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## **Future of Methane to Markets**

### **Discussion Paper**

#### **1. Purpose**

In 2004, fourteen countries joined efforts to launch the Methane to Markets Partnership in order to focus global attention on the importance of reducing methane emissions. The charter Partner governments signed the Terms of Reference (TOR) in which they committed to taking action to reduce methane emissions through partnerships between developed countries, developing countries, and countries with economies in transition, and with strong participation from the private sector, multilateral development banks, and other non-governmental organizations (NGOs). Since its launch, the Partnership has grown to include 27 Partners and more than 800 public and private sector organizations.

In the coming year, the original TOR is up for renewal and Partners will have the opportunity to consider the future direction and scope of the Methane to Markets Partnership. The purpose of this paper is to stimulate discussion on the future of the Partnership. It will identify some of the issues that might be considered as Partners reevaluate the original Methane to Markets TOR and outline some possible options for advancing the discussion of the Partnership's future.

#### **2. Background**

Methane is the second most important greenhouse gas (GHG), accounting for approximately 14 percent of global GHG emissions, and is 25 times more effective at trapping heat in the atmosphere than CO<sub>2</sub> over a 100-year period. Methane has a relatively short atmospheric lifetime, that combined with its greater climate potency, means that reducing emissions can have a significant near-term climate impact. Most importantly, significant reduction can be achieved with currently available, cost-effective technologies that deliver important co-benefits, such as clean energy and air and water quality improvements.

With the launch of the Partnership in November 2004, Partners demonstrated their recognition of the importance of methane to our global climate change, clean energy, and development challenges. More importantly, since that time the Partnership has made significant strides in addressing these critical issues, has grown in size and scope, and has realized noteworthy accomplishments.

The Partnership has been successful in raising international awareness about the importance of methane and has built a solid foundation for continued global efforts. Methane to Markets has grown to include 27 Partners that represent more than 60 percent of the world's estimated anthropogenic methane emissions. The Partnership also includes more than 800 Project Network members from around the world, including some of the most well-respected financial institutions, consultants, manufacturers, project developers, and NGOs. Through the Partnership's Subcommittees, public and private sector partners have worked together to develop comprehensive Action Plans for each target methane sector along with

country-specific action plans to better identify the most significant barriers in each Partner country.

A wide array of tools and services have been developed that provide accurate and targeted information to the international methane community, helping to remove barriers and catalyze project development. In this way, the Partnership has proven to be a good complement to the Kyoto Protocol by providing the technical assistance and capacity building necessary to ensure long-term success at reducing methane emissions.

More than 140 methane emissions reductions projects around the world are being tracked and supported by the Partnership. These projects include the world's largest coal mine methane project in China, as well as projects at landfills, coal mines, oil and gas, and agricultural facilities in nearly every Partner country.

In 2007, the Partnership organized the world's largest gathering of the international methane community in Beijing, China. The 2007 Partnership Expo featured 91 project opportunities from around the world that are estimated to yield annual methane emission reductions of 11.5 million metric tons of carbon dioxide equivalent (MtCO<sub>2</sub>eq).

The growing Partnership's achievements have come at a fortuitous time, as global awareness of the importance of the short-lived climate forcing nature of methane and its critical role in mitigating climate change has been increasing steadily. For example, concerns over climate change impacts being observed in the Arctic Region have prompted member nations of the Arctic Council to further investigate the growing scientific evidence through the Arctic Monitoring Assessment Programme as well as possible near-term mitigation approaches. This effort has resulted in the Council placing an emphasis on the importance of reducing global methane emissions to address climate change in the near-term and exploring how reducing global emissions will have a magnified benefit in the Arctic.

Over the coming year, Partners will have the opportunity to consider the growing importance of methane in addressing climate change, the Partnership's past accomplishment and current activities, and how best to build on our success to achieve future methane emissions reductions. In particular, as the Partnership approaches the end of its fifth year in November 2009, the original TOR will be up for renewal and the Steering Committee will need to chart a course for the Partnership's future direction.

### **3. Potential Future Directions**

Methane to Markets has been very successful, but the nature and scale of this challenge are such that there is still enormous potential for enhanced action. Significant methane emission reductions of more than 1,800 MtCO<sub>2</sub>eq can be achieved with currently available technologies and management practices at a breakeven price of \$30/tCO<sub>2</sub>eq that deliver important climate, energy, and economic benefits.<sup>1</sup> Methane to Markets provides an established and successful platform for realizing this potential by engaging the private sector and key developed and developing countries to overcome barriers to project development and build capacity for effective and sustained mitigation policies and activities. As Partners consider the future direction of Methane to Markets, some potential areas for consideration include:

*Adding New Target Methane Emission Sources.* One direction of future growth could be to include other important sources of anthropogenic methane emissions where mitigation actions will also yield clean energy benefits. In particular, waste water treatment is a significant source in many Partner countries, and cost-effective technologies that deliver clean energy are widely available.

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<sup>1</sup> Methane mitigation potential was recently assessed by the ASG in Global Methane Emissions and Mitigation Opportunities." Data was obtained from U.S. EPA's *Global Anthropogenic Emissions of Non-CO<sub>2</sub> Greenhouse Gases: 1990-2020* (EPA Report 430-R-06-003), [www.epa.gov/climatechange/economics/international.html](http://www.epa.gov/climatechange/economics/international.html).

*Expanding the Partnership to Include Important Methane Sources Offering Benefits Beyond Clean Energy.* The scope could be expanded beyond the current focus on sources in which methane can be captured for use as an energy source. Rice cultivation and enteric fermentation are among the largest sources of anthropogenic emissions, but mitigation strategies vary greatly by region and do not provide the opportunity for capture and use projects. However, there still are best practices and other opportunities to reduce emissions from these sources that produce environmental and economic co-benefits that could be supported through the Partnership.<sup>2</sup>

*New and Increased Commitments.* The second TOR could incorporate new forms of commitment by Partner Governments. For example, countries could pledge to take targeted actions based on country-specific action plans, such as developing methane emission and project opportunity inventories, assessing project development needs and barriers, and implementing appropriate policies and measures. Developed countries could pledge financial or in-kind resources to support these action plans and the Partnership could institute a more formal annual reporting process on national actions. The Partnership could also explore new administrative models to support increased commitments.

*Enhanced Monitoring and Reporting.* At present, unlike many other similar partnerships, the Partnership does not require registration of projects or monitoring of their results outside of the voluntary Accomplishments Report. Partners could consider creating a system for bringing projects forward – either before or after they have confirmed partners and funding – to register them, potentially to seek some kind of approval/recognition/endorsement of them, enter them into the Project Database, and monitor their outcomes, possibly including reporting out to Subcommittees, including identifying amounts of methane reductions achieved. This would facilitate reporting and would also assist the Partnership in reflecting its accomplishments.

*Interaction with Other International Efforts.* Methane to Markets has served as a complement to the Kyoto Protocol and has helped advance project development under the Clean Development and Joint Implementation Mechanisms. Partners could consider how any future commitments and arrangements are reflected in and/or linked to a post-2012 UNFCCC agreement, as well as other relevant international agreements and processes.

#### **4. Renewal of the Terms of Reference and a Potential Ministerial-Level Meeting**

The options identified above represent only some of the potential directions that the Partnership might pursue in the future. As the Steering Committee initiates discussions on this topic, it is suggested that the consideration be given to the following:

*Further Exploration and Analysis of Potential New Directions.* The evolution of the Partnership could include changes such as the scope, structure of activities, and mechanisms of Partnership administration. As a result, the Steering Committee might wish to consider pursuing a more detailed exploration of some of these issues. One possibility would be for the ASG to develop a white paper on these issues and others discussed at the Monterrey meeting for the Steering Committee's review and consideration.

*Discussion of Process for Consideration of a New TOR.* The Steering Committee might also want to consider scheduling a future meeting(s) or developing a process to further explore any possible changes to the original TOR. For example, the ASG could facilitate a meeting in mid-2009 to ensure a more robust discussion of these important issues.

*Potential Ministerial Meeting.* In order to mark the adoption of a renewal of the Methane to Markets TOR, a Ministerial-level meeting would likely need to be held in late 2009 or early 2010. Options for the timing of the meeting could include holding a Ministerial-level event in

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<sup>2</sup> The question of expanding the scope of the Partnership's work in the agriculture sector is discussed in more detail in white paper #5.

conjunction with the 2010 Expo, hosting a Methane to Markets meeting in conjunction with another Ministerial-level meeting, or organizing a stand-alone Methane to Markets Ministerial. The advantage and disadvantages of these options are outlined below.

	<b>Advantages</b>	<b>Disadvantages</b>
Expo Ministerial	<p>Could garner more attention for the Expo.</p> <p>Opportunity to showcase the Partnership to Ministers who might not have been involved in or since 2004.</p> <p>Minister will have media opportunities to highlight continued Methane to Markets support and projects taking place in or being supported by their home country.</p>	<p>Increased logistical complexity.</p> <p>Would need approval from host country.</p> <p>Dates must conform to Ministers' availabilities.</p>
Methane to Markets Ministerial in Conjunction with Another Ministerial	<p>Ministers are already in attendance (i.e., UNFCCC COP).</p> <p>Raise the profile of Methane to Markets amongst the international community.</p> <p>Build momentum and conserve resources for the Expo.</p>	<p>Limited options from which to choose.</p> <p>An accelerated time table leaves less time to develop the second set of TOR.</p> <p>Reduced opportunity to showcase the Partnership.</p> <p>Would need approval from host country.</p>
A Separate Methane to Markets Ministerial	<p>Maximum flexibility on time and place.</p> <p>Build momentum towards Expo (if held before the Expo).</p>	<p>Administrative burden for the ASG and Subcommittees to organize another meeting.</p> <p>Dates must conform to Ministers' availabilities.</p> <p>Must provide compelling reason (important decisions or agreements for ministers to make, activities for them to participate in, et cetera) for Ministerial attendance.</p>

#### **4. Items for Discussion/Decision**

**Future Role:** How do Partner countries view the potential future of the Methane to Markets Partnership within the international climate change environment? In addition to the issues raised above, what are some other ideas for consideration?

**Terms of Reference:** Should the ASG develop a detailed white paper exploring some of the major issues regarding the Partnership's future for the Steering Committee's consideration? Would the Steering Committee like to establish a process or schedule a future meeting later this year to discuss the evolution of the Partnership and any potential changes to the TOR?

**Ministerial-Level Meetings:** Does the Steering Committee wish to initiate planning for a second Methane to Markets Ministerial meeting and if so, what would be the preferred option?