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

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**Project Development Cycle**

**CDM project activity cycle**

- **Design**
- **Validation/registration**
- **Monitoring**
- **Verification/certification**
- **Issuance**

**CDM Project Opportunities**

- **Renewable energy**
  - Hydro, Wind, Solar Energy
  - Biomass power
  - Geothermal, Tidel Energy

- **Fuel switching (From fossil fuel to green fuel like biomass, rice husk 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
Cycle for Availing the carbon credits….

**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.
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

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
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:**
- DoE Appointment
- Desk Review
- Global Stakeholder Consultation
- Site Visit & CDM Audit
- Issuance of Validation Report

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
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

CER Transaction

**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
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

Thank you

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