

Beyond the low hanging fruit

Foro Latinoamericano del Carbono

Quito, Ecuador

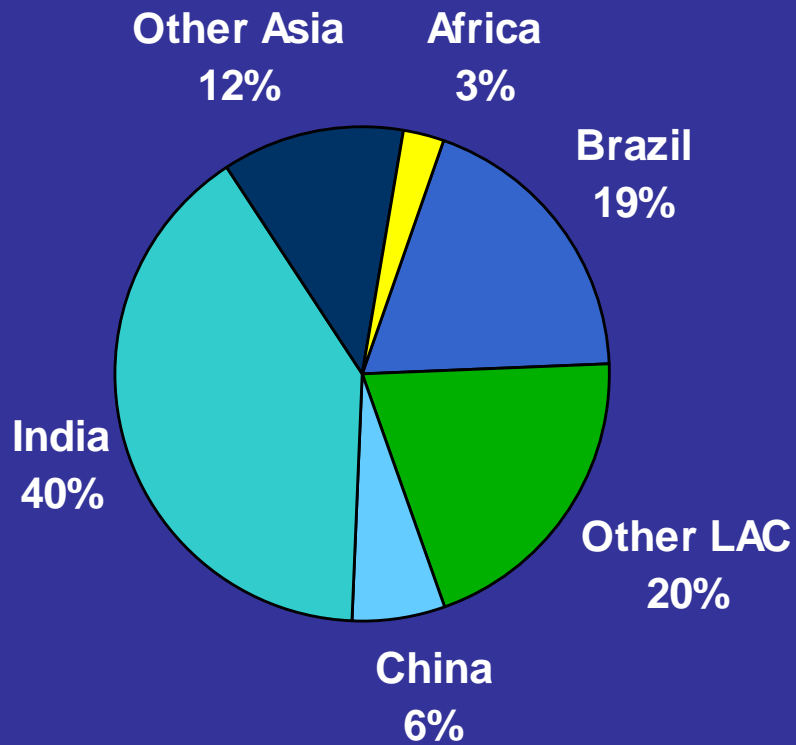
22 marzo, 2006

Christiana Figueres

Status of CDM portfolio

- 654 projects in pipeline*
 - Sourced by 41 countries
 - 145 projects registered
 - 27 requesting registration
 - 836M tons by 2012
 - Two thirds of likely CDM demand??

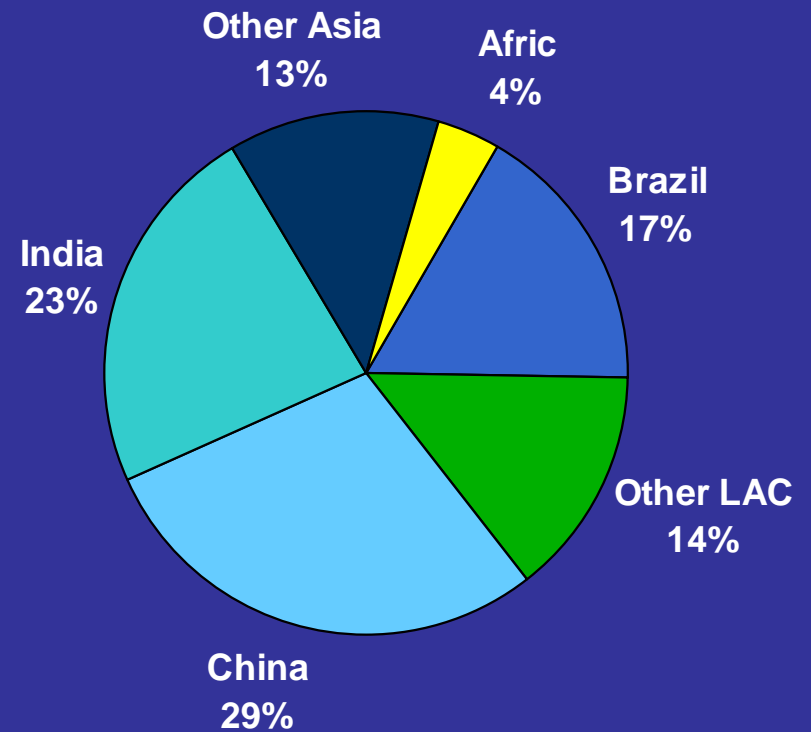
Distribution



Geographical

Asia 58%

LAC 39%



Volume of CERs by 2012

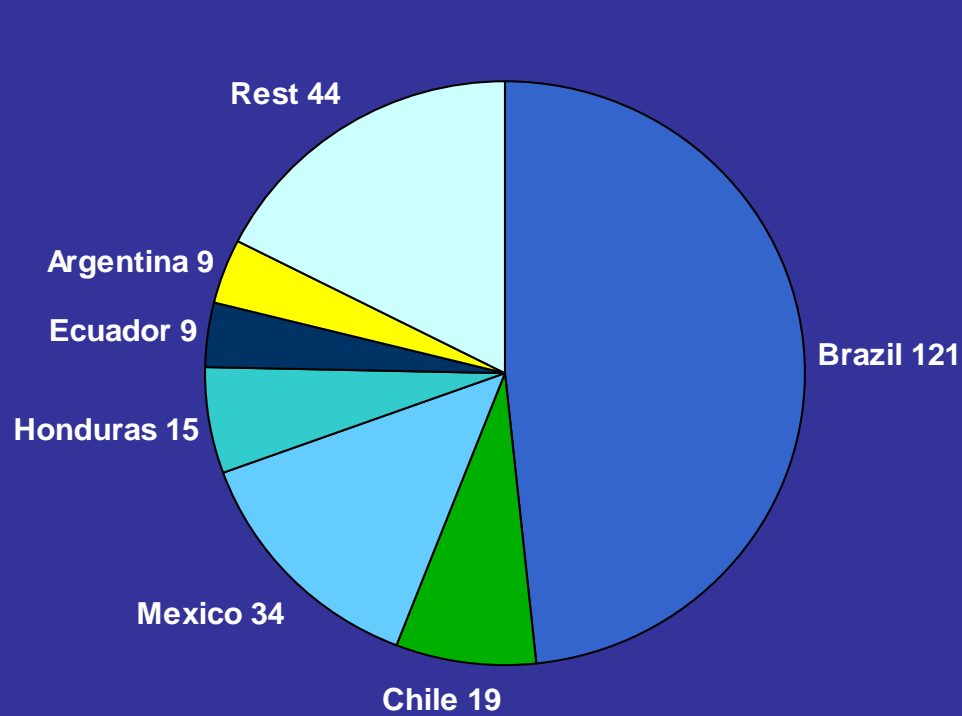
Asia 65%

LAC 31%

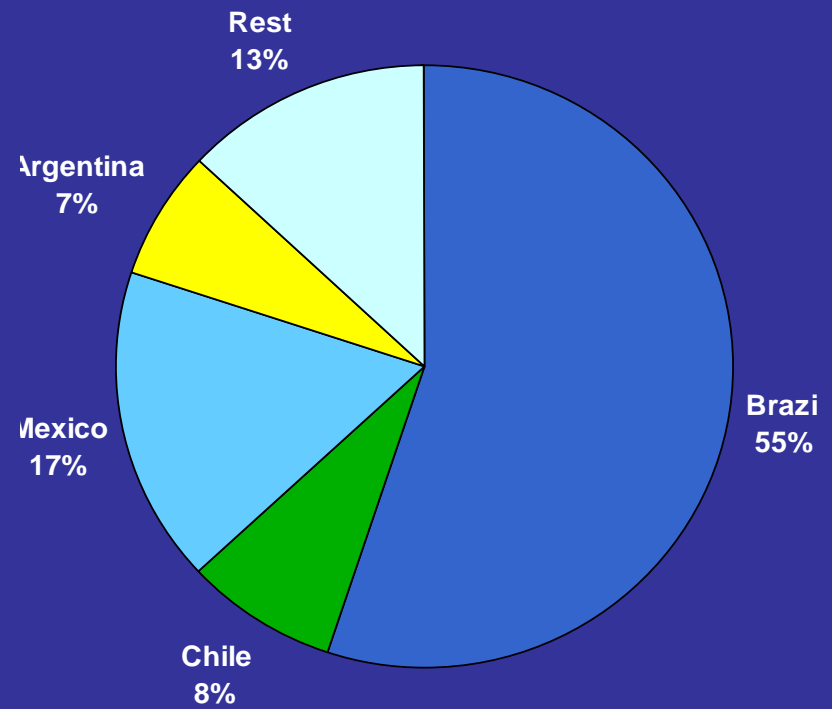
Skewed market

- **Total of 654 projects**
 - RE 372 projects 18% CERs
 - EE 90 projects 6% CERs
- **Market seeks high volumes of CERs**
 - HFC 9 projects 36% CERs
 - N₂O 2 projects 11% CERs
 - Low hanging fruit

LAC portfolio

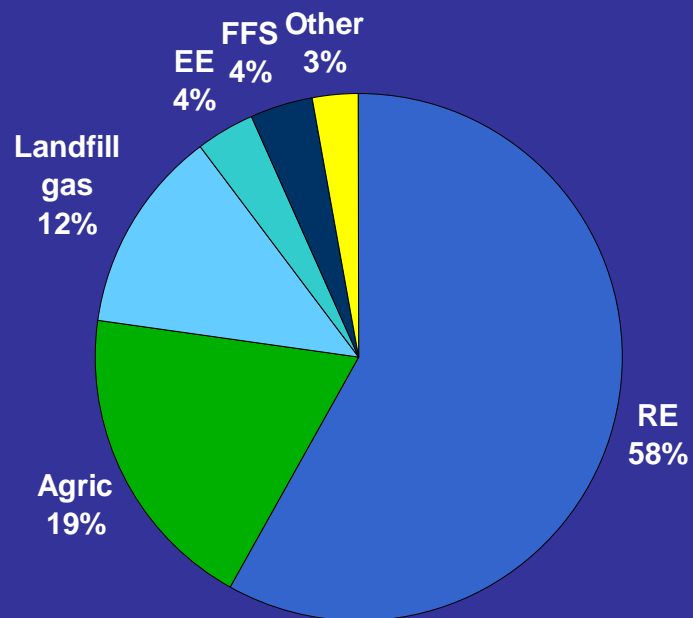


Number of projects
251 projects
17 countries
77 SSC

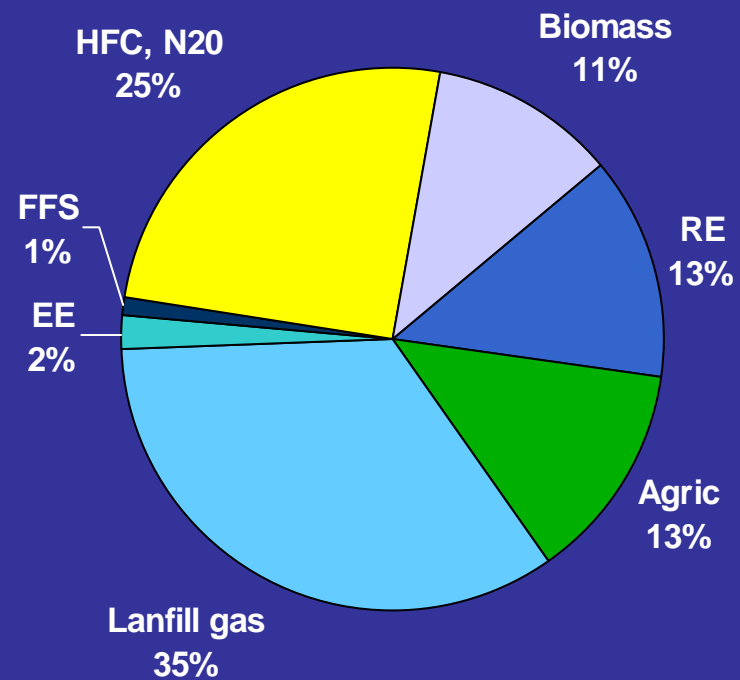


Volume of CERs
80% in 4 countries

LAC by sector

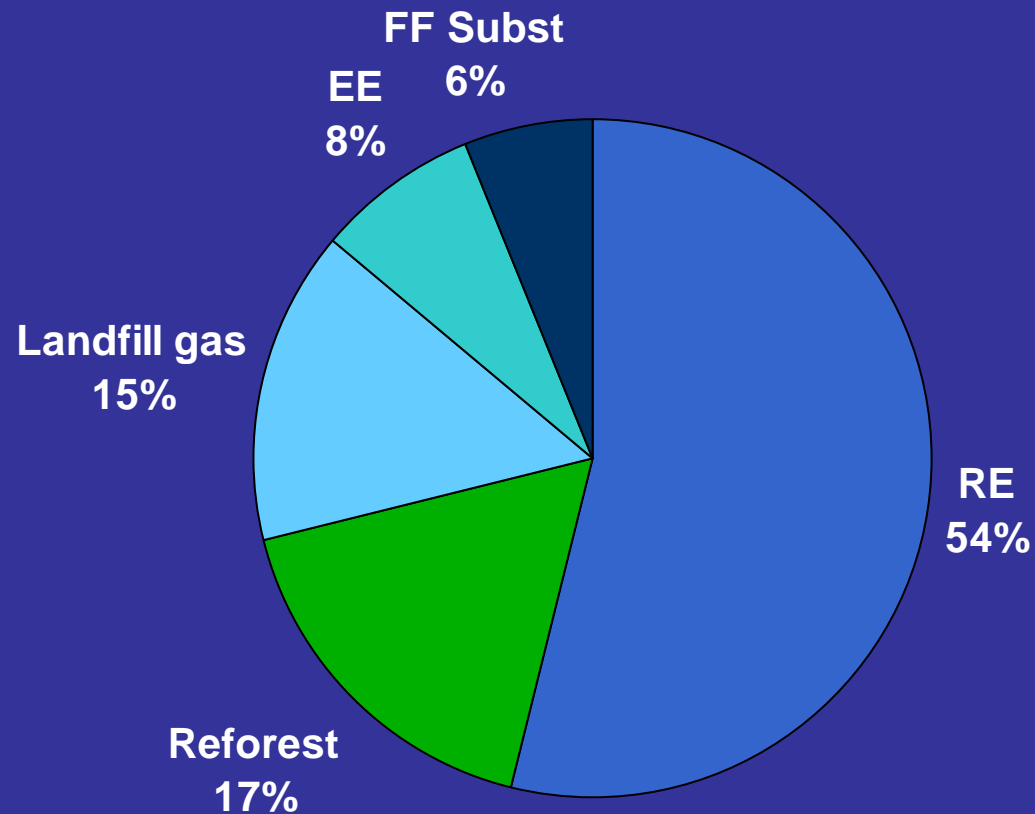


Number of projects
64% energy



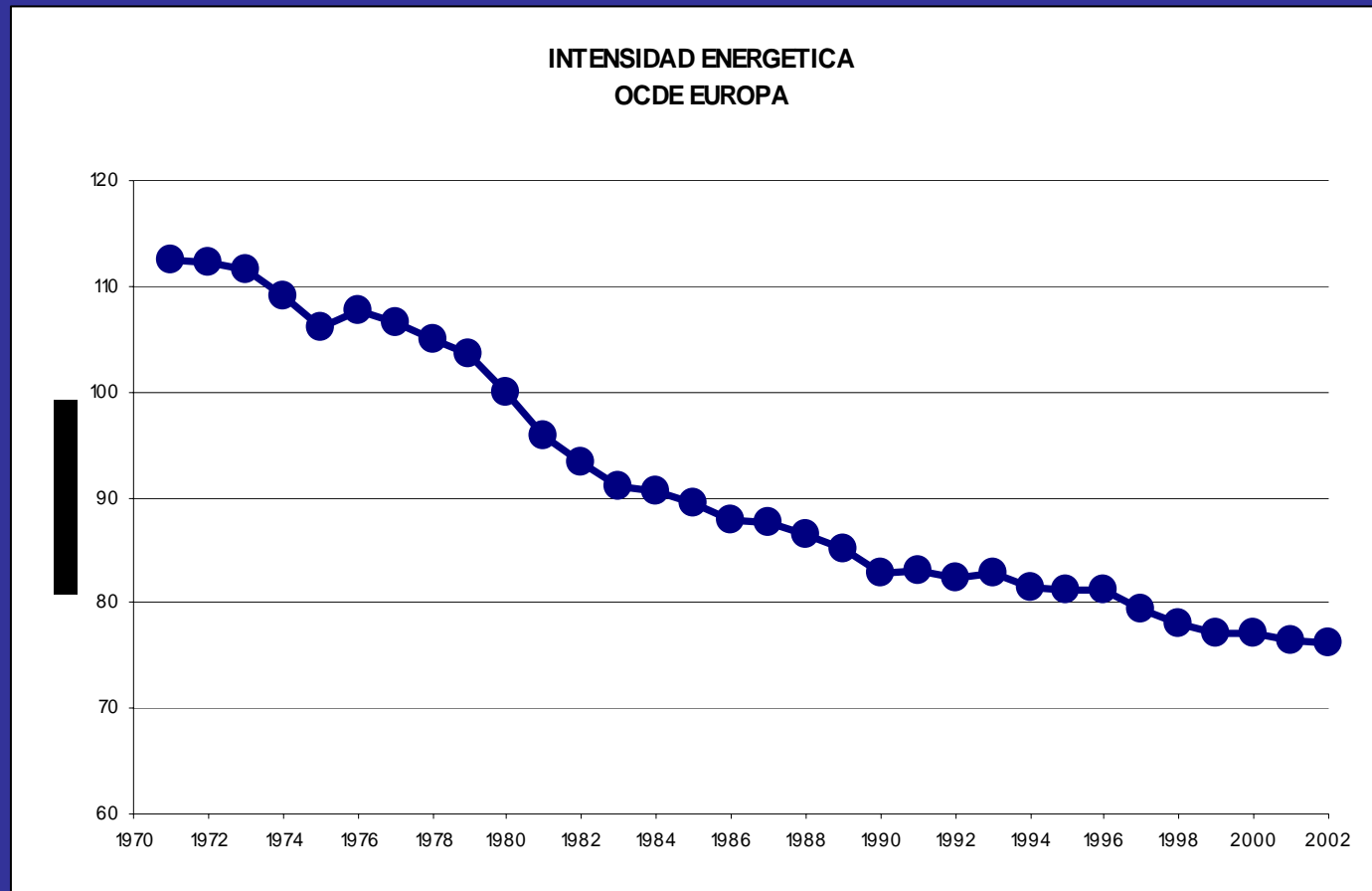
Volume of CERs
27% energy

Near term LAC pipeline

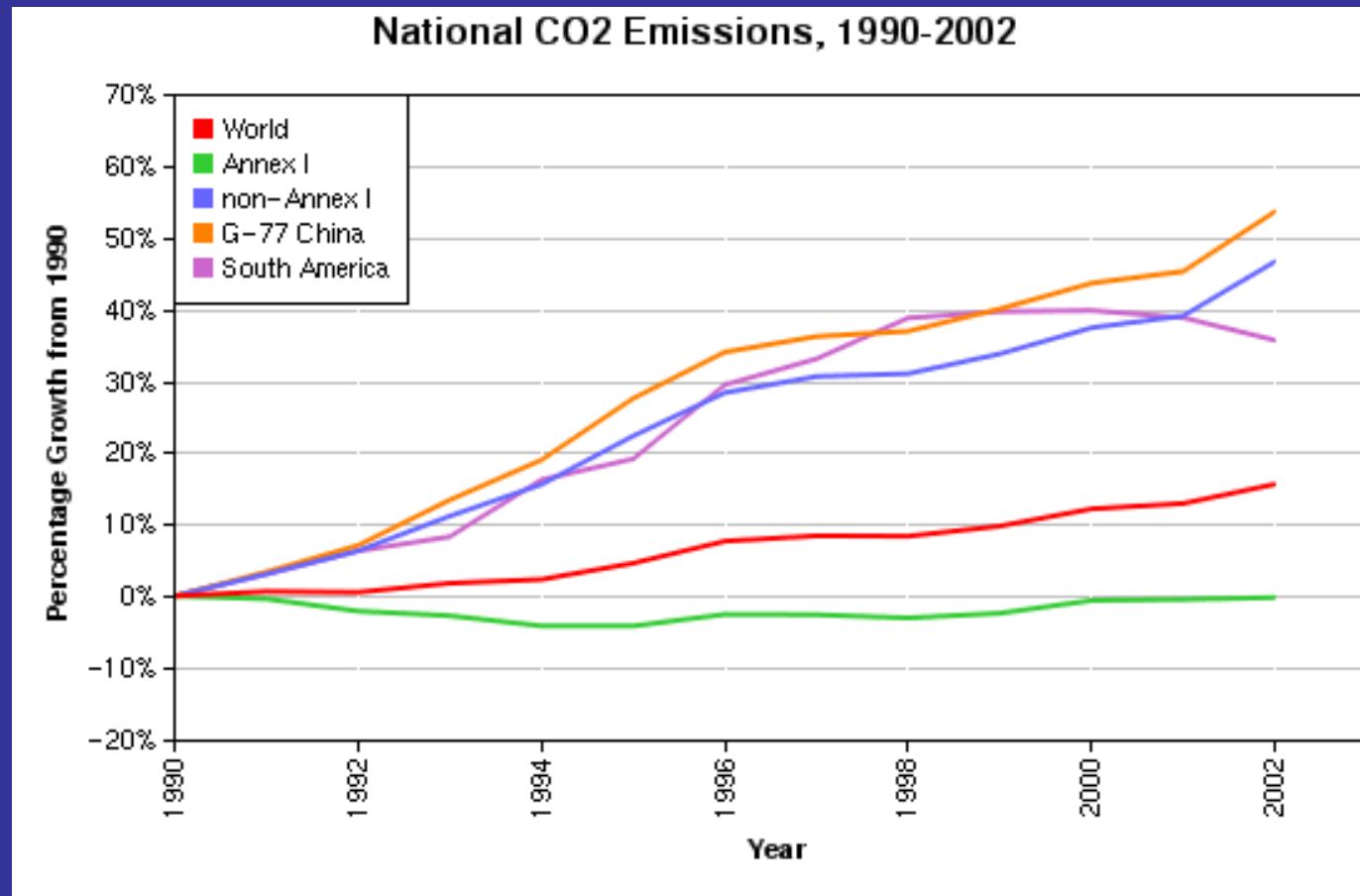


**34 projects in 9 countries
Does not include Chile**

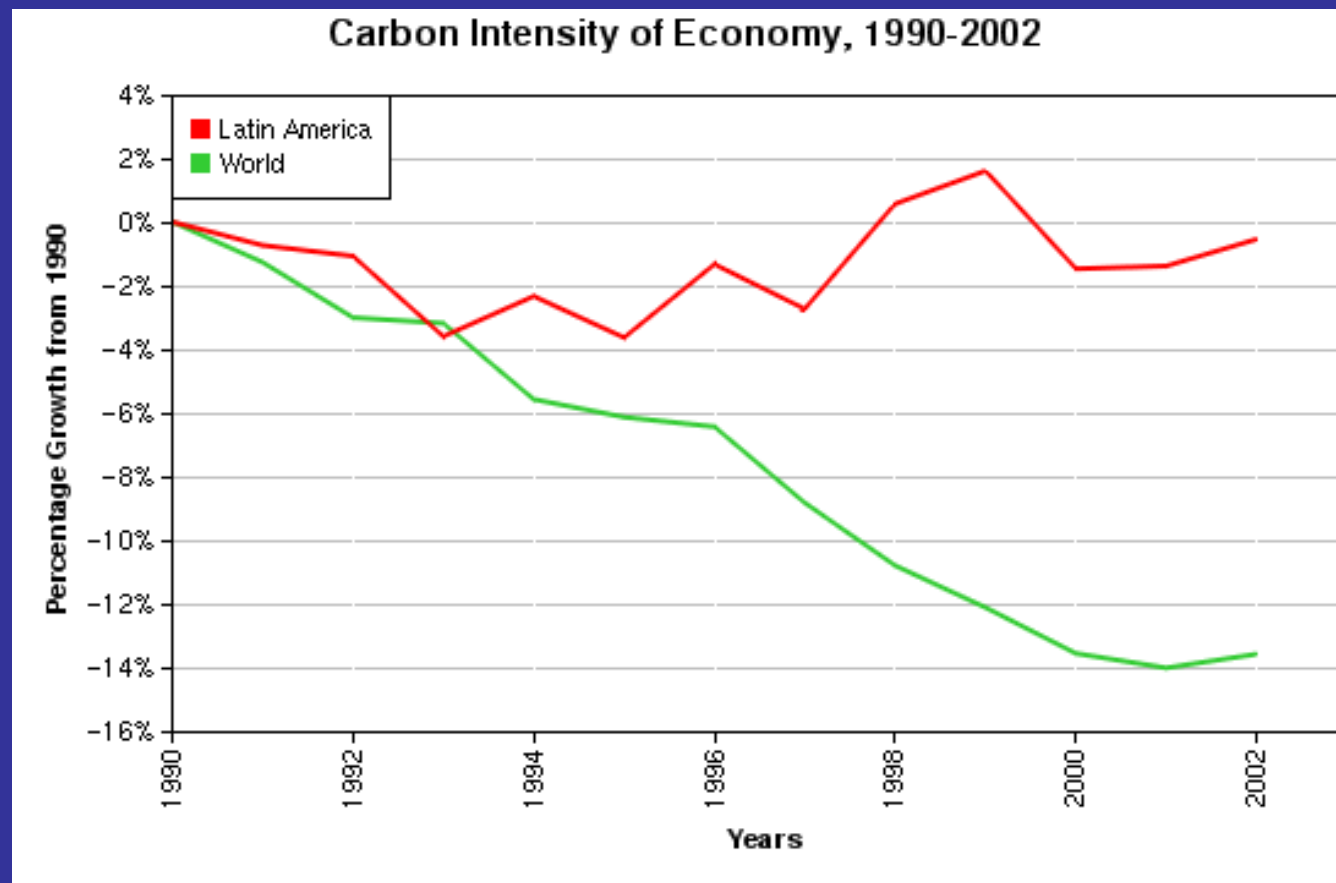
OECD energy intensity decreased 23% 1980 - 2003



LAC emissions declining with respect to G-77



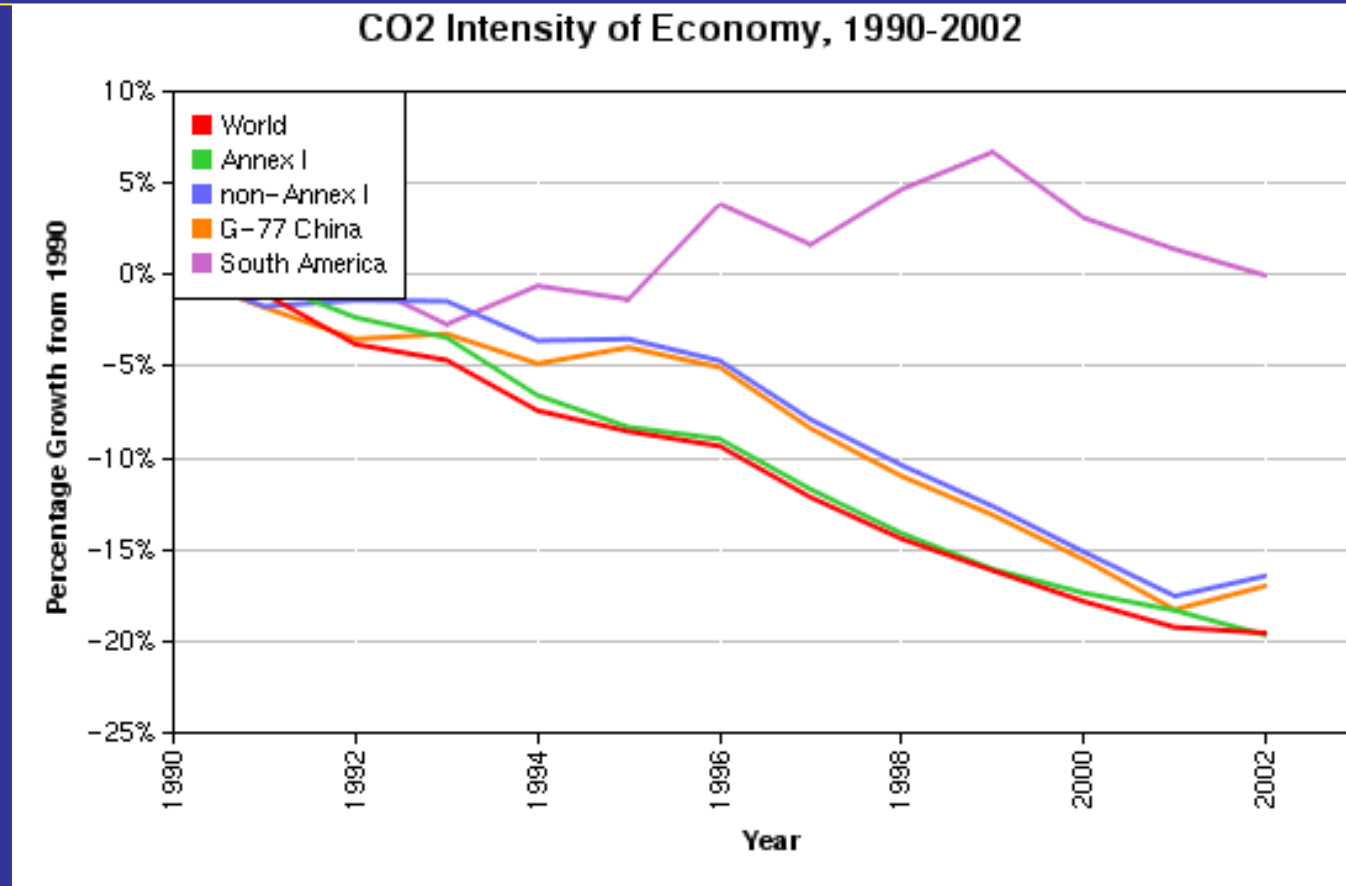
Global CO2 intensity is declining; LAC intensity is rising



Source: WRI, CAIT

Figueres, 3-2005

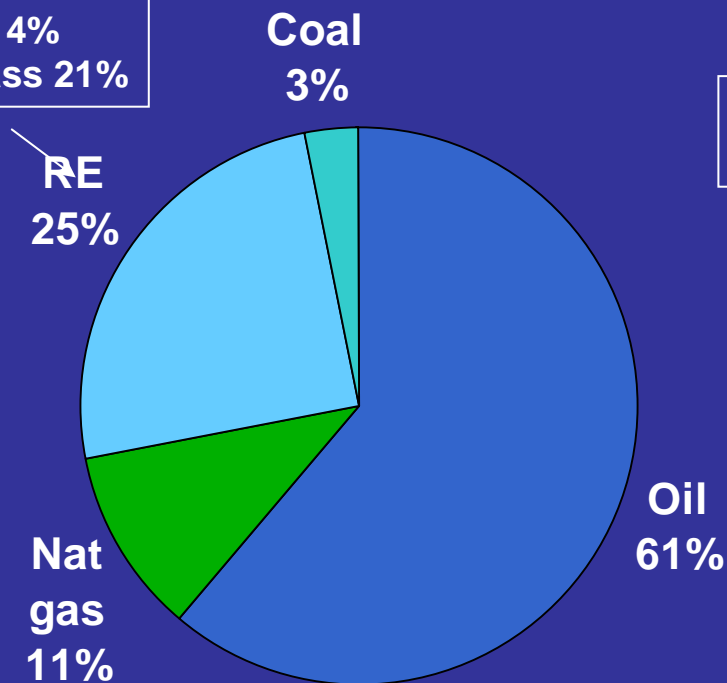
Global CO2 intensity declining; LAC intensity = 1990 levels



Source: WRI, CAIT

LAC energy supply

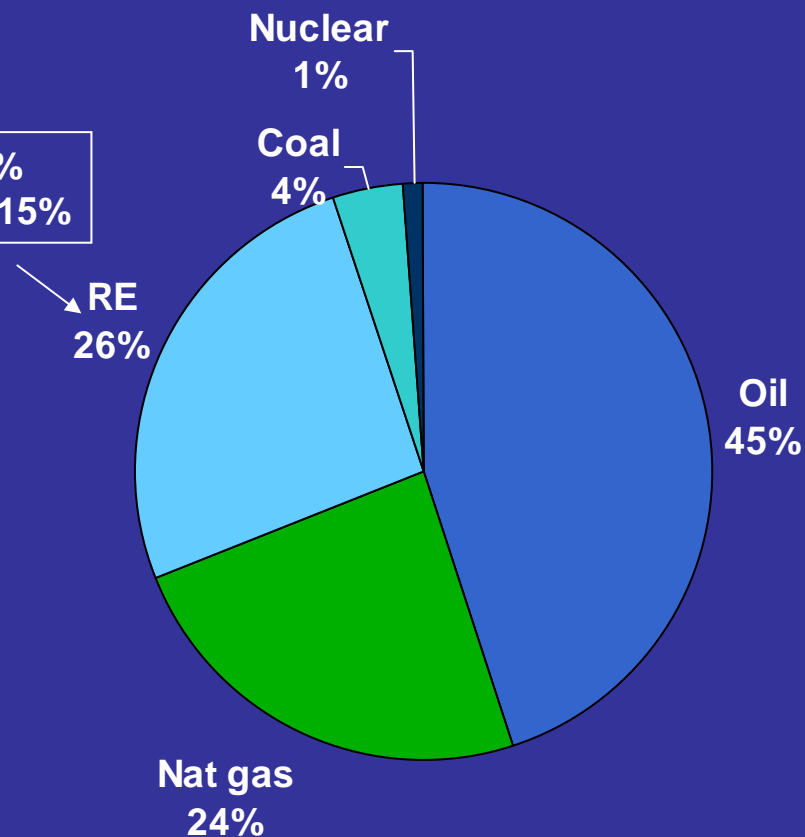
Hydro 4%
Biomass 21%



1970

Hydrocarbons 72%

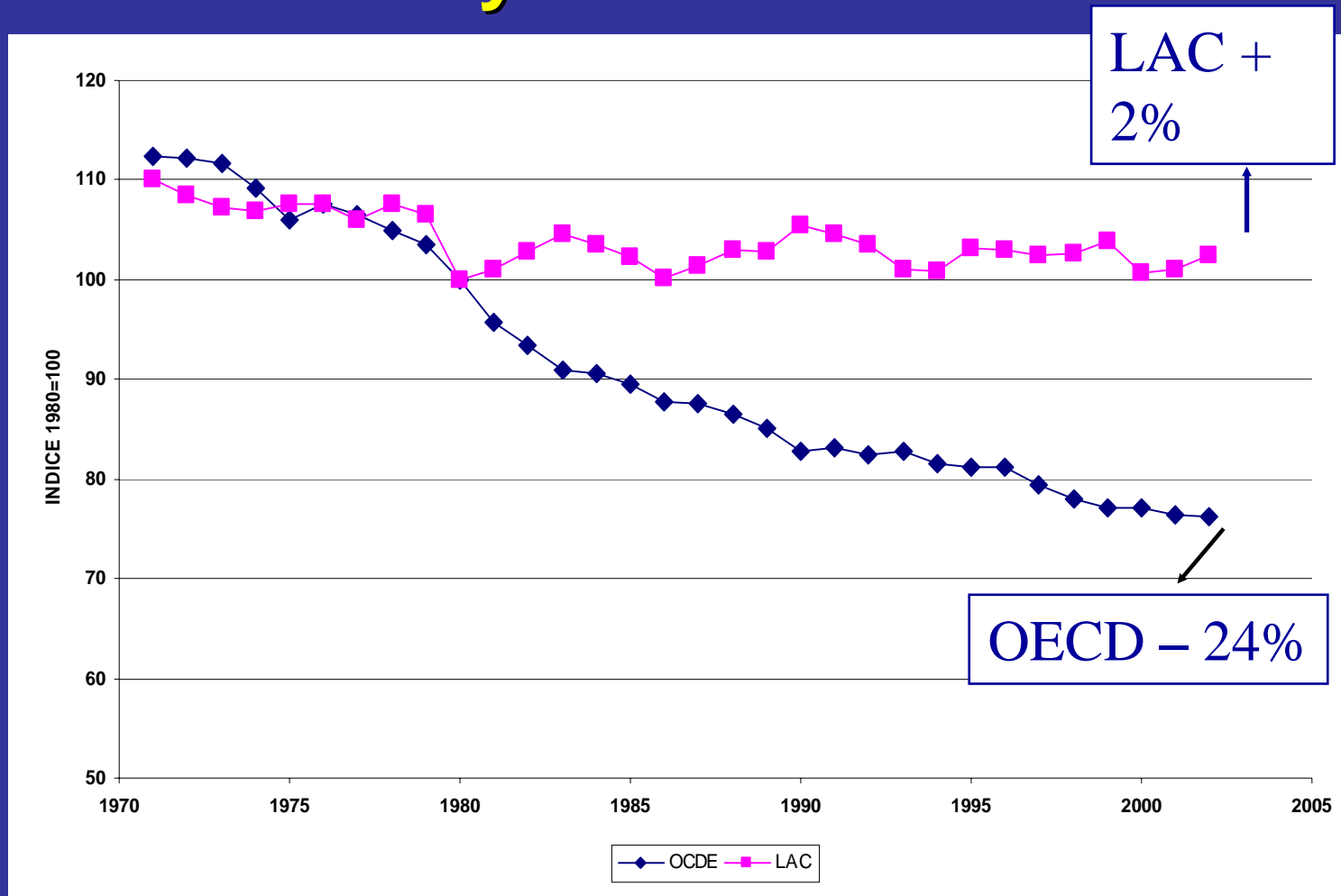
Hydro 11%
Biomass 15%



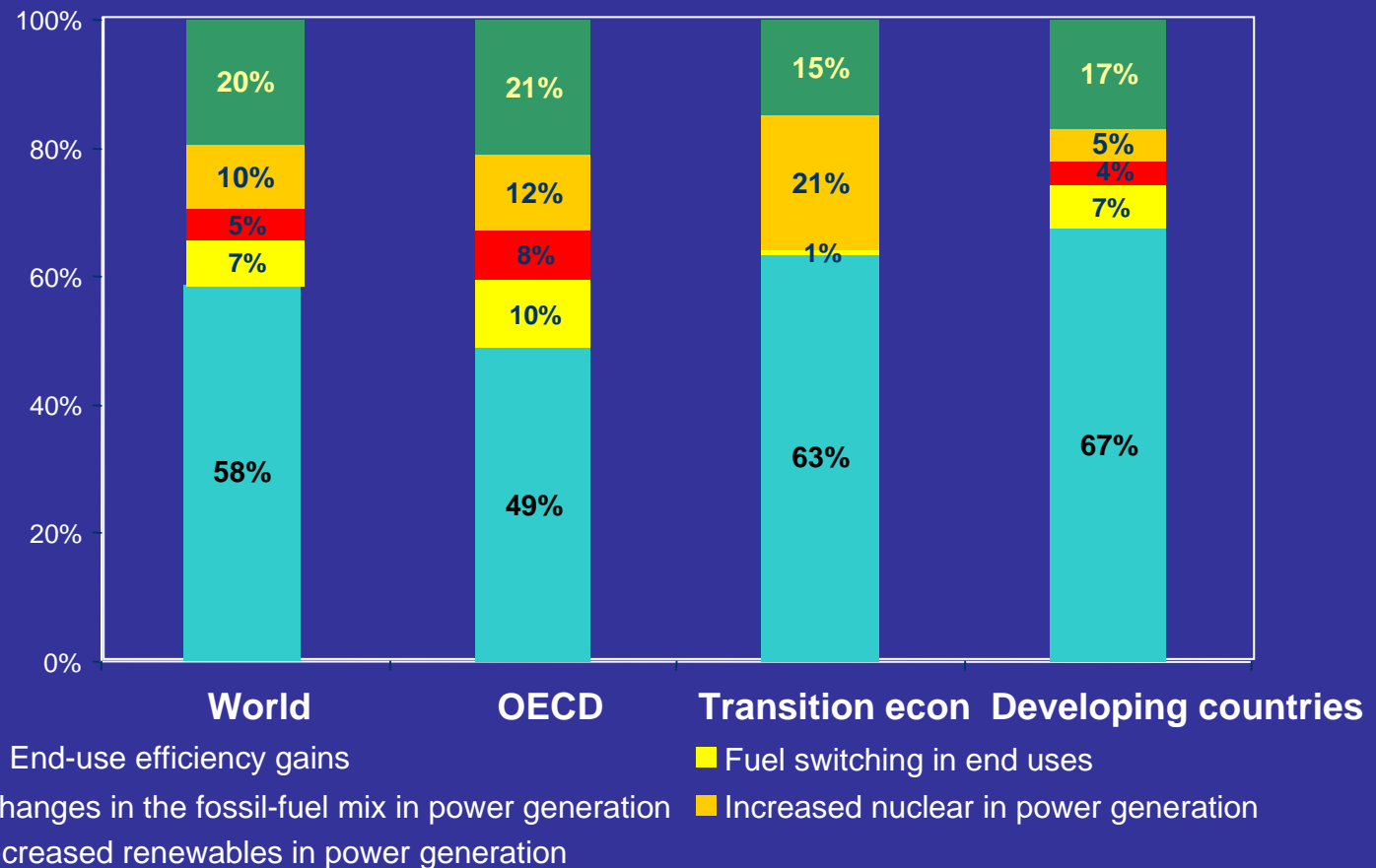
2003

Hydrocarbons 69%

LAC energy intensity increased by 2% 1980-2003



Potential for CO₂ Reduction 2002-2030



Improvements in end-use efficiency contribute 67% & renewables 17% of potential reduction in emissions

Barriers to RE and EE in the CDM

- **RE**
 - **Appropriate financing**
 - CERs still not fully incorporated into project finance
 - CER purchasing funds/programs are exception
 - **Long construction periods**
- **EE**
 - **Often dispersed**
 - **Often involve household, small industry, transportation**
 - **High transaction costs/low credit flows**
 - **Need organizing program to occur**

COP/MOP 1 Decision

- **A policy or standard can not be a CDM project**
- **But a programme of activities can be registered as a single CDM project**

Not yet clarified by Executive Board

Bundles of Large Projects

Several separate CDM projects bundled to reduce transaction costs

Projects not due to a programme

Composition of bundle known at registration and does not change

Existing methodologies apply to the individual CDM projects

Policies and Standards

Policies and standards can **NOT** be CDM projects

Presumably due to:

- Difficult of attributing reductions to a specific policy or standard

CDM Programs

Involve a deliberate program of emission reduction actions

Government policy (mandatory or voluntary)

Private initiative (voluntary)

An entity responsible for implementing the program

Implement multiple dispersed actions

May not occur at the same time

Type, size and timing may not be known at registration

Actions may be implemented by many entities

CDM Programs

One enacting agent

- Private or public
- Provides incentives or obligations
- One of the “project participants”
- Does not necessarily implement all actions

Program is the project activity

- Actions are not project activities

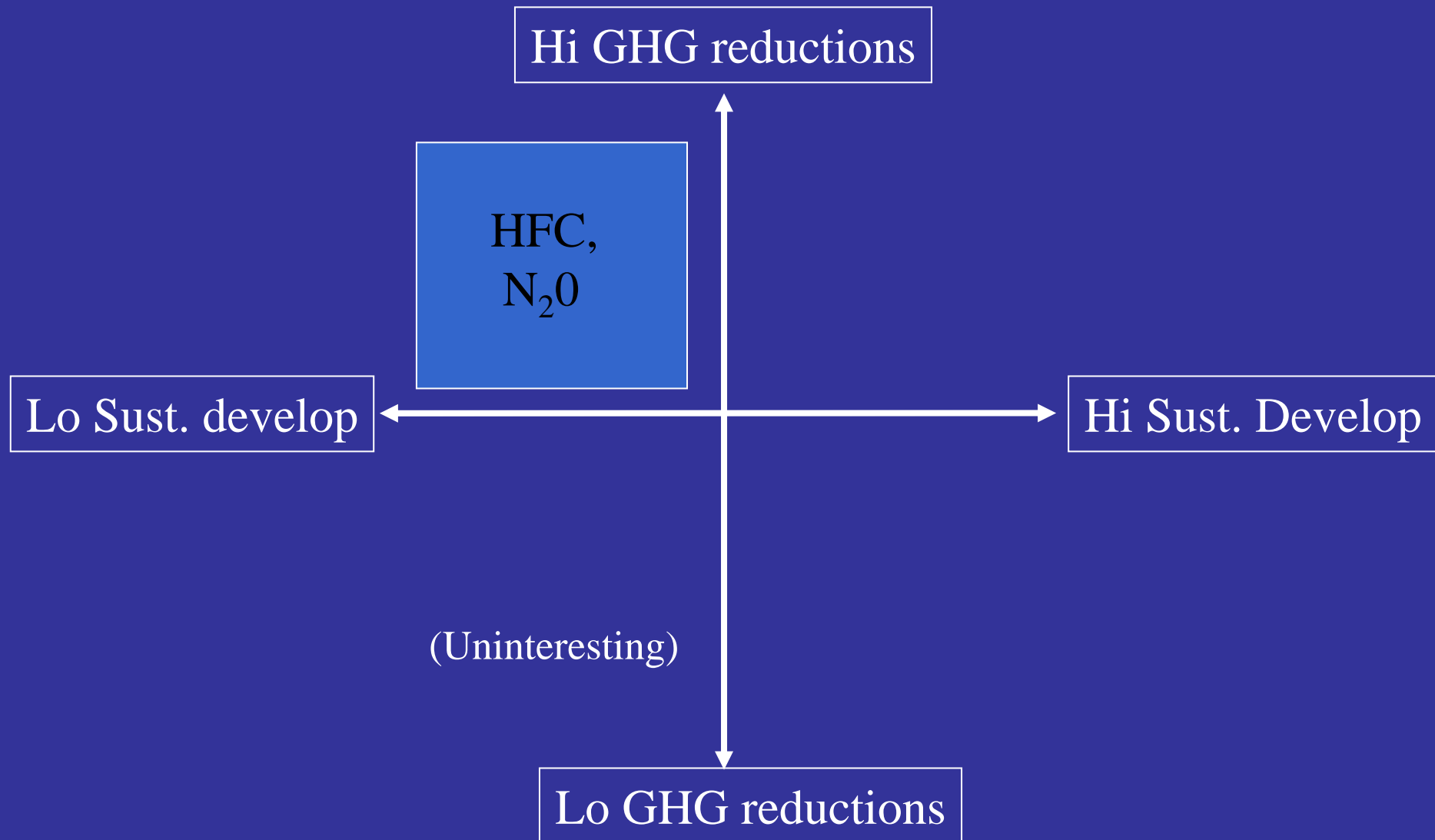
CDM Programs

Apply modalities and procedures for CDM projects *mutatis mutandis*

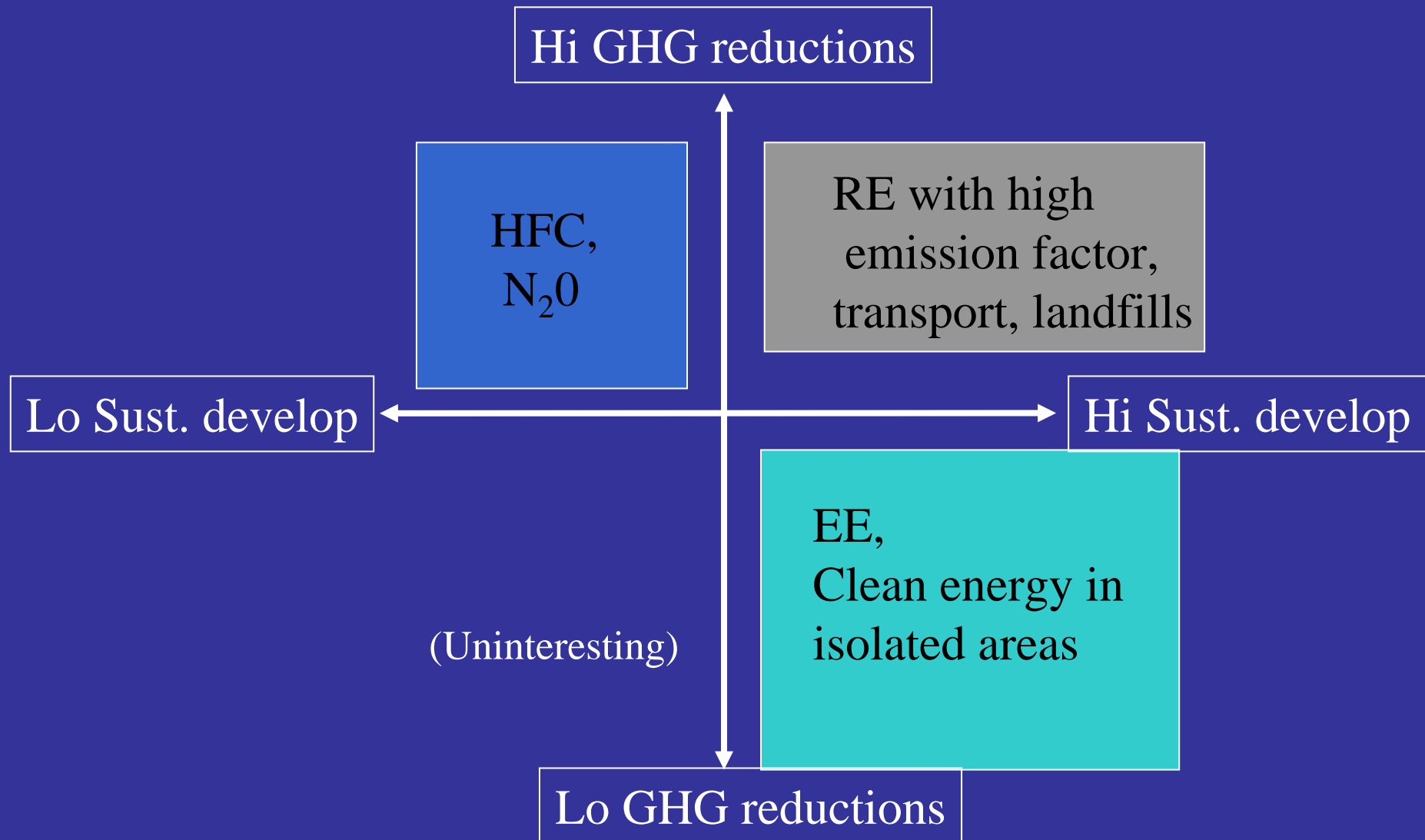
As in current CDM practice:

- Boundary
 - Leakage
 - Crediting period
 - Double counting
-
- **Baseline and additionality for program and actions**
 - **Monitoring based on sampling techniques**

CDM Projects



CDM Projects



COP/MOP1 decision on CDM programs

- *“A local/regional/national policy or standard cannot be considered as a CDM project activity, however project activities under a programme of activities can be registered as a single CDM project activity...”*

Program of activities

- **Not single site, one time construction**
- **Program: ERs are achieved by multiple actions executed over time as a result of a government measure or private sector initiative. E.g.:**
 - **Soft loan program for energy efficiency**
 - **Performance standards for appliances**
 - **Incentive for the conversion of water heaters, cookers, etc**
 - **Etc.**

Status of Programs in CDM

- 25 registered projects that have some programmatic characteristics
- No programmatic EE methodologies approved
 - **Some under consideration**
 - **More needed!!!**
- Much interest in LAC and India

Potential of CDM programs

- Strengthen CDM for RE, energy efficiency, fuel switching projects
- Reach the household sector, transportation sector and small enterprises with the CDM
- Respond better to the needs of developing countries, particularly rural areas
- Mainstream lower carbon energy economy and promote sustainability

CDM Projects

