

Prospects for the CDM in future – Findings from IGES Database -

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IGES



- Established in 1998
- Conduct a pragmatic and innovative strategic research for sustainable development in Asia-Pacific region
- Headquarter: Hayama, Kanagawa, Japan
- 5 branch offices incl. Bangkok and Beijing
- Research area: climate policy, biofuels, forest conservation, freshwater, waste and resources, business and the environment, capacity development and education
- 100 staffs incl. 44 researchers from various backgrounds in different countries

IGES CDM Capacity Building Programme in Asia

□ Long-lasting activities

initiated by the MOE-J since 2003

□ Objectives:

- Supporting institutional framework
- Supporting CDM project development
- Providing information and tools for CDM

□ Discuss with CDM stakeholders in host countries and propose CDM reform based on real experiences from the programme



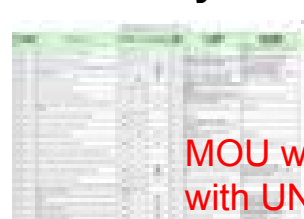
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CDM Publications

CDM in CHARTS Version 7.0 (Updated to EB46)



IGES CDM Project Datasets And Analysis



MOU was exchanged
with UNFCCC May 2008

CDM Country Fact Sheets (6 Countries, updated)



CDM Emission Reductions Calculation Sheet Series

Grid EF, ACM0010, ACM0014,
AMS-III.H.

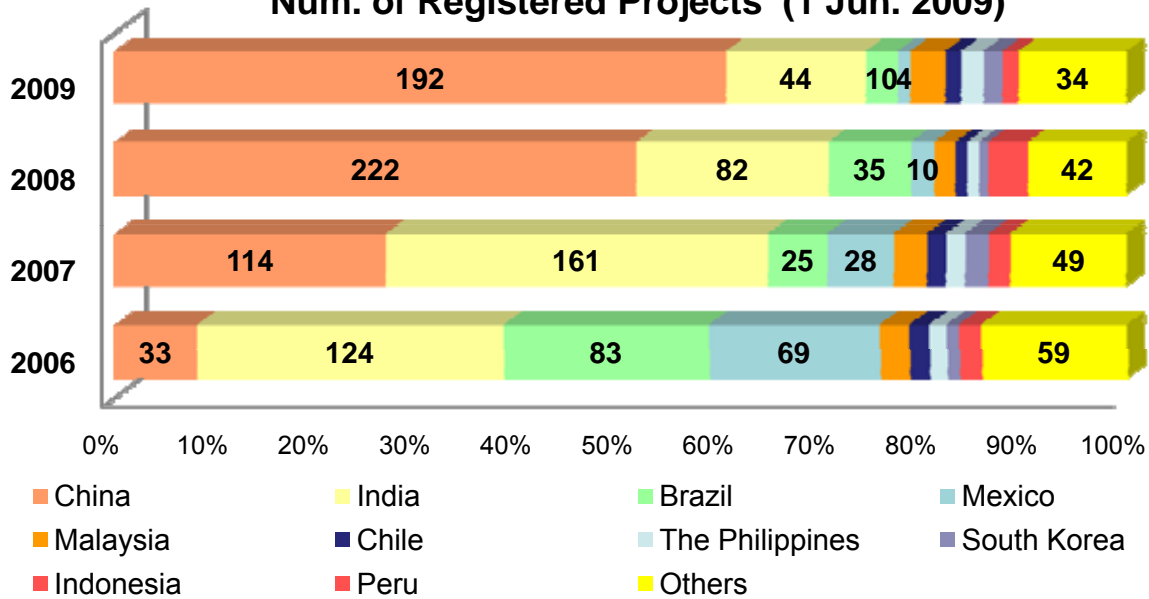


All Available at <http://www.iges.or.jp/en/cdm/report.html>

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The Current Status of CDM (1)

Num. of Registered Projects (1 Jun. 2009)



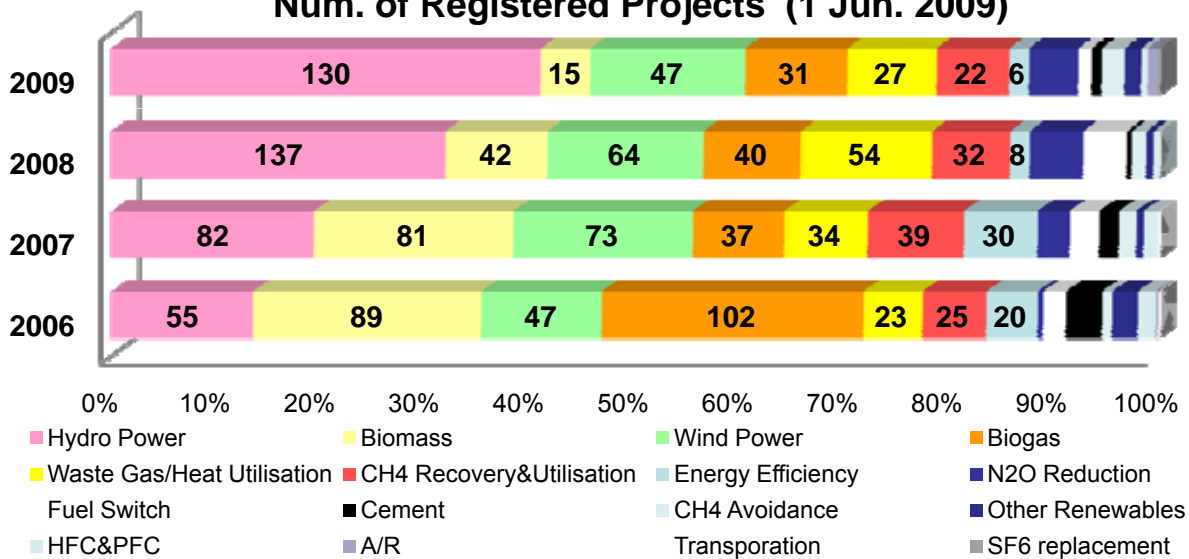
IGES CDM Project Database (1 June 2009)

- China becomes top in 2009 and continues to grow
- Hardly see signs of improvement of distribution

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The Current Status of CDM (2)

Num. of Registered Projects (1 Jun. 2009)

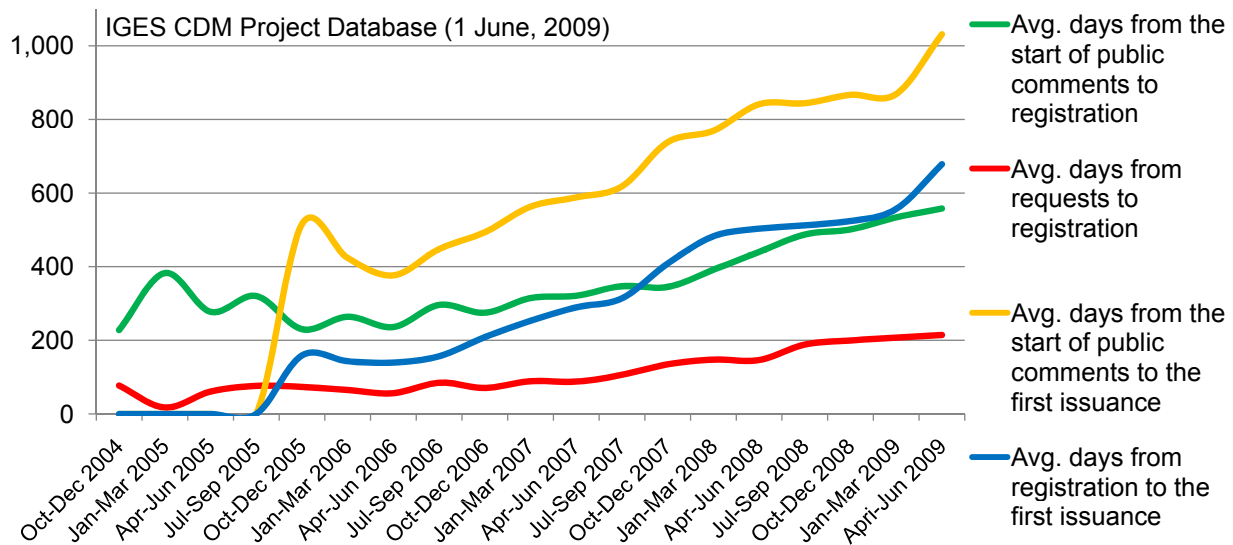


IGES CDM Project Database (1 June, 2009)

- Hydro power projects are increased while biomass and biogas decreased
- 74% of hydro power projects from China in 2008

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The Current Status of CDM (3)



Continuously lengthened CDM procedures

- ✓ Increased workload for validation & registration
- ✓ Increased duration of no income due to scale-down of project size or delay of implementation
- ✓ Increased transaction cost for registration & issuance

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Lengthened CDM procedures (1)

□ Review process delays registration significantly

	No review	Only request	Reviewed
Avg. days from the start of public comments till registration	338	458	555
Avg. days from the request till registration	93	192	259

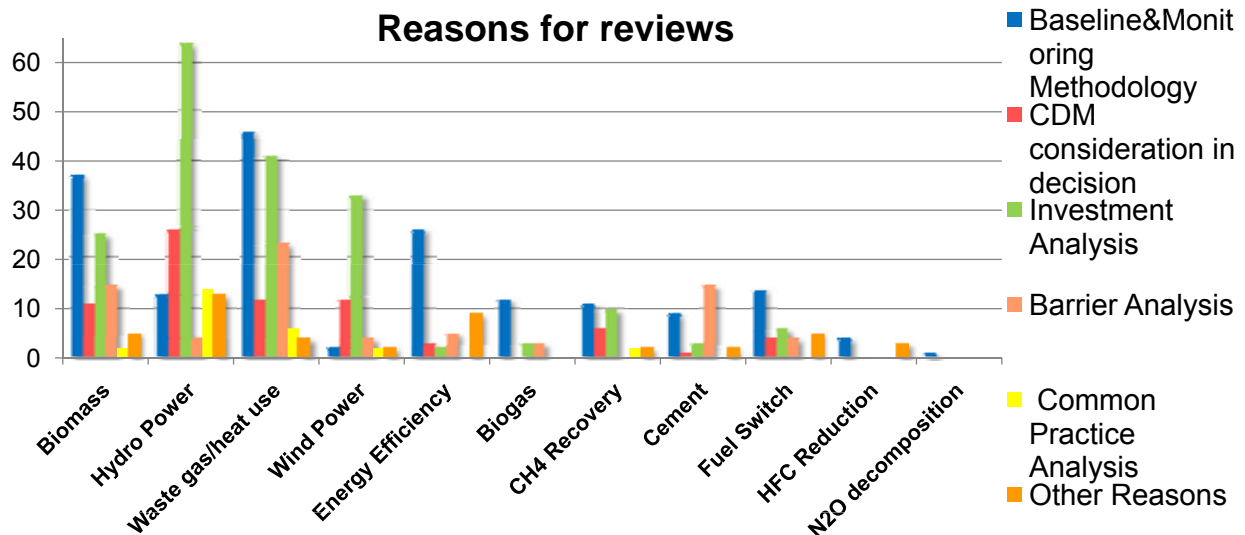
IGES CDM Project Database (1 June, 2009)

□ Probabilities of reviews are kept increased

Year	Num. Registered	Requested of them	Ratio of request (%)	Reviewed of them	Ratio of review (%)
2006	409	50	12.2	6	1.5
2007	426	110	25.8	16	3.8
2008	431	194	45.0	79	18.3
2009	318	132	51.3	46	19.5

IGES CDM Project Database (1 June, 2009) 8

Lengthened CDM procedures (2)



IGES Reviewed and Rejected CDM Project Data Analysis (1 June, 2009)

❑ Mostly commented on additionality parts (62%)

❑ Mostly requires consistency and validity

→ Lack of understanding on local regulations and conditions by DOE?

→ Does rules and procedures fit all host countries ?

Lengthened CDM procedures (3)

(IGES CDM Project Database as of 1 June 2009)

Registered projects with issued CERs: 511 projects

➤ CERs issued earlier than expected date: 15 projects

➤ CERs delayed from expected date: 98 projects (avg. 114 days delayed*)

Registered projects without issued CERs: 1,136 projects

➤ Expected date is already passed: 1,104 projects (avg. 486 days passed*)

➤ 0-1 years passed: 520 projects

➤ 1-2 years passed: 357 projects

➤ More than 2 years passed: 227 projects

* from 8 June 2009

Delays possibly occurs among 558 projects

(381 days: avg. days from registration until first issuance)

❑ Project size becomes smaller: 46% down from 2006-2008

❑ Delays of construction/operation due to economic downturn

→ Needs to reduce transaction cost for issuance

Increased Burden on Development Side

- ❑ Registration & issuance procedure at current
 - ✓ More time consuming while no income made
 - ✓ Lower incentives due to increased transaction costNeeds further simplification of the procedures to fit in the current project size
- ❑ Demonstrating additionality
 - ✓ Established additional documentation to PDDs
 - ✓ Comments on reviews sometimes not substantialImportant, but evaluation & procedures needs to be improved

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One step for CDM reform (1)

Exemption from demonstrating additionality only for **specific projects (e.g. renewable energy) in **Least Developed Countries****

- ❑ Obvious to have additional GHG reductions with high sustainable development
 - Operational lifetime is over 10 years, which will assure net reduction after crediting period
 - No leakage effect
- ❑ CERs not significant and may continue beyond 2012
 - Account only less than **0.1%** of total expected CERs by 2012

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One step for CDM reform (2)

Automatic ex ante calculation for emission reductions



ERs Calculation Sheet is available from IGES web-site

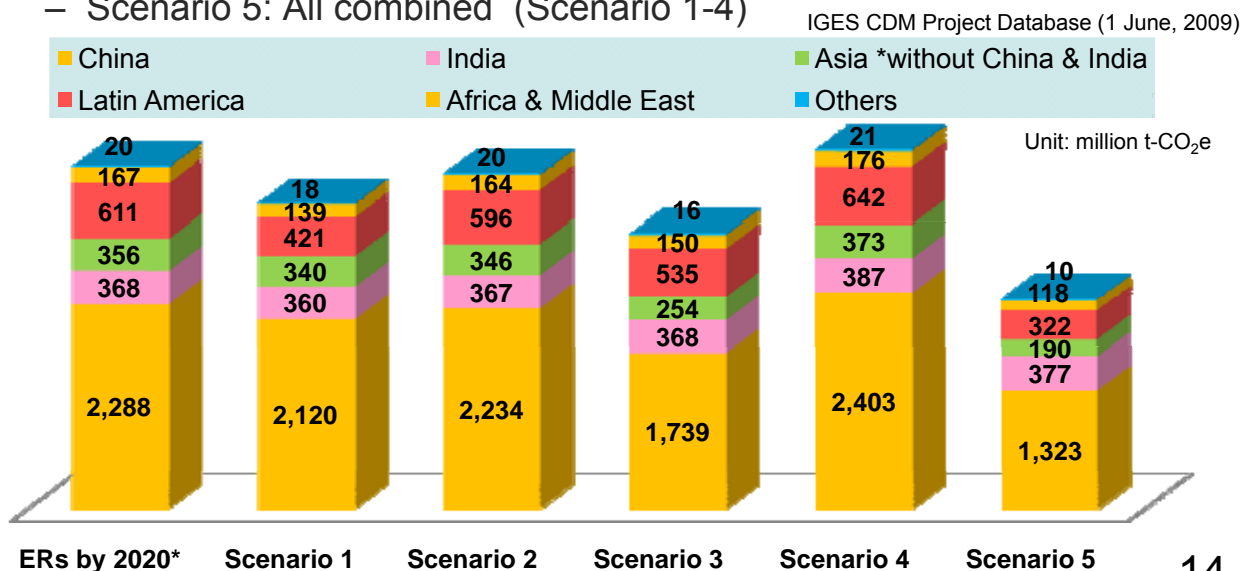
- To reduce burden and transaction cost
 - Requires less preparation of PDDs with few additional documentation
- To make conservative with simplification
 - Requires less data with uncertainty factor
 - Not so significant difference on the results from automatic calculation and PDDs
 - “Precise” and “informative” ex ante calculation results **81.1%** of CER issuance rate

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Emission Reductions until 2020

Expected emission reductions from registered projects

- Scenario 1: Issuance rate (Project types) - **81.1%**
- Scenario 2: Renewal of baseline (8 projects) – **94.0%**
- Scenario 3: No renewal for F-gas and N₂O
- Scenario 4: Automatic ER calculation – **105%**
- Scenario 5: All combined (Scenario 1-4)



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Thank you for your attention!

The views expressed herein are solely those of the presenter. They do not reflect the views of IGES or other researchers.

For more information on IGES CDM publication:
<http://www.iges.or.jp/en/cdm/report.html>