

## CDM Newsletter

Second Issue

August 2006

### Overview of CDM

In order for CDM projects to be implemented in China, a project must first be approved by the Climate Office of the National Development and Reform Commission and reviewed by the Designated Operational Entity (DOE). The project must then be registered with the Executive Board (EB). The registration of CDM projects in EB only marks the formal start. Projects will only receive Certified Emissions Reductions (CERs) from the DOE after they reduce emissions and such reductions are monitored and qualified.

CDM in China is now booming and 46 projects have been approved by the National Development and Reform Commission. However, many Chinese enterprises still lack understanding of CDM, and Chinese projects account for only 4.5% of total projects registered with the EB – lagging far behind Brazil, India, and other countries. Therefore it is still necessary for China and the relevant agencies of CDM to step up the publicity and promote understanding of the CDM.

### CDM information

#### **4 July 2006: CDM projects started in Shanxi with over 30 projects initially screened**

Recently, a signing ceremony was held for the cooperation of Shanxi Air Clean Development Mechanism (CDM) Technology Center and Japan's Mitsubishi UFJ Securities Clean Energy Finance Committee, which marked the formal start of CDM projects in Shanxi Province. Currently Shanxi Province has initially screened more than 30 potential CDM projects and several CDM projects in Jincheng City and Lvliang City have already entered the implementation stage. ([www.bhi.com.cn](http://www.bhi.com.cn))

#### **25 July 2006: France and China signed CDM cooperation agreement in Beijing**

The signing ceremony for supporting CDM projects from French Global Environment Fund in the four western provinces of China was held at the French Ambassador's residence. The project aims to assist the western provinces Yunnan, Guizhou, Sichuan and Guangxi in China to improve mechanisms for the development and implementation of CDM. It will also tap the enormous potential of the CDM to reduce greenhouse gas emissions and protect the global environment. The sustainable development of these provinces will be promoted and accompanied by the

strengthening of the Sino-French cooperation in fields of economic, trade, energy and environmental protection. It is reported that the total budget of this cooperation project is 1.5 million Euros, including 350,000 euros of matching funds from China, 400,000 Euros from the French Development Agency assistance funds, and 750,000 Euros from the French Global Environment Fund.. The Chinese Ministry of Science and Technology together with the National Development and Reform Commission and relevant departments of the four provinces will work with the French Development Agency and other relevant bodies to do a good job in the implementation of projects. (Zhao Yanxue, www.people.com.cn)

### **7 August 2006: Gansu is at first as regards the amount of CDM projects approved in China**

Reporters learned from the concerned departments in Gansu Province that up to the present, 10 hydroelectric projects in Gansu Province such as Jingtieshan Station, Danghe Station, Wudu district Dayuan Dam hydropower station, etc. have been audited by the Board of State CDM Projects and that National Development and Reform Commission has issued a consent to the projects as CDM items. At present the total number of projects in Gansu Province approved by the competent departments is at first in China. It is also understood that the greenhouse gas emission reductions of these 10 CDM projects can reach 1072.6 thousand tons of carbon dioxide . The greenhouse gas emission reductions generated by these 10 projects will gradually start official transactions from 2008 and some emission reductions buyers have already been identified. (Gao Xiang, Wang Bingdi, Western Economic Daily)

### **16 August 2006: Global carbon trading reached new high during the first half**

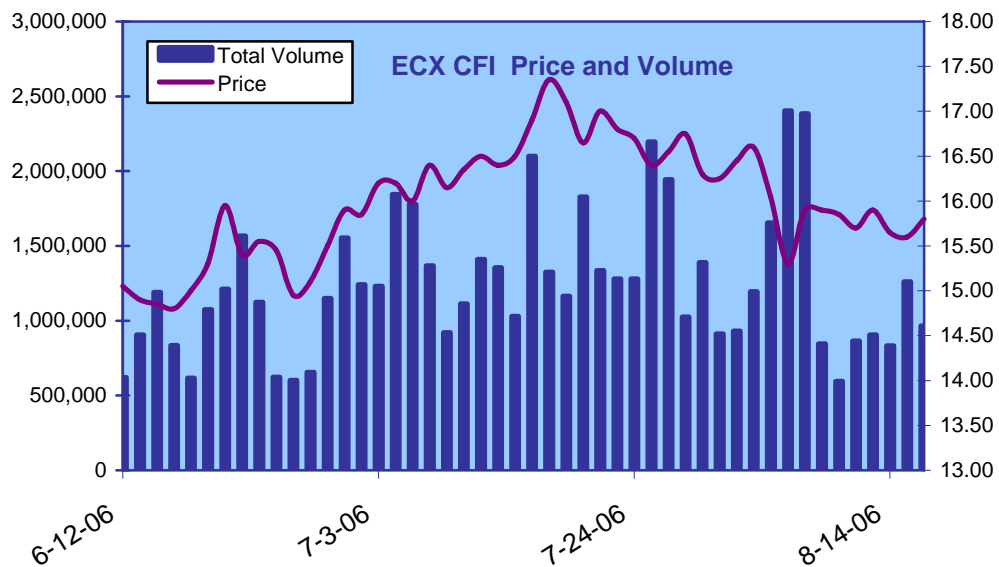
According to Point Carbon Corporation, global carbon trading volume has hit an all time high in the first half of 2006. In this period, the global carbon trading volume equaled 684 million tons of carbon dioxide, more than five times the volume of the same period last year and is the equivalent of 85% of total 2005 carbon trading. The monetary value of the carbon trading in the first half of 2006 equaled 12 billion euros (15 billion U.S. dollars), which far exceeded the the total amount in 2005. The EU Emissions Trading Scheme (EU ETS) still holds the dominant position in the market for carbon trading. In the first half of 2006, the trade volume of EU was about 440 million tons accounting for 65% of total global transaction. However, with the lowering of the EU quota prices at the end of April 2006 the total trade volume in the EU in the first half of the year was only 9.9 billion euros, which was significantly less than the expected amount.

The total carbon trading volume of CDM and joint implementation projects was equivalent to 226 million tons of carbon dioxide with a total value of 1.976 billion euros. As of June 2006, carbon trading volume of CDM projects was 193 million tones with total trading volume of about 1.545 billion euros. Secondary trading of CDM has increased to tenfold of that in 2005. Point Carbon Corporation expected that in 2006, total global carbon trading would reach 13.82 million tons with the trading volume of about 22 billion euros, which would far exceed the 800 million tons or 9.4 billion euros traded last year. (Wang Hao, www.people.com.cn)

## **CDM Marketing:**

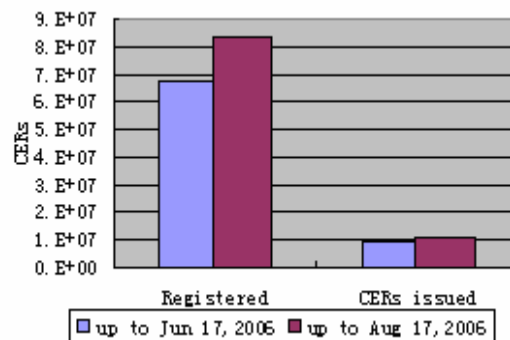
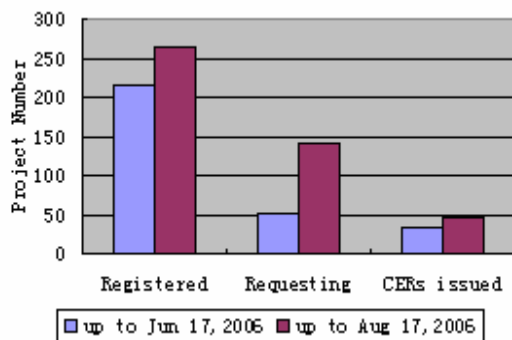
The selling price for CDM in China is currently about 7 to 8 USD per ton.

European Climate Exchange data: (From <http://www.europeanclimateexchange.com>)

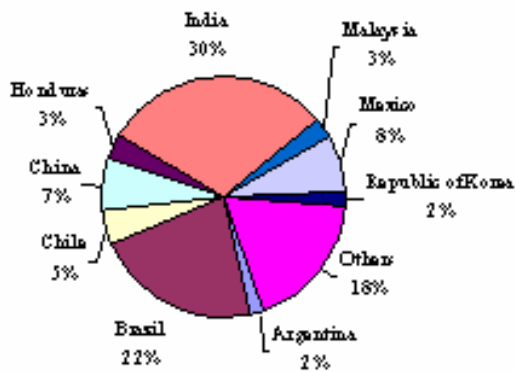


### CDM Statistics:

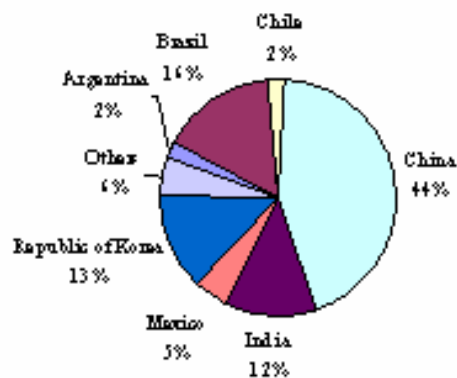
Word: (Source: [www.unfccc.int](http://www.unfccc.int))



Registered project activities by host party, Total:265



Expected average annual CERs from registered projects by host party, Total:24,021,152



China: (source: <http://cdm.ccchina.gov.cn>)

