

CDM Newsletter

**Fourth Issue
December 2006**

Overview of CDM

When one is involved in developing a CDM project, it is also important to try to understand what are the main risk involved and how they are to be managed, as bases for forging a win-win situation between the involved parts (buyer and CDM Developer), where the main goal is always to develop a healthy and constructive relation.

For a short exercise, we list here some of the main risks that a CDM project might have to face during its life time:

- Hosting country's political and legal infrastructure stability as well as currency fluctuations;
- Financial viability and internal market stability;
- Possible nationalisation of project assets;
- Baseline technology/calculation becomes obsolete earlier than expected; etc

These risks are many and add to the ones common to the “ordinary” risks from the project development itself, like cost overrun, delay in the construction/commissioning etc. And also, the fact that once the project is registered, and the CERs sold, the project activities must not stop until the foreseen amount of the emissions reductions are achieved. A more comprehensive vision on the risks and how to tackle them can be found in the international literature, and due its extension and complexity, would be out of scope on one single Newsletter. (Marcos Alexandre Teixeira - RGEDS – IST, *Selling of CERs and CDM Risks Management, a researcher's points of view-Part I*)

CDM information

29 November 2006: A tentative agenda and notes for the 28th CDM Executive Board Meeting are published

The tentative agenda and related notes for the 28th CDM Executive Board (EB) Meeting have been published on the website of CDM EB. They can be viewed at <http://cdm.unfccc.int/EB/028>. Please also refer to *Legal Issues - Guidebook to the Clean Development Mechanism, UNEP 2004*. It is available at: <http://www.cd4cdm.org/Publications/>.

26 December 2006: China reports that over the past twenty years it has made tremendous progress on greenhouse gas emissions reduction

The Chinese “National Assessment Report on Climate Change” was officially released on Dec 26. The report stated that China had made great achievements in reducing greenhouse gas emissions. From 1980 to 2000, China's carbon dioxide emissions intensity per unit of GDP decreased by 66 percent with an annual decrease of 5.4 percent. This decline illustrates China’s substantial contribution to the global slowdown in carbon dioxide emissions. The report also concluded that China has encountered greenhouse gases in a way that takes economic development and improvement of people's living standards into consideration. Consequently, energy consumption and carbon dioxide emissions have grown as a necessary part of China's industrialization and modernization processes. Such growth has been necessary for modernization and has been a part of the economic development of all nations.

In the first half of this century, China will mainly rely on the development of renewable energy resources to meet the energy of its economic and social development. In doing so, China expects to achieve zero or even negative growth in carbon dioxide emissions. Before that time, it is premature for China to assume absolute or mandatory emission reductions. Doing so would severely restrict China's modernization process. China should, however, make a positive contribution to the protection of global environment in the process of dealing with global climate change. Meanwhile international emission reduction obligations that China does take on should be compatible with its economic and social development and preserve the legitimate rights and interests of China’s development.

China faces unprecedented opportunities and challenges. On one hand, over the next fifty years, China will maintain its decreasing rate of carbon dioxide emissions above the level of 3.0%. On the other hand, a very large population, great economic output, a rapid mode of growth and technological shortcomings may result in China's carbon dioxide emissions continuing to rise. By 2020, China’s per capita carbon dioxide emissions are expected to reach world's average level of emissions. The total emissions of China in 2025 is expected to exceed that of the United States, making China the world's largest emissions producer.

According to this latest report, China will adopt a responsible attitude toward the world’s environment and implement a national strategy for sustainable development. Moreover, China will actively play a guiding role in international cooperation and negotiations on environmental issues. While safeguarding national interests and development, China will contribute to the ultimate goal of protecting the global environment and realizing the United Nations Framework Convention on Climate Change. (China News Service)

25 December 2006: EB issues Nanjing Tianjingwa Landfill Gas to Electricity Project CERs

Following 26,900 tons of CERs issued by EB on July 3, 2006 to the Nanjing Tianjingwa Landfill Gas to Electricity Project, the EB issued another 15, 523 tons of CERs to the Nanjing Tianjingwa Landfill Gas to Electricity Project on December 22, 2006. The project’s current total amount of CERs issued by EB is 42,444 tons. (EB)

19 December 2006: China identifies priority development areas for afforestation

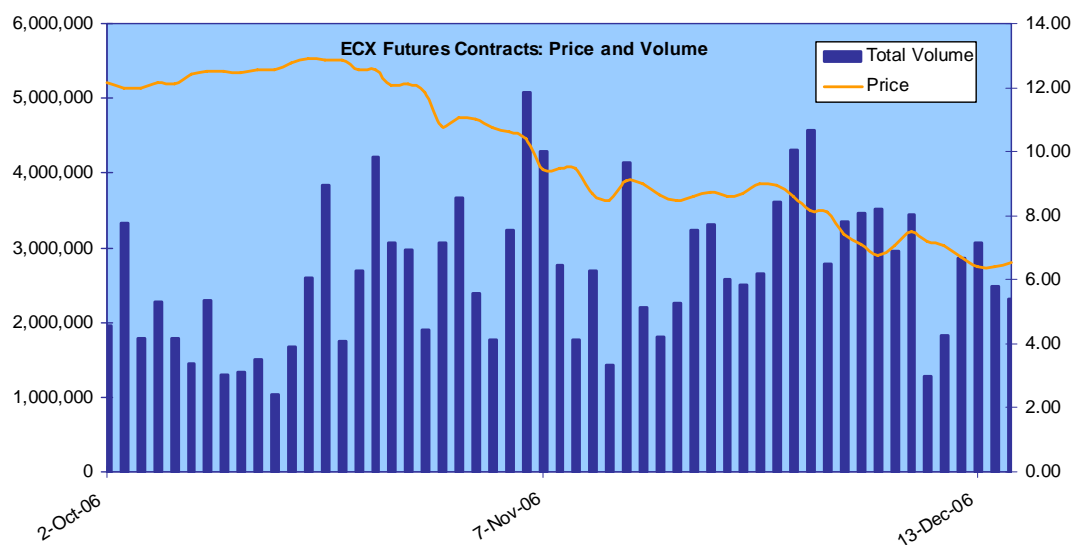
and reforestation carbon trading projects

On December 12th, experts approved the selection and evaluation project of China's priority development regions for afforestation and reforestation carbon trading projects. This determines the priority and sub-priority development regions for launching CDM carbon trading projects. The regions include southern subtropical evergreen broad-leaved forest, the southern subtropical forests, tropical rain forests and rain forest zones, the Qinghai-Tibet mountain coniferous forests and deciduous broad-leaved forest distribution zone. (www.greentimes.com)

CDM Marketing:

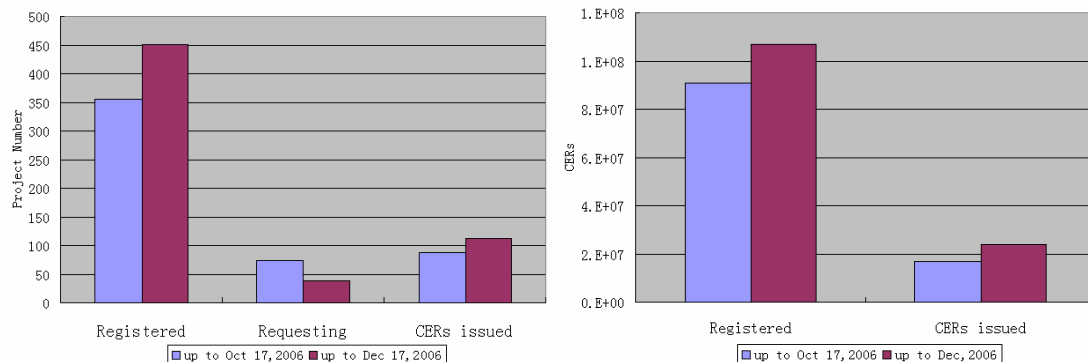
The selling price for CDM in China is currently about 8 to 9 USD per ton.

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

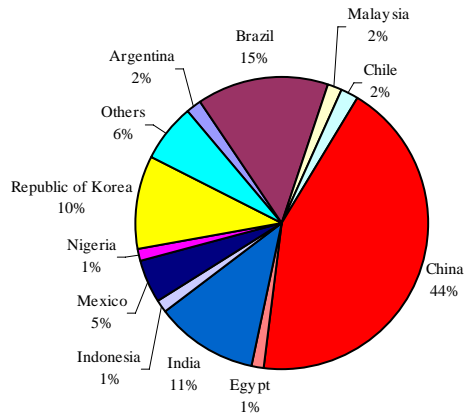


CDM Statistics:

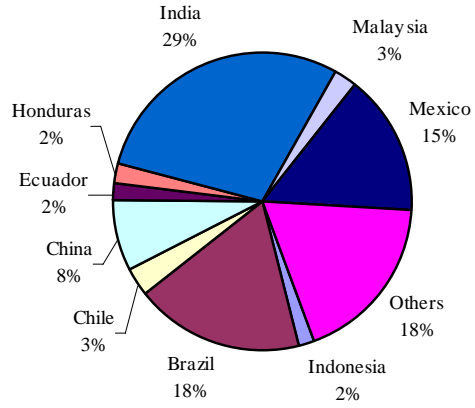
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Expected average annual CERs from registered projects by host party, Total:106,736,157



Registered project activities by host party, Total:451



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

