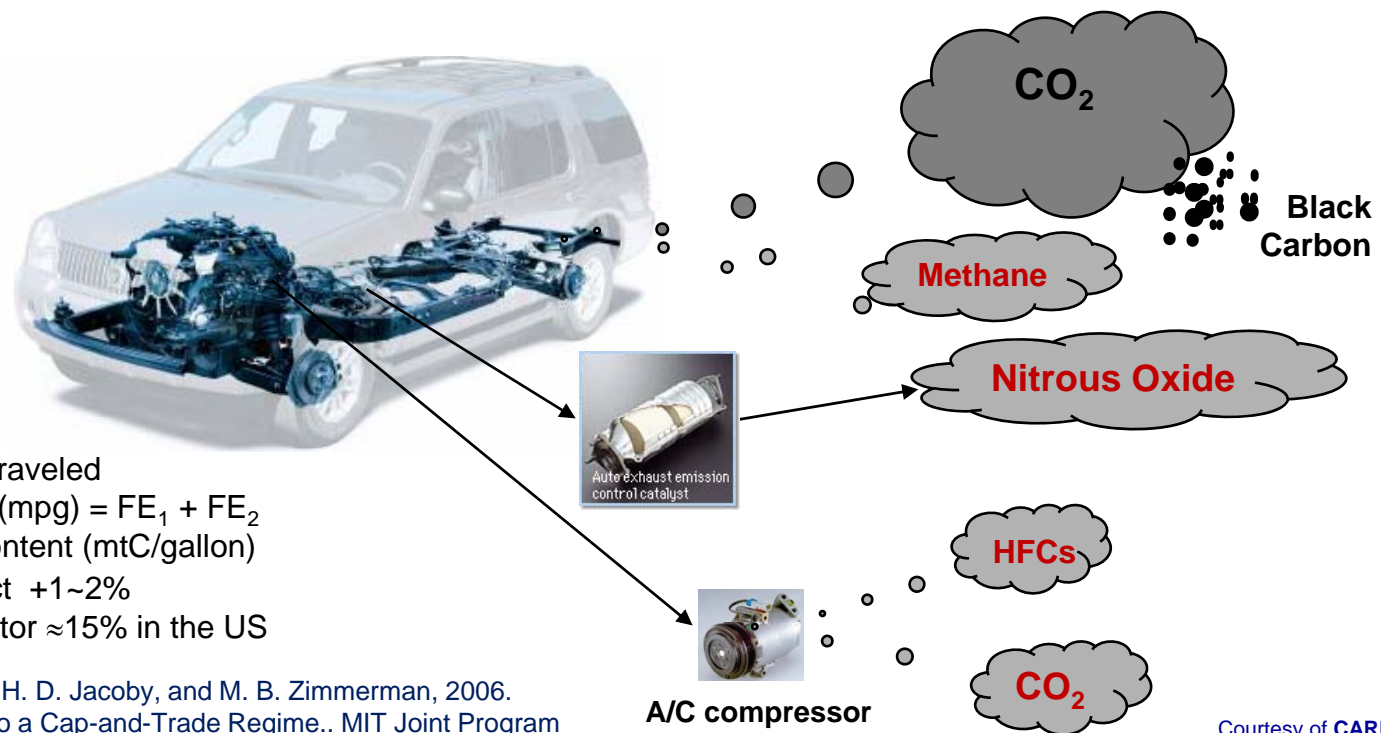


- ✓ METRO, BRT or any public transport projects
- ✓ Fleet replacement and scrapping programs
- ✓ Modal shift (Trucks by Railroad)

WHAT TO TRADE?

We need a more comprehensive concept of the Lifetime Carbon Burden of motor vehicles:

$$LCB = (RE) VMT \times (CF) FE^{-1} \times C_{conc}$$

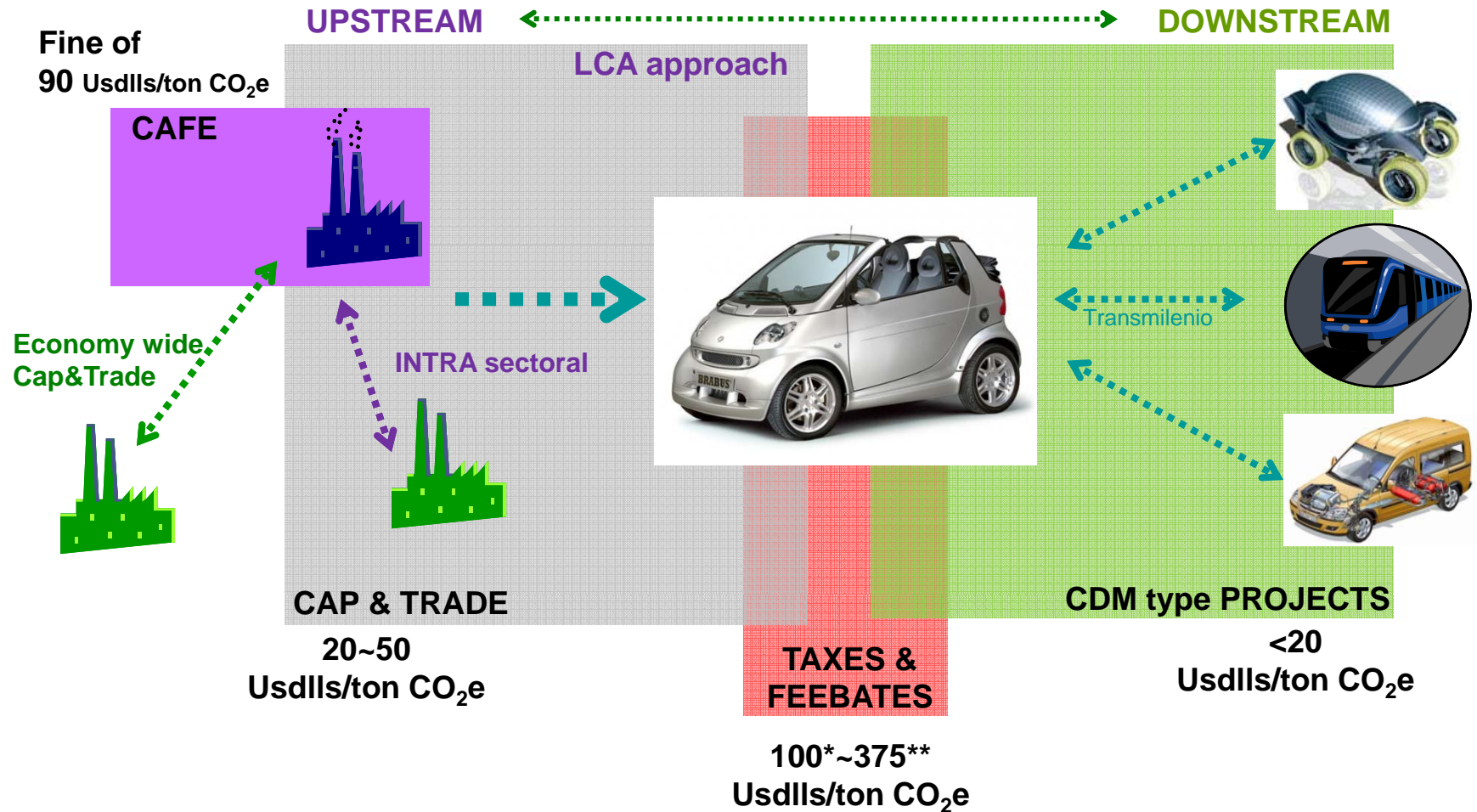


- VMT = Vehicle Miles Traveled
- FE = Fuel Economy (mpg) = FE₁ + FE₂
- C_{conc} = Fuel Carbon content (mtC/gallon)
- RE = Rebound Effect +1~2%
- CF = Correction Factor ≈15% in the US

SOURCE: A. D. Ellerman, H. D. Jacoby, and M. B. Zimmerman, 2006. Bringing Transportation into a Cap-and-Trade Regime.. MIT Joint Program on the Science and Policy of Global Change. Report No. 136, June 2006.

Courtesy of CARB (California Air Resources Board)

HOW TO TRADE IT?



*California Feebate proposal
 **Guzzler Tax

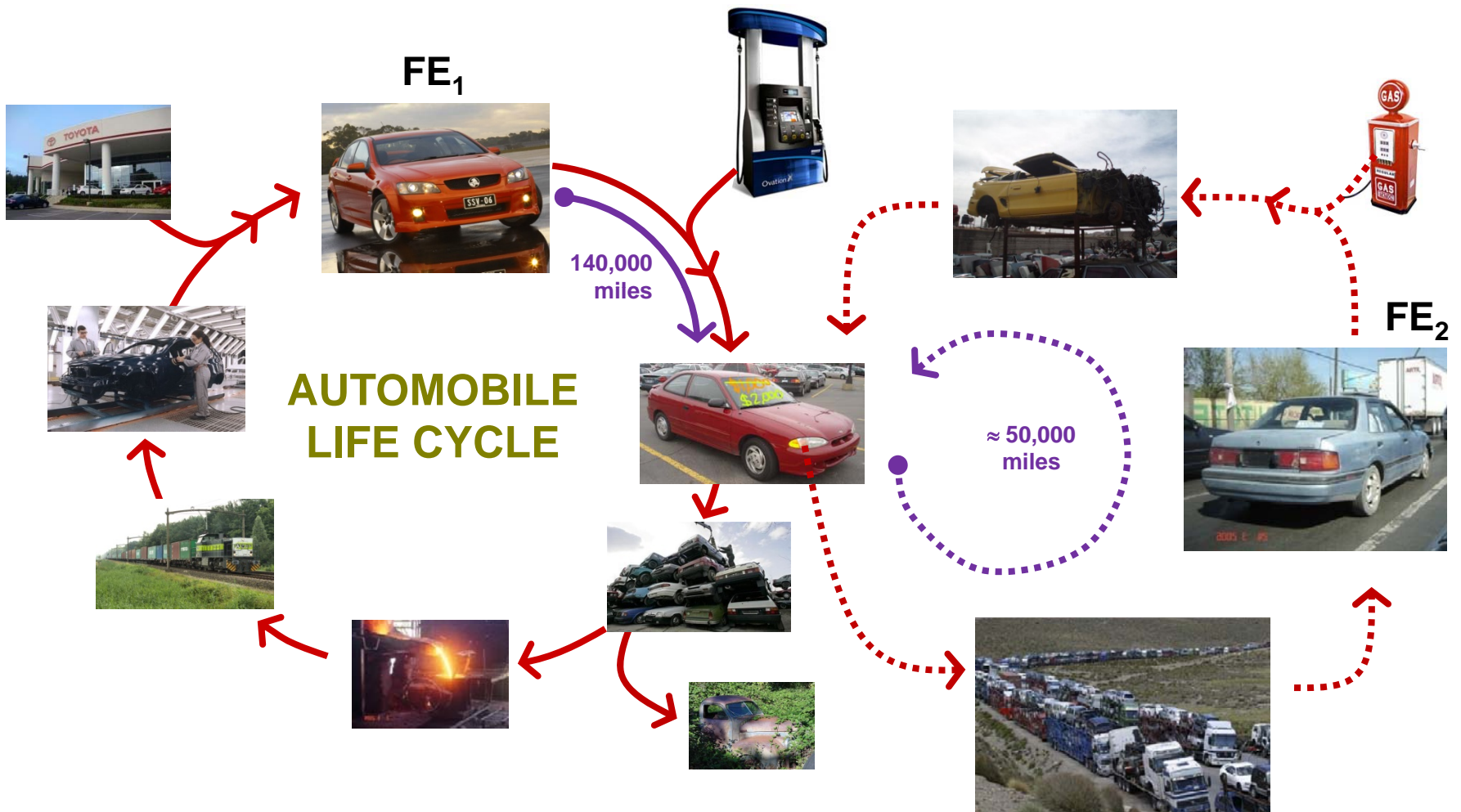
OPPORTUNITIES



In the Cap and Trade system that the US Congress is analyzing (*Waxman-Markey bill*), there are some opportunities to built a regional North American market or integrated markets:

- ✓ **Clean Transportation.** Promotion of electric vehicles
- ✓ **Transportation Efficiency.** CAFE-GHG standards and promotion of public transport
- ✓ **International offsets credits**, based in multilateral agreements (NAFTA)
- ✓ **Pending and problematic issues with EPA:**
 - Project types and sizes
 - Additionality
 - Measuring performance
 - **Carbon leakage** (*chocolate vehicles*)

AUTOMOBILE Carbon leakage





¡GRACIAS !

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