Financial gains from Registered CDM projects

Presented by

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As you all know that CDM is not a straightforward process .. after completing some lengthy and at times, complex stages, projects get registered with UNFCCC. However, that is not the end of the story rather just the beginning in terms of financial gains. Still several stages have to be completed to get the ultimate result, i.e., CERs, which would eventually lead to financial gains.
Post Registration activities that lead to CER, i.e., financial gains

Monitoring and Reporting by Project Entity (PE), Verification and Report submission by DOE
Financial Gains-Signing ERPA

Emission Reductions generated from project activities have to be traded, otherwise there will be no financial gains.

The way-out:
Signing Emission Reduction Purchase Agreement (ERPA) with CER buyers can pave the way to financial gains.

Terms and Conditions:
The terms and conditions shall be mutually agreed, i.e., CER price, CER delivery period and schedule etc.
Signing ERPA-What We have done?

* Signed ERPA with the World Bank and the Danish Energy Ministry just before the Validation.
* Under this ERPA, CER to be delivered until December 2015.
* Now, discussing with another potential buyer for CERs to be generated after 2015.
Potential Buyers for the newly registered projects/future projects

• Future Carbon Fund (FCF), ADB
• Community Development Carbon Fund (CDCF), The World Bank
• MDG Carbon, UNDP
The FCF is a trust fund managed by ADB on behalf of its participants and its a component of ADB’s Carbon Market Program. This fund has been created to encourage the projects which have long term emission reduction potential. Eligible sector includes energy efficiency, renewable energy etc.
The World Bank Community Development Carbon Fund (CDCF) helps in developing small-scale projects that both mitigate climate change and benefit communities.

The Fund, a public/private initiative administered by the World Bank, aims to contribute to a more equitable regional distribution of carbon finance resources by focusing mostly on the poorest countries of the world.
UNDP is trying to link carbon finance to MDGs. It could be one of the options for selling CERs.

Areas in focus:

- Renewable energy
- Energy Efficiency
- Waste Management etc
Ensuring Optimal CERs

Once the project is registered, the PE shall prepare an operating & monitoring plan, based on the monitoring plan mentioned in the registered PDD, to monitor data. Data needs to be recorded electronically with hard copy evidences. In case of a bundling project, uniform operating and monitoring plan has to be followed in all kilns. At the end of a monitoring period, monitoring report shall be prepared by the PE and submitted to the DOE.
As it is evidenced that, in many cases, the amount of CERs issued is much less than the CERs estimated in the PDD. As such, periodic training has to be arranged for the Monitoring Personnel to ensure that the optimal CERs can be achieved.
Taking prudent decisions

The PE needs to be careful in implementing monitoring plan whether:

- The plan is as per registered PDD
- There is any deviation from registered PDD
- Post Registration Changes (PRC) are needed

In this regard, prudent decisions should be taken by PE.
Although CER price is very low and the situation of carbon market seems to be gloomy, there is demand for CER from good projects at a better rate than the spot market. One will have to identify the right buyer for one’s project. More importantly, proper monitoring should be put in place. Otherwise you will be losing CERs and eventually, you will be losing financially.
Thank You for your Attention