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# **CDM: Status quo and perspective Post 2012**

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# I. Introduction to CDM

## Current Status of CDM



# How does CDM work?

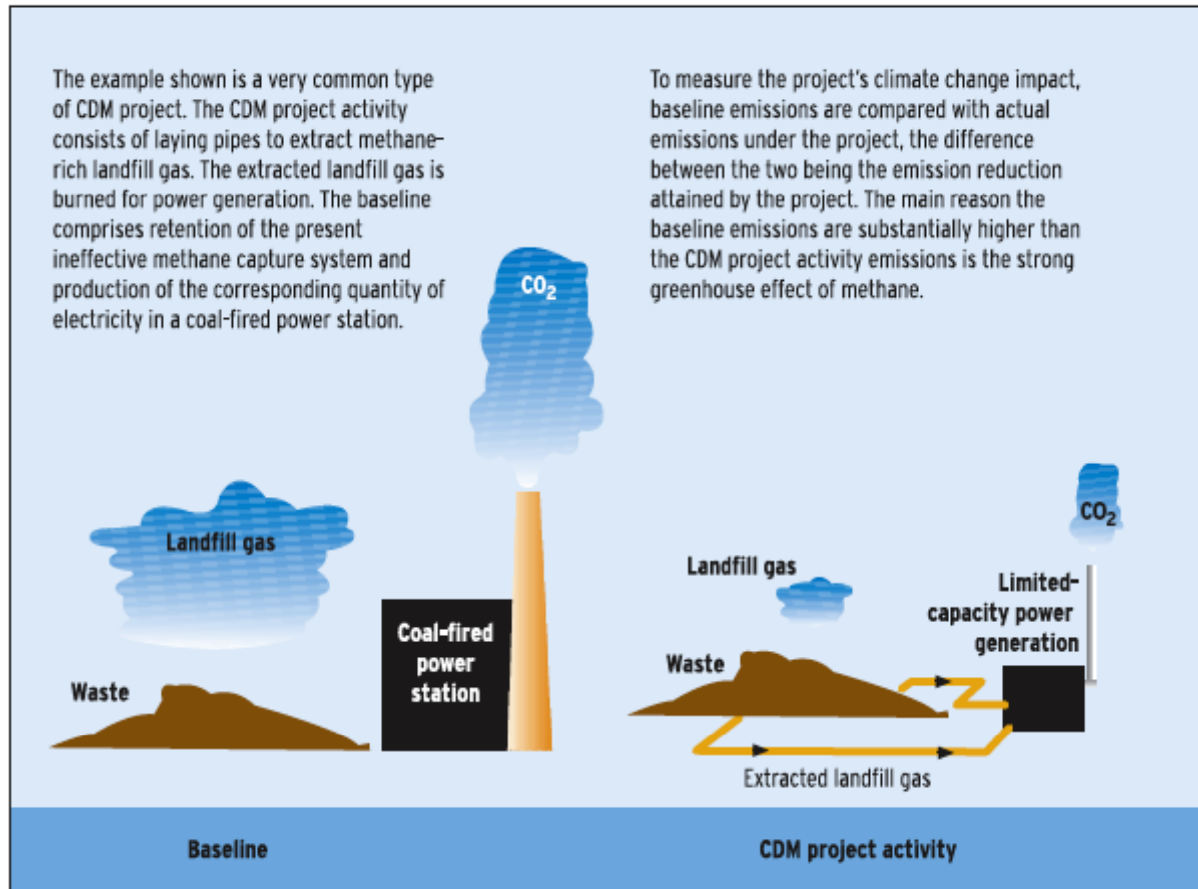


Figure 2

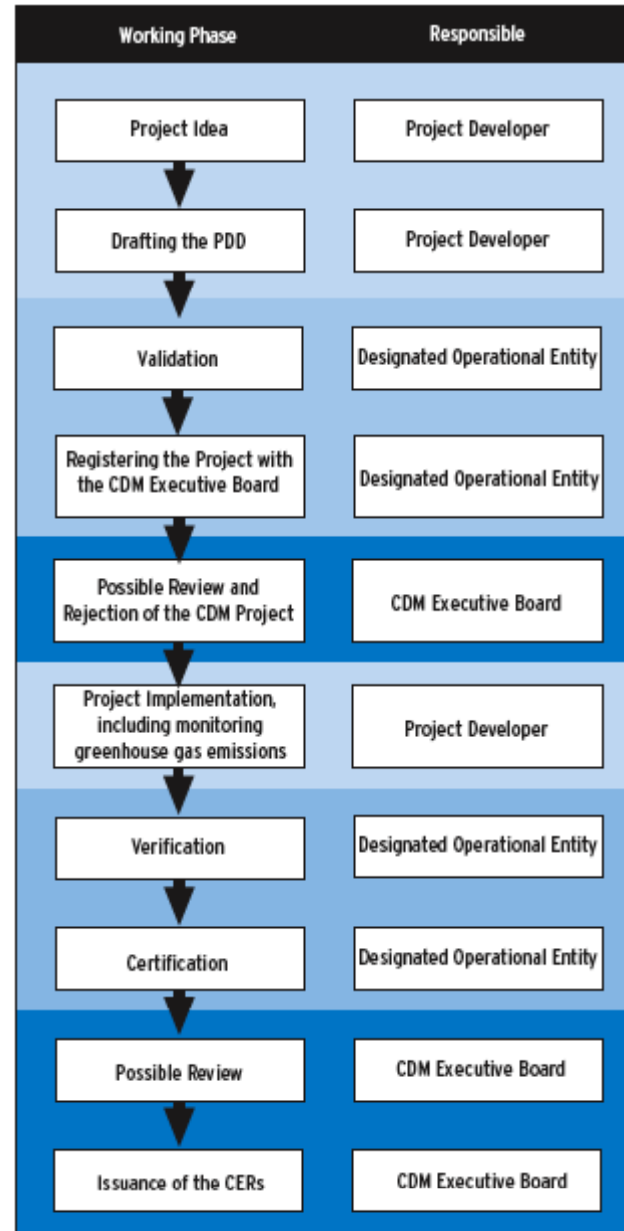


Figure 6



# Role of CDM

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- Carbon market is key means for Annex I Parties to meet mitigation -25-40% (1990) in cost effective way and for providing finance for global transition to low carbon economy
- Provides financing for low-carbon technologies
- Capacity building for climate policies in Non-Annex I-countries



# Current Status CDM/JI

(UNEP Risoe March09)

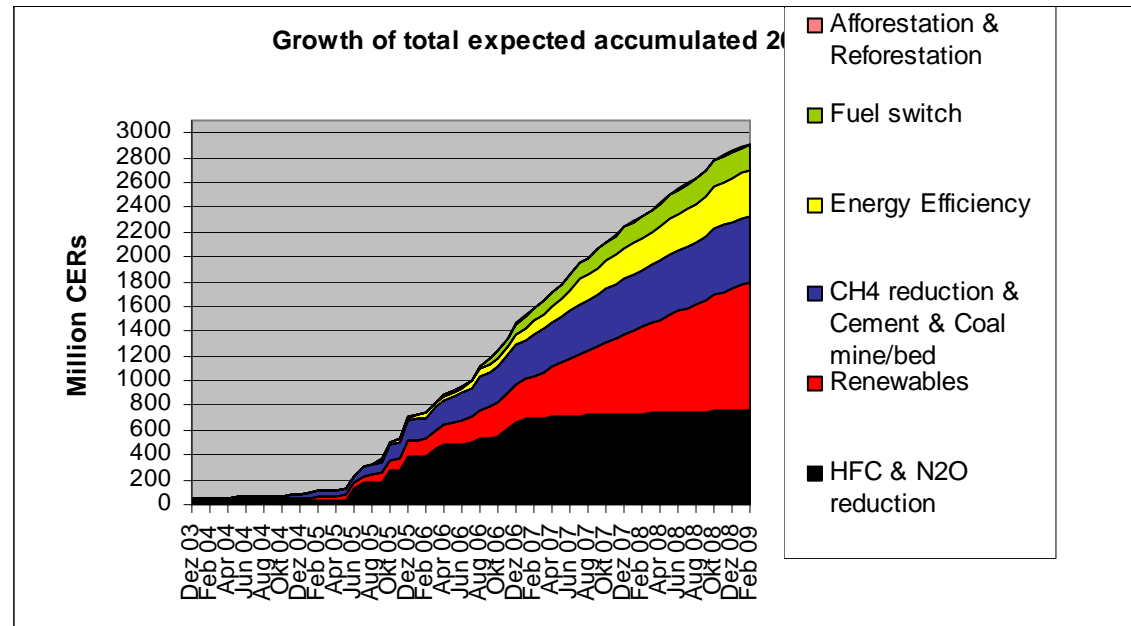
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- **projects registered: 1424**
- pipeline: 4660 projects
- Expected CERs until 2012 from those projects: 1500-2000 million
- **project types mainly represented:**
  - industrial gas projects (HFC, PFC and N20)
- project types not well represented:
  - fuel switching;-renewable energy (especially demand side RE);-energy efficiency
- World Energy Outlook: EE could account for 65% of energy related emission reductions in developing countries



# Projectpipeline

(source: UNEP Risoe March 09)





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## II. Demand for Certificates from CDM/JI

EU/national level  
Currently/Post 2012



# Current framework for use of CERs

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- Kyoto Protocol (1997) -5 % 2008-2012  
(baseline: 1990)
- EU- Target (EU-bubble) -8% 2008-2012 (baseline:  
1990)
- Germany -21% 2008-2012  
(baseline: 1990)

# Kyoto Targets

Vertragspartei (Annex I Staat)	Ziel
Belgium, Bulgaria, Denmark, Germany, Estonia, European Union, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Liechtenstein, Luxembourg, Monaco, Netherlands, Austria, Portugal, Romania, Sweden, Switzerland, Slovakia, Slovenia, Spain, Czech Republic, United Kingdom	minus 8 %
<b>USA</b>	<b>minus 7 %</b>
Japan, Canada, Poland, Hungaria	minus 6 %
Croatia	minus 5 %
New Zealand	plus/minus 0 %
Norway	plus 1%
<b>Australia</b>	<b>plus 8 %</b>
Iceland	plus 10%



# National Framework in Germany

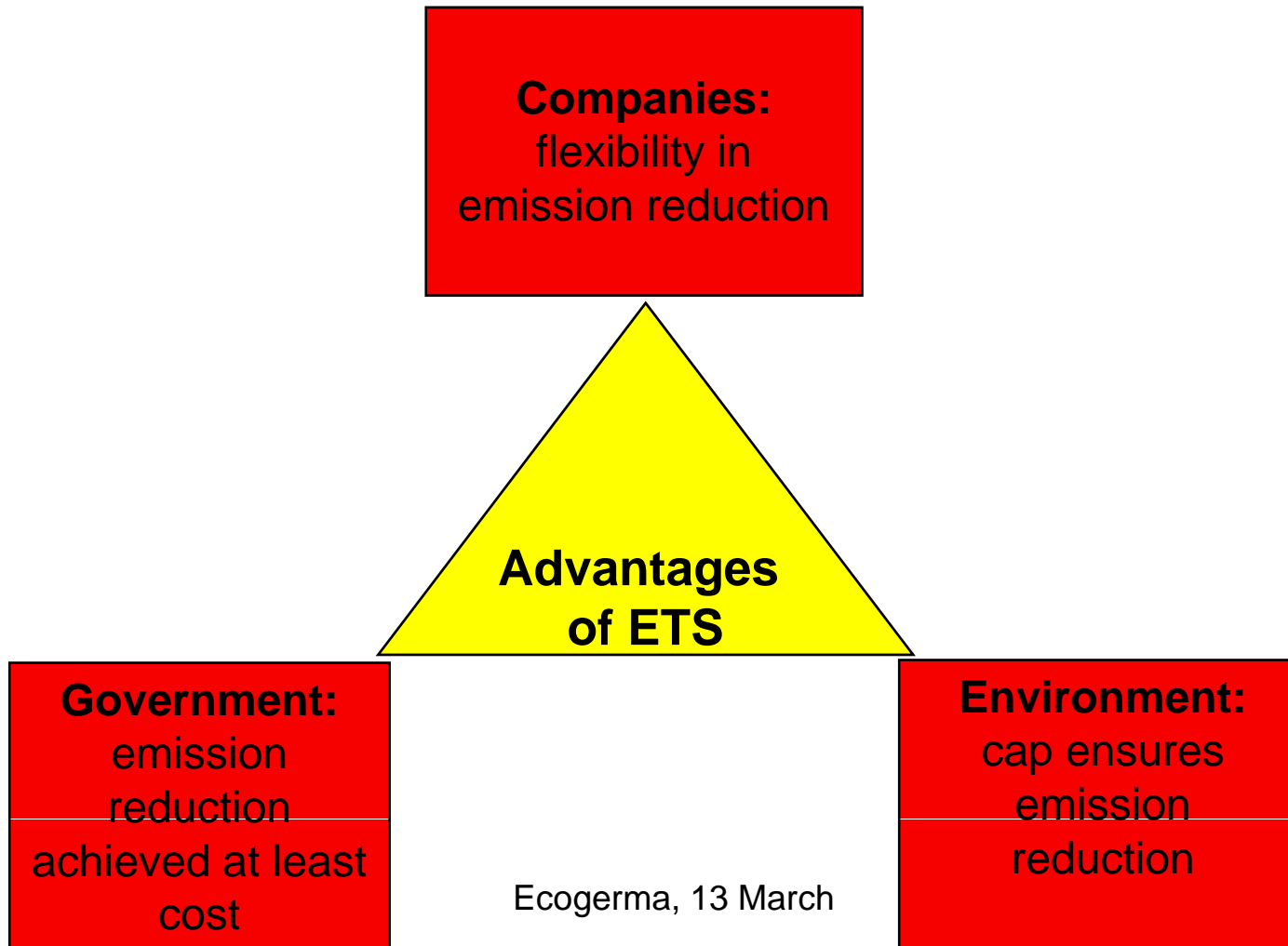
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- Fulfillment of Kyoto-target mainly **through domestic measures (-21%)**
- Demand caused by EU-ETS, Use of CERs and ERUs in the ETS:
  - **22% = 90 Mio. Certificates p.a. = 450 Mio. Certificates in 2008/12**
- From 2007 on Germany offsets official traveling through JI and CDM credits



# The idea of ETS

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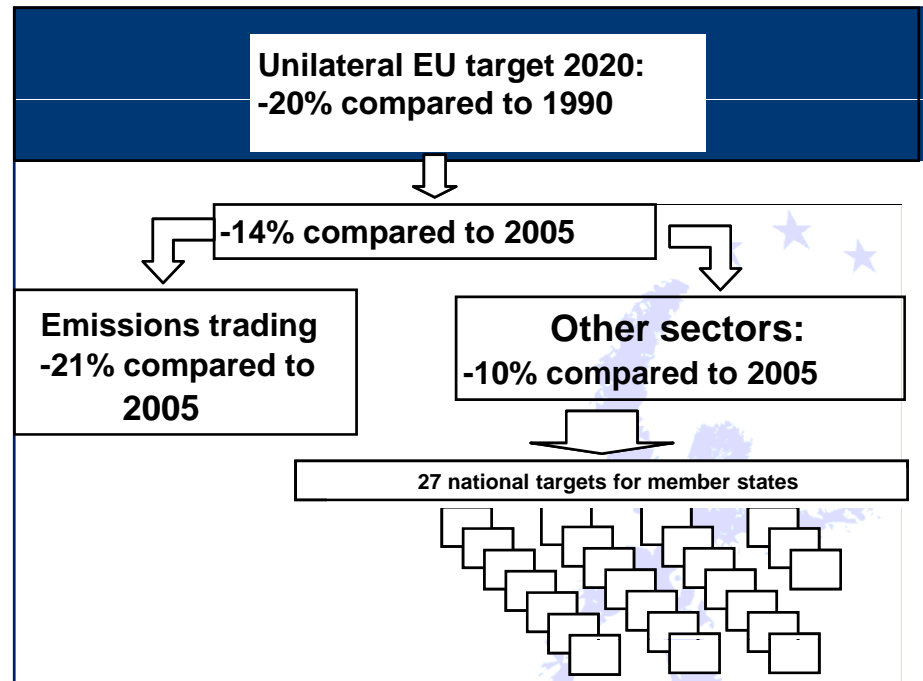
# National Framework Germany for CDM

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- Federal Ministry for the Environment (BMU):  
regulative and policy framework for CDM/JI
  
- German Emissions Trading Authority (DEHSt):  
project approval = German DFP/DNA)



# EU-climate and energy package Post 2012





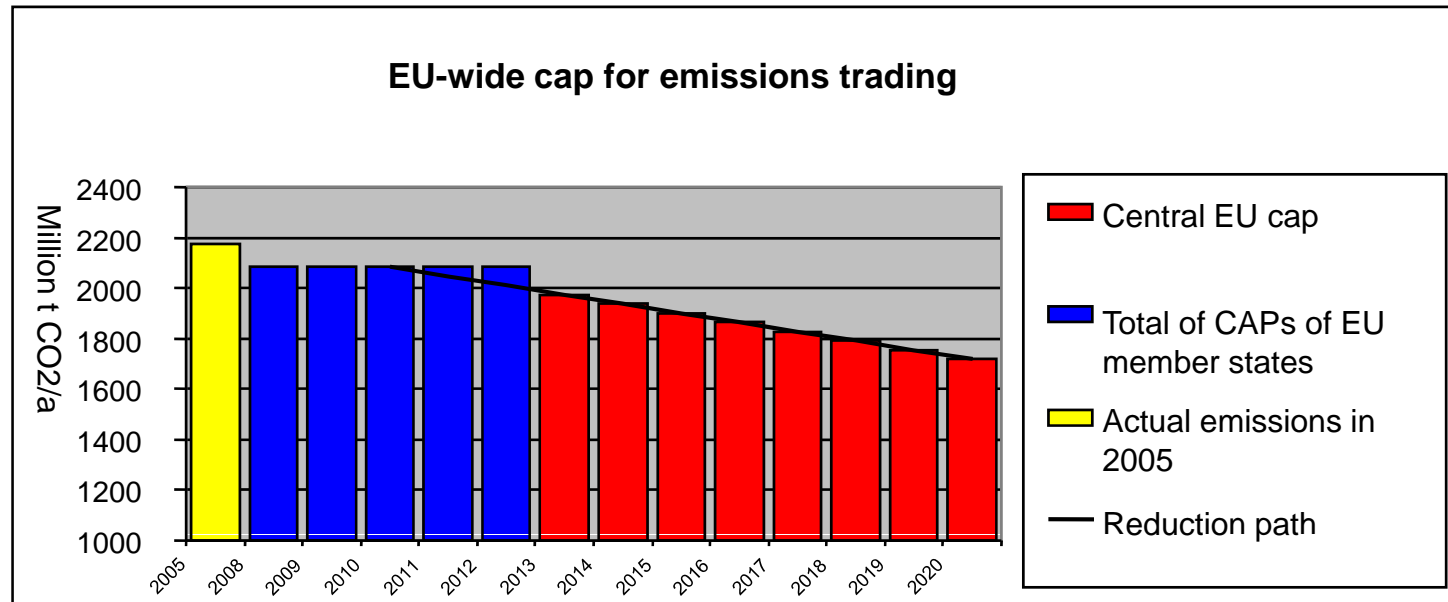
# EU-climate and energy package Post 2012

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- 20% GHG reduction compared to 1990
  - Independent commitment
- 30% GHG reduction compared to 1990
  - In context of international agreement
- 20% renewables share of final energy consumption
- 10% biofuels in transport, with
  - production being sustainable
  - second generation biofuels commercially available



# EU-ETS post 2013



## EU- wide cap and harmonised allocation rules

- increased use of auctioning
- Linking with other Trading Schemes and Kyoto mechanisms



# Credits post 2012 in EU-ETS

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## **Quantitative and qualitative restrictions** in 2 scenarios

- 1) No international climate change agreement: Operators in EU-ETS may use remaining CERS/ERUs; specific rules for new participants in EU-ETS and air
- 2) Post 2012 agreement with EU commitments greater than 20%:  
adjusted to  $\frac{1}{2}$  of additional reductions

### Background:

- Necessary to restrict global warming to less than 2°
- need for 20-40% reduction in industrialised states till 2020
- emerging economies must take on serious obligations from 2013
- CDM Projects must be really and truly additional



# Use of Credits in total in EU

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## Demand in Total for 2008-2020:

- Sectors under EU ETS: 1,5-1,7 billion tCO<sub>2</sub> equ
- Sectors outside EU ETS: 0,8-1,2 billion t Co<sub>2</sub> equ
- Average annual amount of credits allowed in EU/ 2008-2020: 200-231 Mt CO<sub>2</sub>



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# III. Perspective for CDM 2012

EU position/ UN-Negotiations



# Perspective for CDM/Road to Copenhagen EU-Proposals

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- - **30% reduction for all OECD members**, Annex I countries and EU candidates
- OECD wide trading system by 2015, with some developing countries integrated by 2020
- **developing countries/countries in transition** to reduce emissions **15-30% from business-as-usual**
- More than 1/3 of emission reduction in developing countries should come through international carbon crediting mechanisms
- Crediting only **those CDM projects that deliver real additional reductions** and go beyond low cost options
- **Replacing CDM through sectoral carbon market** crediting mechanism for advanced developing countries and highly competitive economic sectors
- Over time CDM should be superseded by cap and trade



# UN Climate Change Conference in Poznan

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- 1-13 December 2008 – milestone in preparing for post-2012 agreement
- No agreement about future role of CDM
- Progress expected at Bonn Conference March 2009
- Reforming the CDM to improve **environmental integrity**, EU proposals included e.g.
- **Governance**: Designated national authorities selected and remunerated by UNFCCC
- **Additionality**: Improving baseline setting: increase use of benchmarks
- **future design** of CDM/discussions include:  
Sectoral approaches with ambitious baselines, benchmarking, discounting CERs, transition from project based to sectoral



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## IV. CDM/JI- Initiative



# Objectives of CDM/JI-Initiative

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- Further development of CDM/JI post 2012
- strengthening of the global carbon market
- ensuring **quality and credibility of CDM/JI** (e.g. World Commission on Dams criteria for hydropower)
- **Cooperation with host countries**
- fostering new instruments which are not marketable yet (PoA – support center) and tapping new GHG-potentials



## Other Activities within CDM/JI-Initiative

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- **networking and institutional contacts** with political Decision Makers and Service Providers in the Host Country
- **country manager in Brazil, China, India, Tunisia**
- mobilisation of German Actors
- development of **Project Portfolios** in bilateral cooperation with host countries
- project matching events
- support of **methodology development** for new sectors
- German Pavilion on Carbon Expo in Barcelona (27-29 Mai 2009)



# Other Activities within CDM/JI-Initiative

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## Platforms for project portfolios

- [www.cdm-cooperation.de](http://www.cdm-cooperation.de)
- Country focus: Latin America
- [www.jiko-bmu.de](http://www.jiko-bmu.de) (including further information on CDM)



# [www.cdm-cooperation.de](http://www.cdm-cooperation.de)

**cdm COOPERATION** Member Login Username:  ..... Login **Become a member** Signup

## Latin America & Germany networking for CDM

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HOME	cdm-cooperation.de - your CDM networking tool and project database for Latin America
ABOUT CDM-COOPERATION.DE	cdm-cooperation.de is an initiative of the German Ministry for the Environment, Nature Conservation and Nuclear Safety and was set up as a part of the German "CDM-Initiative".
ABOUT MEMBERS	
ABOUT PROJECTS	
ABOUT CDM	The Clean Development Mechanism (CDM) has so far been a real success story and is estimated to generate two billions Certified Emission Reductions (CERs) until the end of the first commitment period in 2012. Nevertheless, a vast CDM-related business potential between Germany and Latin America remains widely untouched.
CDM LINKS	cdm-cooperation.de serves to overcome to overcome these gaps. This networking tool and project database serves to facilitate a close information exchange between Latin American and German CDM Actors in order to:
CDM NEWS	<ul style="list-style-type: none"><li>• enhance CDM-investments in Latin America</li><li>• match CER-supply and demand effectively</li><li>• increase clean technology transfer between Germany and Latin America</li><li>• provide the advantages of a wide and interdisciplinary CDM-network</li></ul>
MEMBER PROFILES	By uploading a company profile members of cdm-cooperation.de become visible to the carbon market. In turn, by screening the members database users of cdm-cooperation.de get access to a broad range of actors in the Latin American CDM market.
PROJECT DATABASE	Members can screen the project database for their needs and directly get in touch with the project developers in order to offer investments, technology or to buy CERs.
HOST COUNTRIES	Furthermore cdm-cooperation.de provides CDM-News focussing on the Latin American CDM market and offers relevant CDM-information at a glance for selected CDM host countries.
CDMAJI INITIATIVE - FOCUS BRAZIL	
BECOME A MEMBER	

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**HOW ONLINE**  
This site currently holds:  
Registered Users **303**  
Member Profiles **62**  
Project Descriptions **16**

**MEMBERS SEE IT ALL**  
**Use the benefits**  
- detailed member profiles,  
- CDM project database,  
- host country profiles,  
- latest CDM News!  
[Become a Member](#)

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**AN INITIATIVE OF**  
 **Federal Ministry for the Environment, Nature Conservation and Nuclear Safety**  
operated by  
 **perspectives climate change**



<http://www.jiko-bmu.de>

The screenshot shows the JIKO-Internetportal website in a browser window. The browser's address bar displays <http://www.jiko-bmu.de/jiko/aktuell/1.php>. The website header includes the logo of the Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit and the text "Joint Implementation & Clean Development Mechanism". The main content area is divided into several sections:

- BASISINFORMATIONEN:** A sidebar menu with links to "Einführung CDM und JI", "Initiativen der Bundesregierung", "Berichte EB und JISC", "Nachrichten und Termine", "Newsletter", "Publikationen", and "Glossar".
- SERVICE-PLATTFORM FÜR PROJEKTENTWICKLER:** A sidebar menu with links to "Durchführung von CDM/JI-Projekten", "Projektleitfäden", "Informationen über Gastländer", "Zuständigkeiten CDM/JI auf Bundesebene", "Kontaktadressen und Ansprechpartner", "Rechtstexte und Grundsatzbeschlüsse", "Projekt anmelden bei der DEHSt", and "Links".
- Startseite:** The main content area features three articles:
  - KYOTO MECHANISMEN:** "CDM/JI-Internetportal des Bundesumweltministeriums". Text: "Diese Internetseite informiert Sie über die Klimaschutzinstrumente Clean Development Mechanism (CDM) und Joint Implementation (JI). CDM und JI sind zwei der flexiblen Mechanismen des Kyoto-Protokolls zur Verringerung des weltweiten Treibhausgasausstoßes. Die Seite richtet sich in erster Linie an ein Publikum mit Vorkenntnissen über das internationale Klimaregime. Eine Einführung in die internationale Klimapolitik finden Sie beispielsweise auf den allgemeinen Seiten des Bundesumweltministeriums."
  - 100 CDM PROJEKTE:** "Schon über 100 internationale Klimaschutz-Projekte mit deutscher Beteiligung". Text: "Seit Dezember 2005 hat die Deutsche Emissionshandelsstelle (DEHSt) im Umweltbundesamt (UBA) mehr als 100 Klimaschutzprojekte nach den Regeln des Kyoto-Protokolls in Entwicklungs- und Schwellenländern auf Basis des so genannten Clean Development Mechanism (CDM) genehmigt."
  - CDM / LATEINAMERIKA:** "Deutschland startet CDM-Netzwerk für Lateinamerika". Text: "Das BMU startet im Rahmen der deutschen CDM-Initiative das Internetportal [www.cdm-cooperation.de](http://www.cdm-cooperation.de). Diese Plattform bietet Informationen über das aktuelle Projektportfolio sowie Zugang zu Netzwerken in lateinamerikanischen CDM-Gastländern. Das Angebot verschafft deutschen und lateinamerikanischen Zertifikatekäufern, Projektentwicklern, Investoren und weiteren Akteuren des Kohlenstoffmarktes die Möglichkeit, ihre Dienstleistungen und Produkte im Bereich des Clean Development Mechanism (CDM) sowie potentielle CDM-Projekte einer breiten Fachöffentlichkeit vorzustellen und direkt in Kontakt zu treten."
- DEUTSCHE AKTEURE AUF DEN CDM/JI-MÄRKTEN:** A small article with a photo of a person and a link to "Unternehmensbroschüre mit Tätigkeitsprofilen".
- CDM/JI NEWSLETTER:** A small article with a photo of wind turbines and a link to "JIKO Info mit Schwerpunkt 'CDM in Lateinamerika'".



## Project-Based Mechanisms: CDM and JI

An Introduction with Practical Examples





# Climate Protection Initiative

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- **400 mio €** for Climate Protection Initiative from the **sale of CO2 emission allowances**
- **120 mio €** for **international climate projects**
- promoting sustainable **energy supply/mitigation**
- promoting measures for **adaptation** to the impacts of climate change and conserving biodiversity with climate relevance.
- inter alia support of PoA development/capacity building within host countries



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# Thank you for your attention!

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