Report on Project Consultations

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Objective of Project Consultations

- To assist PPs in assessing concept notes of proposed projects and provide advisory inputs in support of CDM process

- To provide PPs with an opportunity of meeting with ADB (ODs, TSF, FCF) for possibilities of:
  - Financial assistance
  - CDM assistance
  - Purchase of CERs

Summary of Proposed Project Concepts

- A total of 33 project concepts received from 14 countries
  - 16 from 7 countries in SE/E/S Asia
  - 12 from 3 countries in CW Asia
  - 5 from 4 countries in Pacific

- Diversification of project types (sectors/technologies)

- Various status of project development and implementation

- Various stages of CDM process (initial concept – registered)

- One-on-one project consultation meetings with ADB TSF and FCF on 14 projects on 06 Sep 2011
## Overview of One-On-One Consultation

### Project - 1: Rice husk biomass cogeneration
- Installation of a rice husk boiler to replace furnace oil boiler and diesel powered steam turbine. (Already operational for 1+ year)
- No-objection letter issued by DNA, PDD development and CDM process stalled for 2+ years. Original CERPA expired.

### Project - 2: Integrated Water Mill PoA
- Cover around 4500 IMS in Nepal
- Baseline study, PoA DD ad CPA DD to be finalized
- DOE appointed and validation expected to start in 2 weeks

### Project - 3: WWF Nepal Gold Standard VER Project II
- 7500 biogas plants, 17 communities in Nepal
- Implemented with micro financing scheme.
- Agreement for sale of VERs for 21 years with very high VER rate
- Preference of GS being easy process with bigger market coverage

## Overview of One-On-One Consultation

### Project - 4: Improved Cook Stove Chitawan Nepal
- Around 4500 cook stoves, received ADB grant for preliminary study
- Concern about high level of efforts required for validation (request UNFCCC for simplification of CDM process for such small projects)

### Project - 1: Composting PoA
- Cover 6 city projects and over 10 small municipal projects
- Composting projects of ADB assisted UGIP-II project and health sector projects also covered under this PoA.

### Project - 1: 1200MW Punhatsangchu HPP
- In advanced stage of validation;
- Issues related to capacity changes, timing of financial analysis and host country approval.
Overview of One-On-One Consultation

<table>
<thead>
<tr>
<th>Country</th>
<th>Cambodia (South Asia)</th>
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<tbody>
<tr>
<td><strong>Project - 1</strong></td>
<td><strong>Angkor Bio Cogeneration Rice Husk Power Project</strong></td>
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<tr>
<td></td>
<td>➢ Project is already registered however, there was delay in start of the project due to procedural delay in customs.</td>
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<td>➢ Now requesting for delay of start date of crediting period.</td>
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<tr>
<th>Country</th>
<th>Sri Lanka (South Asia)</th>
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<tr>
<td><strong>Project - 1</strong></td>
<td><strong>SF6 Reduction Project</strong></td>
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<td>➢ To capture SF6 being emitted at switchers, substations due to the deterioration of the system.</td>
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<td></td>
<td>➢ Pre-feasibility study currently undergoing and potential ERs to be estimated.</td>
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<td>➢ New concept, not only CDM assistance but also assistance on actual implementation and management of the project are required.</td>
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<th>Country</th>
<th>Mongolia (East Asia)</th>
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<tr>
<td><strong>Project - 1</strong></td>
<td><strong>Oyu Tolgoi 102MW Wind Power Project</strong></td>
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<td>➢ Feasibility study and turbine supply agreement accomplished.</td>
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<td>➢ Tariff in PPA to be finalized. PDD being prepared. Seeking carbon cofinancing.</td>
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<th>Country</th>
<th>Georgia (Central West Asia)</th>
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<tr>
<td><strong>Project - 1</strong></td>
<td><strong>80 WM run-of-river hydro power project</strong></td>
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<td></td>
<td>➢ At planning stage, seeking assistance from ADB on CDM process</td>
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<td>➢ Prior CDM consideration submitted to DNA and UNFCCC secretariat</td>
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<td>➢ Key issue being the determination of the grid emission factor due to power export to Turkey (for three months in winter via Georgia Grid). Grid emission factor in Turkey is 0.6 tCO2/MWh while the one in Georgia is 0.3 tCO2/MWh subject to decrease.</td>
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<th>Country</th>
<th>Uzbekistan (Central West Asia)</th>
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<td><strong>Project - 1</strong></td>
<td><strong>Talimarjan 2 CCGT</strong></td>
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<td>➢ CDM registration process being assisted by ADB TSF, including PDD preparation.</td>
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<td>➢ Currently, in the process of confirming the appropriate benchmark and finalizing financial analysis.</td>
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# Overview of One-On-One Consultation

## Country | Pakistan (Central West Asia)
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**Projects – 1 to 6**
1. Installation of energy efficient transformers
2. Installation of efficient LT capacitors
3. SF6 leakage reduction
4. Installation of solar street lighting
5. Rehabilitation of the thermal power plant
6. Replacement of inefficient irrigation tubewell pumps and motors

- Most projects still at preliminary stage and seeking for financing support.
- Further assessment on CDM eligibility and methodology applicability

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## Country | Fiji (Pacific)
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**Project - 1** | Wastewater Project
- Methane capture & flaring project at Kinoya Wastewater Treatment Plant already registered, with support from ADB, TSF. (TSF to provide support for monitoring and verification)
- The Water Authority of Fiji is considering replicating the CDM efforts for the other 8 wastewater treatment plants in Fiji, through bundling or other appropriate ways.

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## Country | Papua New Guinea (Pacific)
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**Project - 1** | 80MW Nauro Brown HPP
- Feasibility studies in the final stages of completion.
- Project expected to be commissioned in 2016.
- Estimated ER of around 80,000 tCO2e/year.
Overview of One-On-One Consultation

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<th>Country</th>
<th>Solomon Islands (Pacific)</th>
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<tr>
<td>Project - 1</td>
<td>Tina River 15MW HPP</td>
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- Feasibility study underway and expected to be completed by November 2011.
- The Ministry of Energy & Mines and the PP have expressed willingness to develop the project under CDM.
- The project is planned to be commissioned in 2015 and is expected to generate 56,000 MWh of energy annually.
- The estimated ER is 44,000 tCO2e per year.

Summary and Conclusions

- Diversification of project types
  - Project-based CDM / PoA
  - Higher uptake of large-scale projects (up to 1200MW HPP)
  - Hydro, wind, biogas, biomass
  - “Less common” sectors/technologies, such as SF6, CCGT, transformer/capacitor, natural gas leakage.
  - Cross-border projects

- Various status of project development and implementation
  - Already operational
  - Construction and installation underway
  - Orders of major equipment placed
  - Feasibility study completed / being prepared
  - Preliminary concepts

- Some projects not yet financially closed and still seeking financing support
Summary and Conclusions

- Various stages of CDM process
  - Registered (physical implementation delayed)
  - In validation (early stage / advanced stage)
  - DOE appointed but validation not yet commenced
  - HCA in place
  - PDD in preparation (early stage / advanced stage)
  - PIN / preliminary concepts / seeking external support for CDM process (PDD preparation etc)

- Underlying financing is critical to translate the concepts/feasibility studies into real actions (order placement, construction, installation etc) to make the projects happen.
  - Projects seeking underlying finance from ADB should be included in the Country Partnership Strategy (CPS) / Country Operations Business Plan (COBP)
  - CDM process including CDM documentation (e.g., CDM prior consideration) is already streamlined to the loan process of Operation Departments of ADB

- Carbon co-financing at early stages (e.g. Pay-In-Advance CERs) is effective approach in support of project development and implementation. Quality CDM technical assistance is key to success of CDM process.
  - Potential support from the Technical Support Facility (TSF) and Future Carbon Fund (FCF) under ADB’s Carbon Market Program (CMP)
Summary and Conclusions

- Simplification of CDM modalities and procedures (e.g. standardized baseline and additionality) in favor of under-represented countries can effectively reduce transaction costs of some types of projects.

- Voluntary markets other than CDM, such as VCS, Gold Standard, could be alternatives to some projects not able to afford high transaction costs and lengthy process of CDM.