

14th Asia-Pacific Seminar on Climate Change
21-24 September 2004
Sydney, Australia

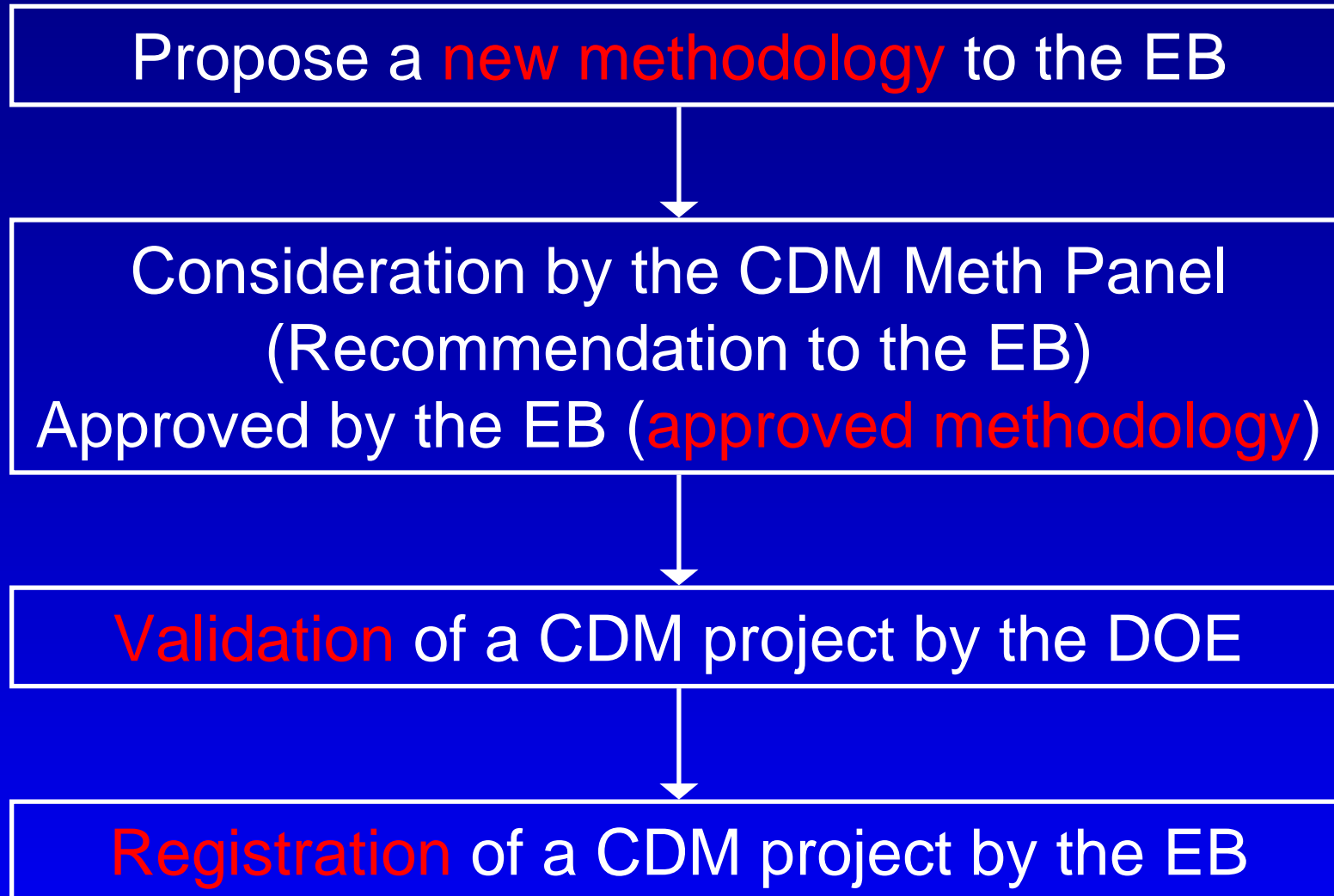
The Clean Development Mechanism

-Update of the Current Deliberation-

Yuji MIZUNO
Pacific Consultants Co., Ltd.
yuuji.mizuno@tk.pacific.co.jp

Step to registration of a CDM project

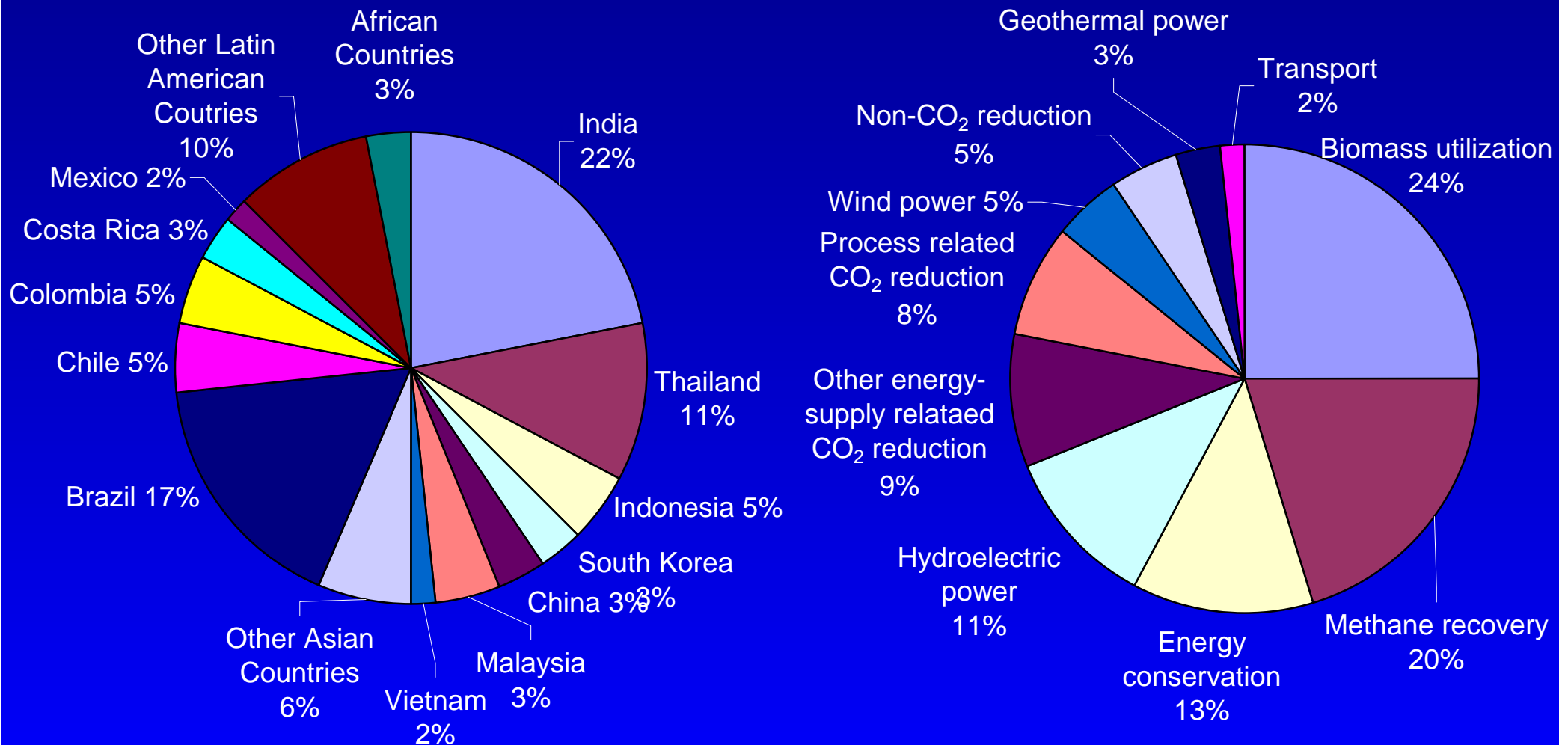
Yuji MIZUNO, PCKK



Proposed new methodologies

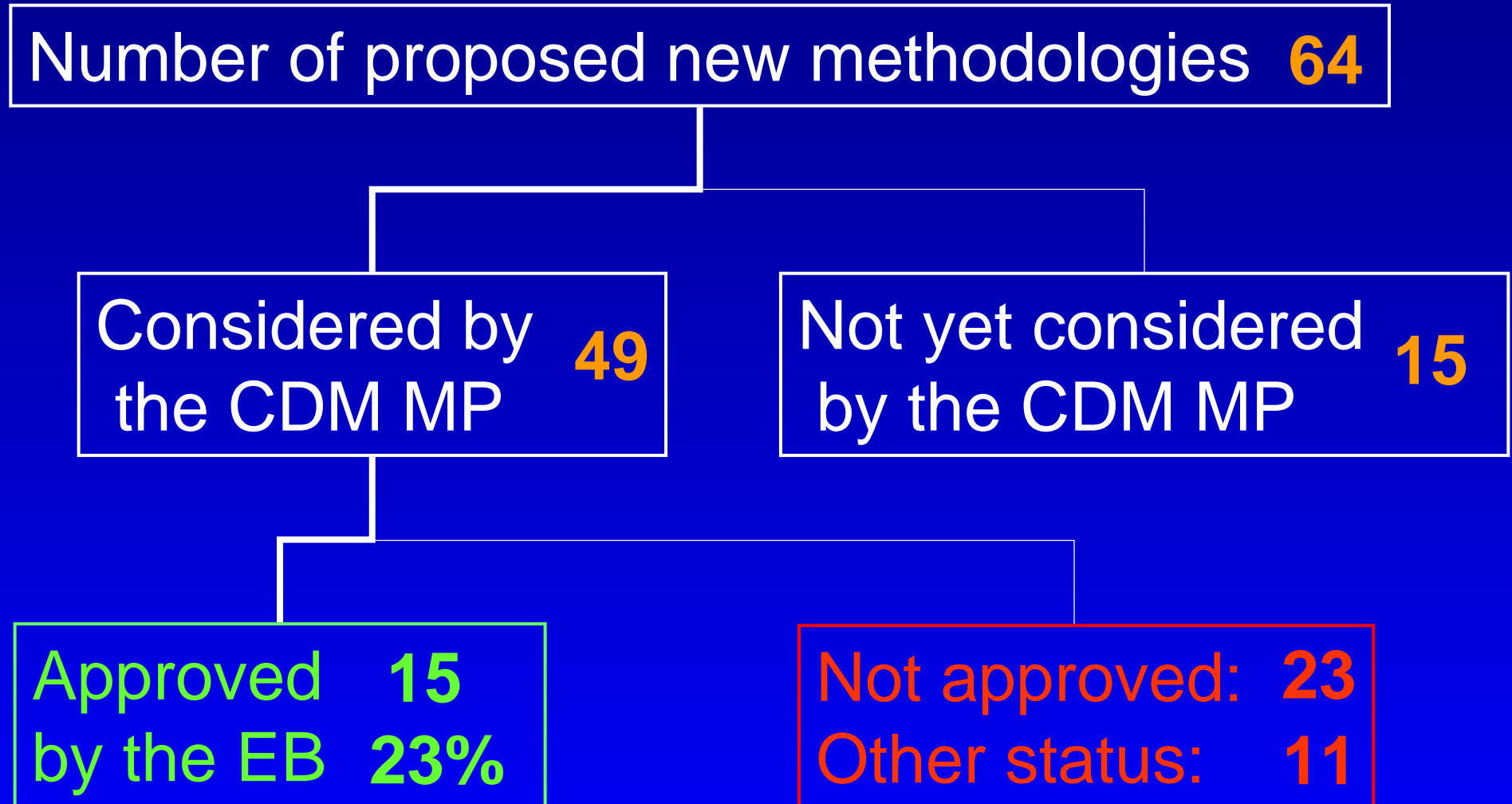
Yuji MIZUNO, PCKK

64 new methodologies have been submitted (as of 14 September)



Results of methodology consideration (as of 14 September)

Yuji MIZUNO, PCKK



Results of methodology consideration (as of 14 September)

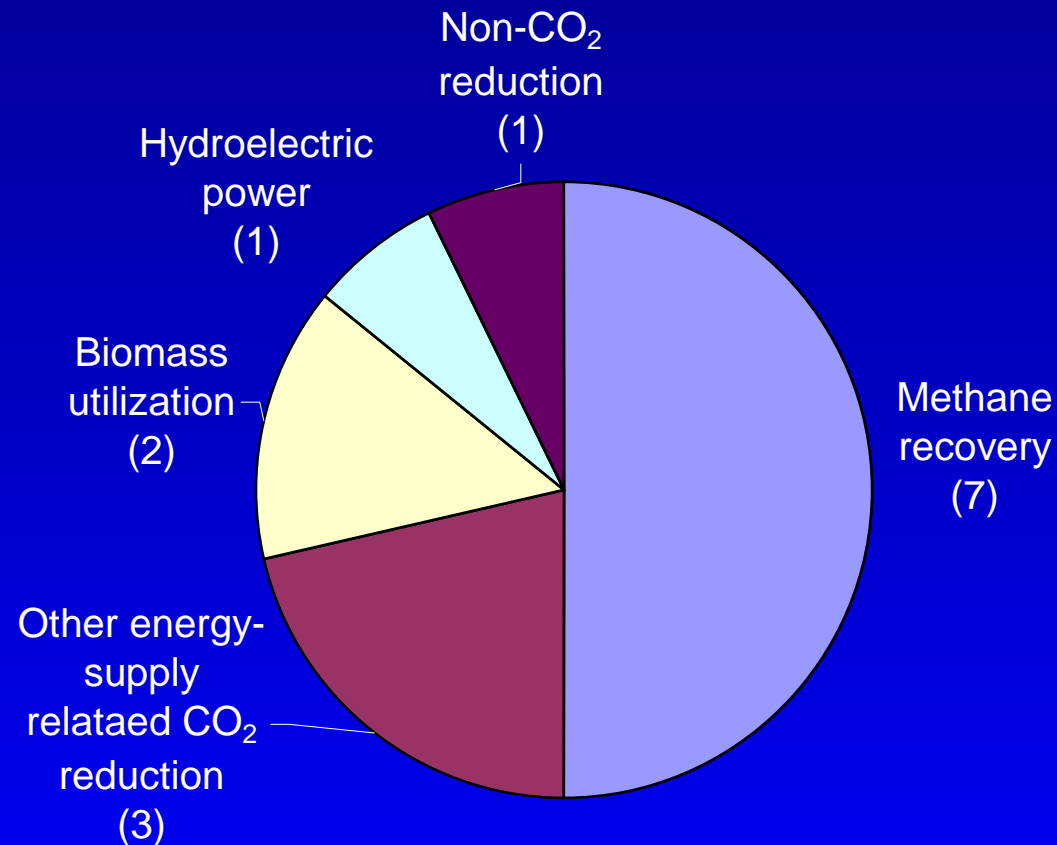
Yuji MIZUNO, PCKK

	Approved	Other than approved
Non-CO ₂ reduction	1	1
Methane recovery	7	7
Biomass utilization	3	8
Hydroelectric power	1	2
Other energy-supply related CO ₂ reduction	3	3
Energy conservation	<i>No methodology related to energy conservation is approved</i>	7
Wind & geothermal power		3
Process related CO ₂ reduction		3
Transport		1

Approved methodologies

Yuji MIZUNO, PCKK

There are **14** reformatted approved-methodologies (as of 14 September)



Approved consolidated methodologies

Yuji MIZUNO, PCKK

2 consolidated methodologies have been approved

Consolidated methodology for landfill gas project activities

Consolidated methodology for grid-connected electricity generation from renewable sources

Emission reductions

II

Methane destroyed by the CDM project activity

Dispatch Data Analysis OM

Simple adjusted OM

Simple OM

Average OM

Build Margin (BM)

Baseline emission factor

Those methodologies are only applicable once **the consolidated tools for demonstration of additionality** is approved by the EB

Consolidated tools for demonstration of additionality (draft)

Yuji MIZUNO, PCKK

Step 0. Preliminary screening of projects started after 1 January 2000

- ☞ Need evidence that the incentive provided by the CDM was seriously considered in the decision



Step 1. Identification of alternatives to the project activity consistent with current laws

- ☞ Show the project activity is NOT only complying with laws and regulations with which there is general compliance



Step 2. Investment Analysis

- ☞ Determine whether the project activity is the economically or financially less attractive without CERs



Step 3. Barrier Analysis

- ☞ Determine the project activity faces barriers which prevent a wide spread implementation



Step 4. Common Practice Analysis

- ☞ Identify the project type has NOT diffused in the relevant sector and region.



Step 5. Impact of CDM Registration

- ☞ Explain how the registration of the project as a CDM activity will enable the project to be undertaken.

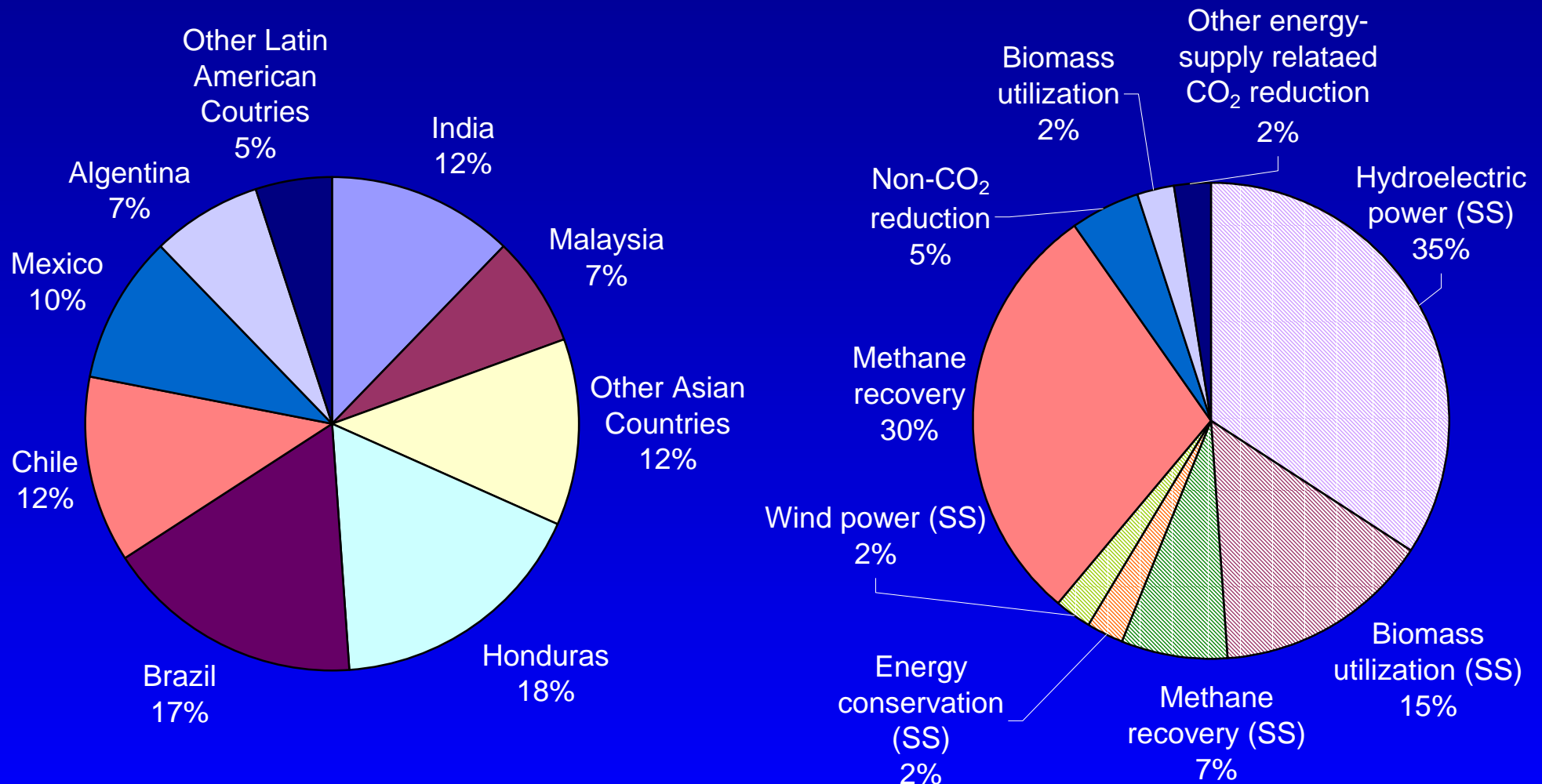


The project activity is additional

Projects under the validation process

Yuji MIZUNO, PCKK

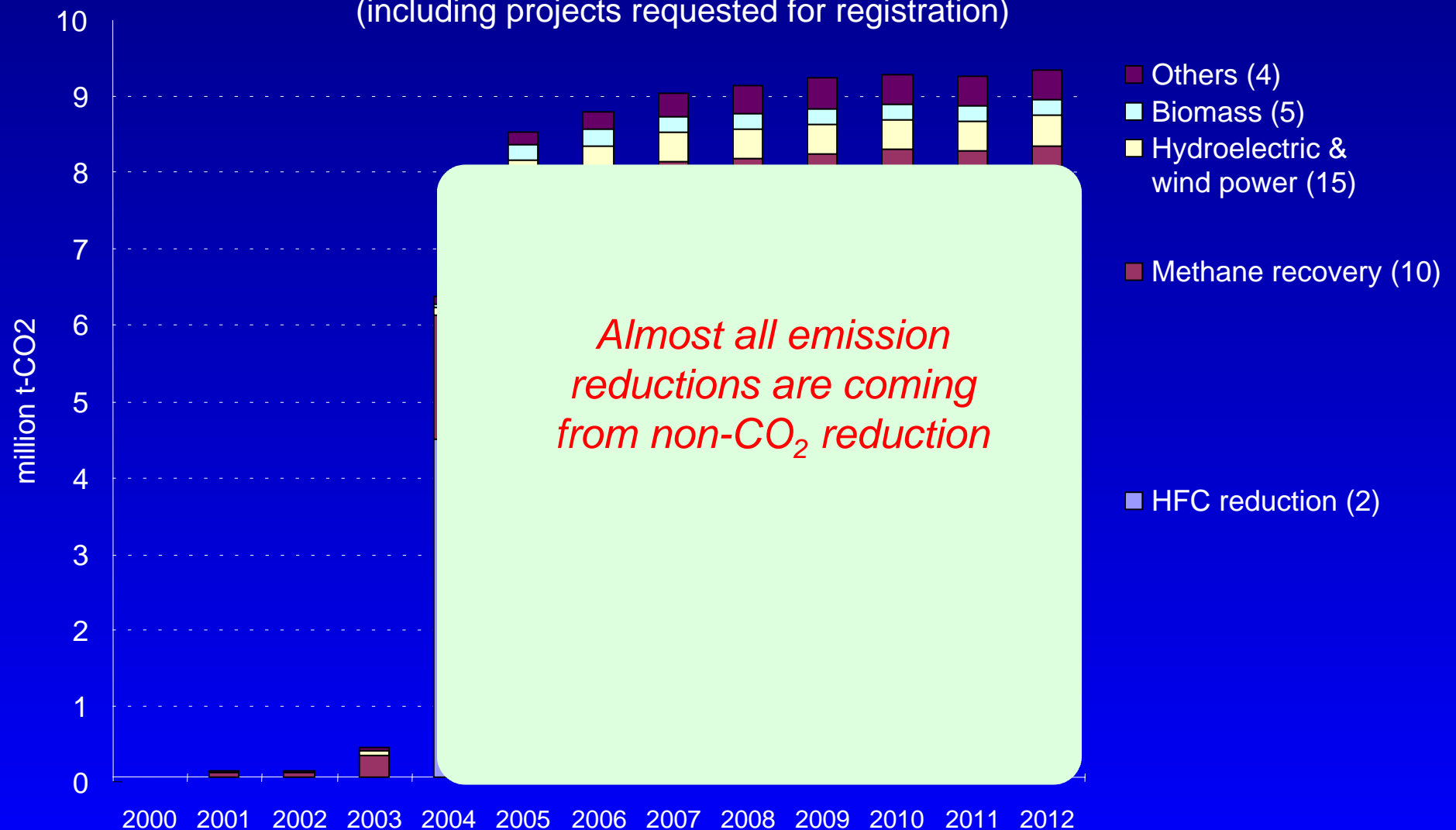
41 projects are under the validation process (as of 14 September)



Projects under the validation process

Yuji MIZUNO, PCKK

The amount of emission reductions written in the PDDs under the validation process
(including projects requested for registration)



Projects requested for registration

Yuji MIZUNO, PCKK

Project	Project for GHG emission reduction by thermal oxidation of HFC 23 in Gujarat, India.	HFC Decomposition Project in Ulsan, Korea
DOE	Société Générale de Surveillance (SGS)	Japan Quality Assurance Organization (JQA)
Project participants	Rabobank (Netherlands) Gujarat Fluorochemicals (India) Ineos Fluor (UK) Sumitomo Corporation (Japan)	Ineos Fluor Japan (Japan) Firstec (Korea) Ulsan Chemical (Korea) UPC Corporation (Korea) IFJ Korea (Korea)
CERs	3,400,000 t-CO ₂ /year	1,400,000 t-CO ₂ /year

This methodology (AM0001) was suspended by the EB.
(Revision shall be completed no later than four months)

The current trends of the CDM projects

Yuji MIZUNO, PCKK

- ☞ So far, non-CO₂ reduction projects are dominant in the CDM.
- ☞ It is relatively easy to demonstrate additionality, and the amount of emission reductions are huge because of high GWPs.
- ☞ Non-CO₂ reduction definitely contributes to global environment conservation.

- ☞ Renewable energy and energy conservation projects show relatively small presence in the CDM.
- ☞ It is relatively difficult to demonstrate additionality, and the amount of emission reductions are not so large.
- ☞ Renewable energy and energy conservation contribute to global environment conservation and also to local sustainable development.

Recommendations

Yuji MIZUNO, PCKK

- ☞ It is indispensable to promote renewable energy and energy conservation related CDM projects in order to contribute both global environment conservation and local sustainable development.
- ☞ It is important to reduce transaction cost for promoting such kind of CDM projects.
- ☞ Host countries' supports are especially needed to develop such kind of CDM projects.
 - ⇒ Project finding (including underlying finance where possible)
 - ⇒ PDD making (e.g. data gathering and demonstration of additionality)
 - ⇒ Validation and registration (e.g. communication with DOEs and the EB)
- ☞ Entities should explore multilateral benefits through the CDM projects such as energy cost saving and revenue from CERs.
- ☞ Annex I country's governments should also expand support measures to the entities other than the diversion of ODA.