

**Clemens Ploechl**  
**Independent Consultant**  
**Austrian JI/CDM Programme**



**The Austrian  
JI/CDM - Programme**

**Quito**

**March 2006**

# Management and Targets

**Management:** Implemented by Kommunalkredit Public Consulting representing the Austrian Ministry of the Environment

**Budget:** **EUR 288 mill.** (until 2012)

**Target:** **35 mill t CO<sub>2</sub>-eq** (until 2012)

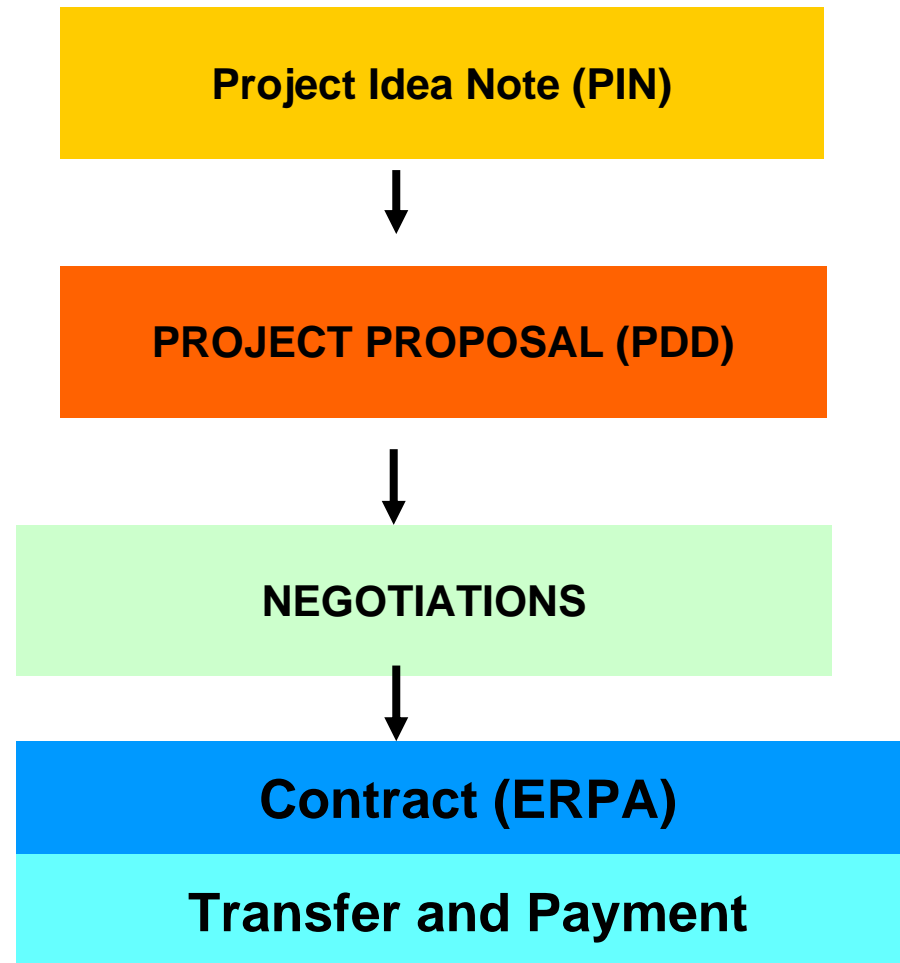
**Means:**

- Purchase of **ERUs/CERs** from **JI/CDM projects**  
(incl. financing of project-related immaterial costs)
- Investment in **Carbon Funds**

# Special Features

- **AAA** rated buyer
- Possibility of **prepayment** of up to 30%
- Possibility of **financial support** for CDM project development up to EURO 40,000—
- **Additional project benefits (environmental, social)** are considered in price negotiations
- **No** specific **country restriction** and **lower limits** on offered Emission Reductions
- **Flexibility** within the purchasing procedure

# Project Cycle - JI/CDM Projects



# Negotiation Procedure

## Process

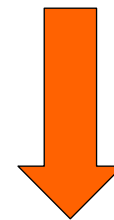
- **Term sheet:** initial position of the buyer/seller
- **Communication** meetings, conference calls, site visits, etc.

## Process of negotiation

### Draft ERPA

#### Negotiable

- price
- amount of credits
- delivery schedule



#### Not Negotiable

- governing law
- jurisdiction
- max. 30% pre-payment

### Final ERPA

# ERPA - Price

## Process of negotiation

- **Price:** Basis is **Market Price**
- **Price depends on:**
  - Country Risk, Counterparty Risk, Project Risk and Risk Sharing (e.g. guaranteed – non guaranteed delivery)
  - Project Quality (additional environmental and social benefits),
  - Advance Payment

# ERPA – Delivery of ERs

## Delivery of ERs => Transfer of ERs in the Austrian Register

### ➤ Anticipated ERs

Obligation of the Contractor to deliver ERs in accordance with the delivery schedule

### ➤ Additional ERs

ERs in excess of Anticipated ER

Possible: Call/Put Option, obligation of Contractor to offer and obligation of Purchaser to accept within a certain range, right of first refusal,...

### ➤ ERs after 2012

Possible: Options, right of first refusal....

# ERPA - Payment

## Payment

- Payments in **EURO**
- **Taxes, fees** etc. borne by the party in whose country of registration such taxes, fees become due

## Advance Payment

- **Max. 30%** of the price for the Anticipated ERs
- **Bank guarantee** over the amount plus interest
- **Advance payment**
  - Credited against the **first** deliveries of ERs **or**
  - Credited over the **full contract period**

# Project Implementation

## Implementation

- **Validity** of ERs
- **Annual** reporting Requirements
- **Further** Reporting Requirements
- **Inspection Rights**
- **Further Undertakings** regarding the Project

## Representation and Warranties

Contractor has to provide certain representations and warranties commonly applied in international purchase and financing contracts

# Termination & Delivery Default

## Delivery Default

- **Delivery default** if Contractor fails to deliver ERs vs. delivery schedule
- **Extent of Delivery Default** => Legal Consequences
  - **No consequence**
  - **Cure period** (to deliver alternative ERs)
  - **Payment of the difference between market price and unit price** (for non delivered ERs)
  - **Termination**

# Preceding Conditions & Miscellaneous

## Preceding Conditions

- Recommendations by the Commission for the Austrian JI/CDM Programme & Approval by the Austrian Federal Minister of Agriculture, Forestry, Environment and Water Management
- LoA by host country DNA

## Miscellaneous

- Subcontracting, confidentiality, form of communication etc.

Statement of Programme Management  
Recommendation by Austrian JI/CDM Commission  
Decision and signing by Minister of Environment



# Austrian JI/CDM Programme

## Project Examples **Alwar Power Company Lt** **Biomass Project, India**



### Technical Data:

- Energy Prod. from Biomass: Mustard Crop Residuals (around 80.000t)
- Capacity 7.5 MWeI
- Energy Generation 40-44 GWh/a
- Annual CO<sub>2</sub> Reduction 30-36,000 tCO<sub>2e</sub>

### Financial Data:

- Investment EUR 5.4 Mill.
- Financing 30% Equity,  
70% Debt
- Impact CER 20% of inv. (<EUR 5)



# Austrian JI/CDM Programme

## Project Examples **N<sub>2</sub>O Destruction Project Abu Qir Fertiliser, Egypt CDM**

### Technical Data:

- Catalytic destruction for N<sub>2</sub>O emissions in the tail gas of nitric acid plants
- Expected N<sub>2</sub>O red. 90%-98%
- Annual CO<sub>2</sub> Red. 900,000 tCO<sub>2e</sub>

### Financial Data:

- Investment EUR 7 Mio
- Financing Equity, Advance Payment (bank guarantee)
- Impact CER 400-500% of inv. (<EUR 6.5)



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## Project Examples: **Jilin Taonan Wind Power Project, CHINA**

### Technical Data

- Capacity 50 MWeI
- Energy Generation 103 GWh/a
- Annual CO<sub>2</sub> Reduction 94,000 tCO<sub>2e</sub>  
for 6,5 yrs

### Financial Data

- Investment CER 50 Mill.
- Impact CER ca. 6% of inv.  
( < EUR 6)



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# Austrian JI/CDM Programme

[www.ji-cdm-austria.at/](http://www.ji-cdm-austria.at/)



Kommunal  
K R E D I T  
Public Consulting

Adresse <http://www.ji-cdm-austria.at/en/kontakt.php>

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