

INTRODUCTION TO THE CLEAN DEVELOPMENT MECHANISM (CDM) AND ITS MODALITIES AND PROCEDURES

CCS Workshop

Abu Dhabi, United Arab Emirates, 7 September 2011



WHAT IS THE CDM?

- A market mechanism to reduce GHG emissions
- GHG mitigation projects are implemented in developing countries (non-Annex I countries)
- The emission reductions achieved by the projects are credited as certified emission reduction units (CERs)
- CERs can be used by industrialized countries to fulfil their emission reduction obligations
- CERs are traded as a commodity and can finance part of the investment costs or help overcome barriers for project implementation



OBJECTIVES OF THE CDM

- CDM assists host countries to achieve sustainable development goals, creates incentive for investment in clean technologies, provides additional support for adaptation
- CDM projects produce certified emission reductions (CERs) which help industrialized countries to meet their emission reduction obligations



Wind power in Mexico

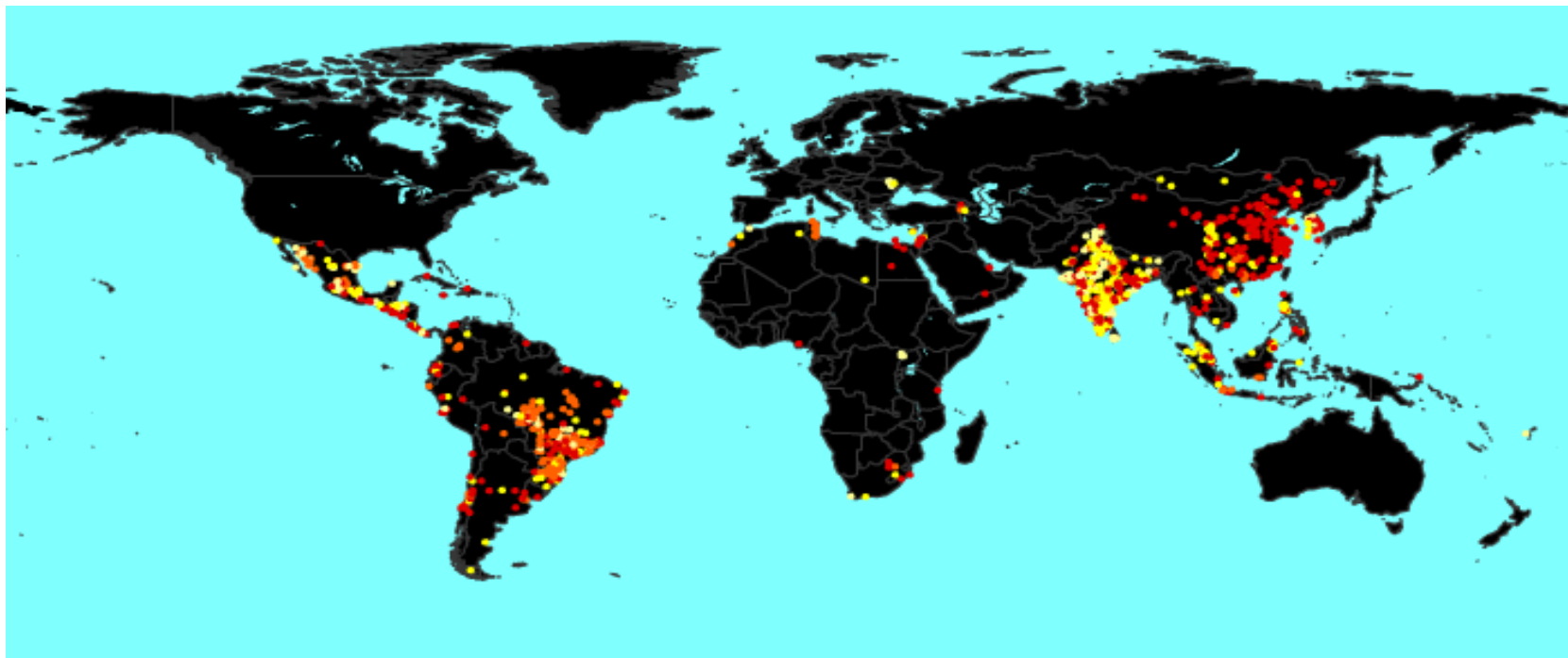
CLEAN DEVELOPMENT MECHANISM

A MECHANISM WITH GLOBAL REACH

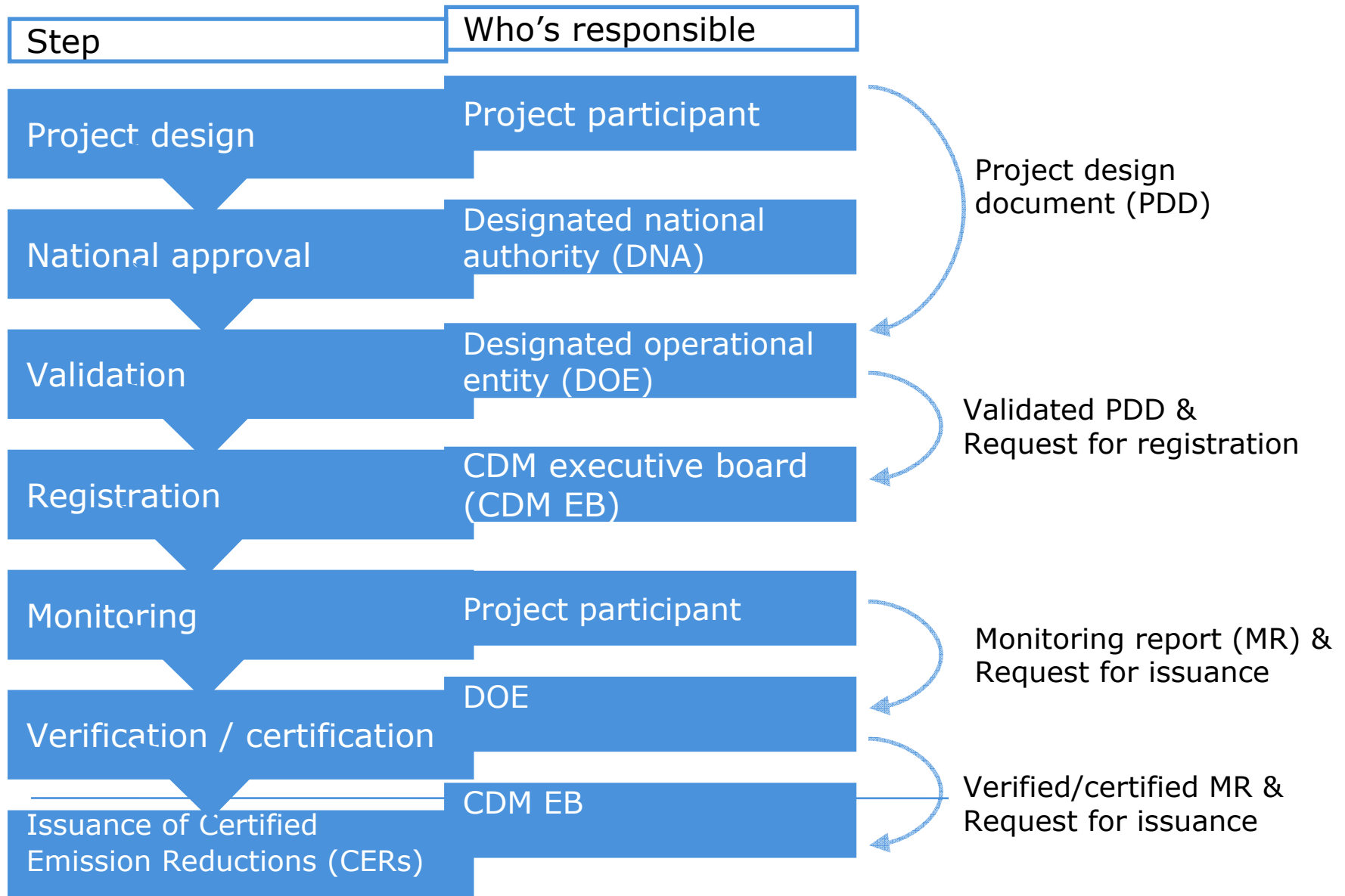
3400 registered projects in **72** countries
Almost **2200** projects in the pipeline
Over **710 million** CERs issued to date

>2.7 billion certified
emission reductions
expected to the end
of 2012

Status: 6 September 2011



The CDM Project Cycle



STAKEHOLDERS

- Parties to the Kyoto Protocol
- CDM Executive Board (EB)
- Technical expert groups and the UNFCCC secretariat that provide support to the CDM EB
- Third-party certifiers (DOEs)
- National Authorities (DNAs)
- Project participants (private/public sector)
- Consultants
- Non-governmental organizations (environmental/business/research)



Modalities and procedures

DIFFERENT MODALITIES AND PROCEDURES FOR DIFFERENT PROJECT TYPES

	Small-scale projects	Large scale projects
„Normal“ CDM projects (non AR projects)	✓	✓
Afforestation / reforestation (AR) projects	✓	✓
CCS projects	(□)	□



Key requirements for determining emission reductions (1)

ADDITIONALITY DEMONSTRATION

- Demonstrate that the project would not be implemented in the absence of the CDM

DEFINITION OF THE PROJECT BOUNDARY

- Define which emission sources and GHGs are accounted as project and baseline emissions

IDENTIFICATION OF THE BASELINE SCENARIO

- Identify which technology or practice would be used without the CDM project activity

LEAKAGE EMISSION SOURCES

- Identify significant emission sources outside the control of the project participants (e.g. upstream & downstream emissions)



Bagasse cogeneration in Brazil



Key requirements for determining emissions reductions

(2)

MONITORING PLAN

- Describe how all relevant parameters will be monitored

CALCULATION OF EMISSION REDUCTIONS OR REMOVALS

- Provide the equations needed to determine project, baseline and leakage emissions
- $ER = BE - PE - LE$
- *Ex-post* monitoring of the actually achieved emission reductions

LENGTHS OF THE CREDITING PERIOD

- 3 times 7 years (or 20 years for AR projects)
- 1 time 10 years (or 30 years for AR projects)



Solar panel cookers



Accounting for non-permanence for AR projects

ONE PRINCIPLE: USER LIABILITY

TWO DIFFERENT ACCOUNTING APPROACHES

Temporary CERs (tCERs)	Long-term CERs (ICERs)
<ul style="list-style-type: none">• Expire automatically at the end of the subsequent commitment period (up to 10 years in case of 5 year commitment periods)	<ul style="list-style-type: none">• Expire at the end of the last crediting period (up to 60 years)
<ul style="list-style-type: none">• User responsible for replacement of units before expiry	
<ul style="list-style-type: none">• Do not need to be replaced by other units in case of reversal or non-submission of a certification report	<ul style="list-style-type: none">• Need to be replaced by other units if certification report is not submitted or if a reversal of the removals occurs



The role of Designated Operational Entities (DOEs)

ACCREDITATION OF DOEs

- Demonstration that the entity has the necessary expertise to conduct validation & verification
- By sectors

VALIDATION

- Assessment of the project design document (PDD) against all applicable standards (CDM baseline and monitoring methodologies) and other requirements by the CDM Executive Board

VERIFICATION

- Assessment that the emission reductions were monitored and achieved



Landfill gas



Further key elements of the modalities and procedures

NATIONAL HOST COUNTRY APPROVAL

- The host country government needs to approve a CDM project and needs to confirm that it contributes to achieving sustainable development

STAKEHOLDER CONSULTATION

- PDDs need to be submitted for public stakeholder consultation and comments received need to be considered in the validation process
- Local stakeholders need to be informed and heard

ENVIRONMENTAL IMPACT ASSESSMENT AND SUSTAINABLE DEVELOPMENT BENEFITS

- Assessment of environmental impacts
- Description of sustainable development benefits



Landfill gas



Modalities and procedures – Examples of issues for CCS

- Definition of the project boundary (e.g. transboundary issues)
- Monitoring plans (e.g. monitoring of the CO₂ plume and any seepage emissions, use of modelling)
- National approval through the DNA (e.g. liability provisions, site selection)
- Additionality demonstration (e.g. EOR projects)
- Accreditation of DOEs (e.g. a new sectoral scope for CCS?)
- Environmental Impact Assessments (e.g. ground water, safety issues, etc)
- Issuance of CERs (e.g. permanence)



=> HOW CAN **CCS SPECIFIC ISSUES** BE
ADDRESSED IN MODALITIES AND
PROCEDURES?



Thank you

More information

cdm.unfccc.int

