

Workshop on Improving the Regional Distribution of CDM Projects in Asia and the Pacific

Technical Session 1 : Overview of CDM

Key Elements of CDM Project Cycle

Hemant Nandanpawar

International CDM Specialist

Technical Support Facility, CMI

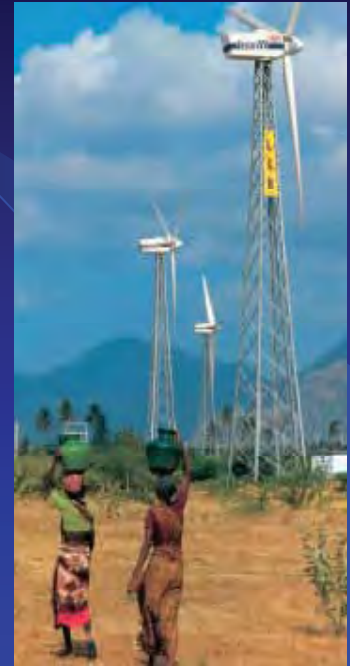
Regional and Sustainable Development

Department (RSDD)

ADB Headquarters Manila

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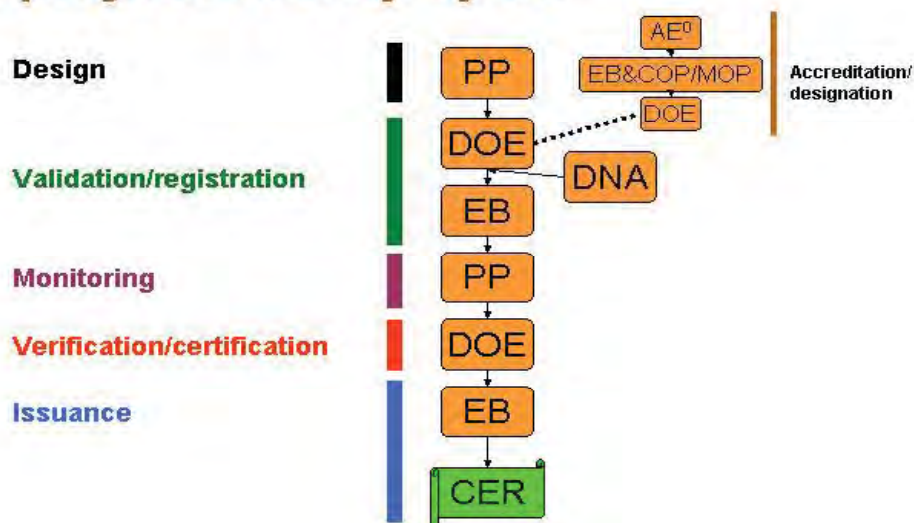
Contents

- CDM Project Opportunities
- Process for availing CDM benefits
- Baseline & Additionality
- Project Design Document (PDD)
- Stakeholder Consultation and Host Country Approval
- Project Validation & Registration
- Verification and CER Issuance
- CER Transaction
- Points to Remember

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Project Development Cycle

CDM project activity cycle



UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

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CDM Project Opportunities

Renewable energy

- Hydro, Wind, Solar Energy
- Biomass power
- Geothermal, Tidal Energy

Fuel switching (From fossil fuel to green fuel like biomass, ricehusk etc)

Energy efficiency measures

- Industrial, Commercial and Residential
- Energy – Gen, Trans & Distribution
- Buildings, Transport

Industrial Cogeneration and Trigeneration (Steam, power and cooling requirements)

Forestry

- Afforestation and reforestation (A/R) projects

Waste management

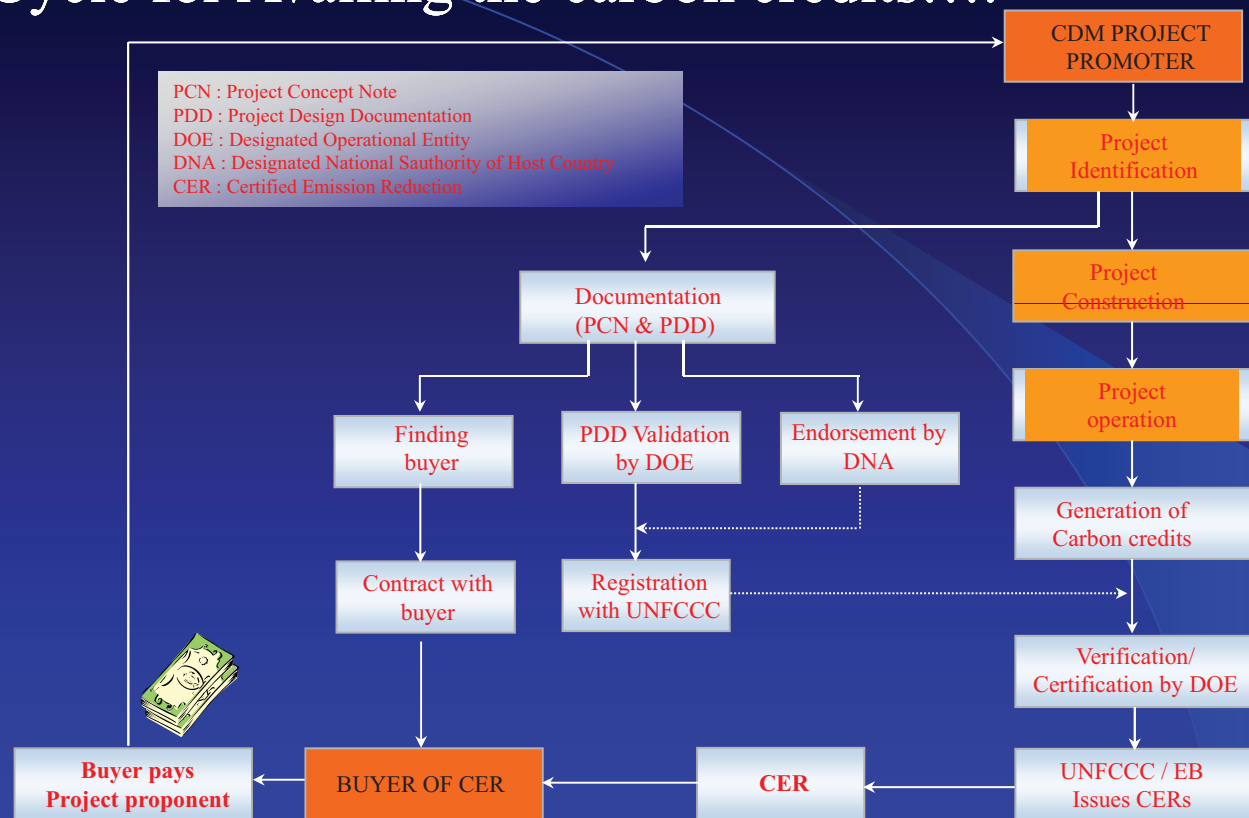
- Capturing of landfill methane emission to generate power
- Utilization of waste and waste water emissions for generation of energy
- Emission avoidance with composting of MSW

Transport

- Use of EE transport system
- Fuel switch from gasoline and diesel to natural gas
- Modal shift from air to train, road to train at macro level
- Replacement of shipment of certain raw materials through road to pipelines

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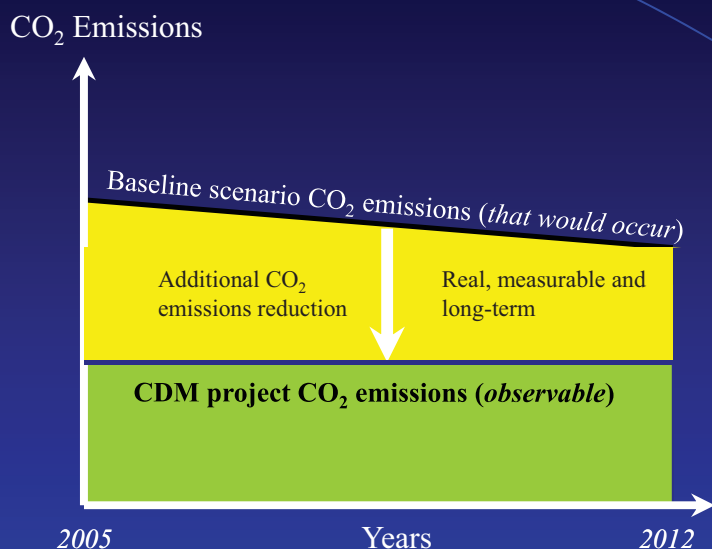
Cycle for Availing the carbon credits....



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Approach to baseline and additionality



➤ **Baseline:** A scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity

➤ **Additionality:** Reduction of GHG emissions below those that would have occurred in the absence of the registered CDM project activity...with use of new technology/idea....(Investment/ Financial, Technical, Policy, Others)

Baseline is project-specific and location-specific

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Project Design Document

➤ **Purpose:**

- To provide basis for evaluating the projects in all aspects relevant to the UNFCCC guidelines

➤ **Process:**

- Developing the concept
- Selection of appropriate Baseline
- Not a “ business as usual scenario”
- Justifying project additionality
- Stakeholders views/ comments
- Estimation of GHG emission reductions
- Environmental and Sustainability
- Monitoring and Record keeping

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Host Country Approval

➤ **Purpose:**

- Project reducing GHG emissions also fulfills the environment and sustainability development requirements of Host Country
- All round benefit to environment & society
- No major environment degradation
- No major social degradation

➤ **Process:**

- Application to Designated National Authority (DNA)..... normally Ministry of Environment
- Stakeholder Consultation
- Issuance of HCA as per country specific guidelines

Host Country – Government/ Ministry or Authority in the host country responsible for environment clearances



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Project Validation

➤ *Purpose:*

- To affirm the claims/statements made in the PDD by a third party
- Third party known as "VALIDATOR" (DoE) - UNFCCC specified/accredited third party
- View of global community/stakeholders on the projects concepts, claims, statements etc.



➤ *Process:*



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Registration with UNFCCC

➤ *Purpose:*

- Members of Executive Board (EB) of UNFCCC review the PDD, Validation report and all other supporting documents – To ascertain the projects eligibility as CDM project
- Provides stamping/certify to the Project as CDM project

➤ *Process:*

- Request for registration – Through Validator
- Payment of registration fee
- Large scale – review period – 8 weeks
- Small scale – review period – 4 weeks



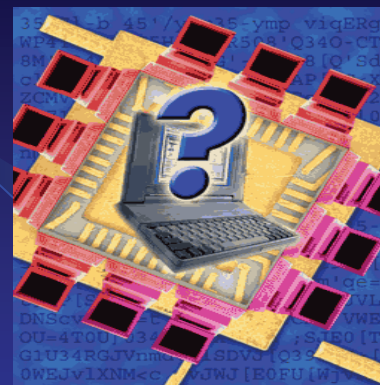
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CDM Project Verification

➤ Purpose

To verify the monitoring and record keeping procedure to ascertain the CER figure on annual basis

Issuance of Certified Emission Reductions (CERs)



➤ Process

- Selection of DoE
- Verification of performance against baseline
- Request for issuance of CERs to CDM-EB
- Crediting of Emissions reductions with CDM-EB registry



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CER Transaction

CER PRICE

PROJECT CYCLE STAGE

Verification/issuance

Trading Mechanism

- ✓ Industry/
- ✓ Government
- ✓ Carbon Funds
- ✓ Brokers
- ✓ ER-Exchanges

- ✓ Developer Credentials
- ✓ Brand Backing
- ✓ Sale and purchase terms and conditions
- ✓ Delivery mechanisms risks and penalties
- ✓ Terms of Payment
- ✓ Warranties and Representations
- ✓ Liability
- ✓ Non-payment, extinction and Remedies

Project

Identification



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Points to remember

- **Study and Confirmation of CDM eligibility of the selected project activity**
- **Consideration & documentation of CDM benefits at the time of project decision**
- **Submission of CDM project notification to UNFCCC and DNA (with in 6 months of start date)**
- **Appointment of CDM Consultant of relevant experience and credentials**
- **Conducting project Stakeholder consultation meeting**
- **On time appointment of DoE for project Validation**
- **Project monitoring & Record keeping as per registered CDM documents**
- **Timely verification and CER issuance**

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Thank you

hnandanpawar.consultant@adb.org

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