



## CDM Newsletter

**Fifth Issue  
February 2007**

### Overview of CDM

In a basic first approach, the first idea is that the project developer does want to sell the maximum possible amount of CERs, at the highest possible selling price, if possible already bankable now, even before the first brick of the implementation phase had been put in place.

In the other hand, the buyer, is seen as one international entity, that does not care or the Country or the project that is been developed, but yet is only focused in acquiring as soon as possible the maximum amount of CERs at the lowest price, what ever is the source. But, it what happened is that many times, it is not uncommon that the CERs buyers do get deep involved in the development of the CDM project and the feasibility of such endeavour.

The reality is simple, if the project does not realise its foreseen objectives, the CERs buyers will not receive what they need and the project developer will not have the financial and economic advantage of the CER sell.

But yet, there are some few constrains that have be faced. The most important of all is related to when to sell the CERs of the CDM project. First, the sooner the better – both for the developer and for the buyer – but at what price? Second, the latter the safer – as the project does reach implementation and monitoring, the risk of issuing or not the CERs decrease – and thus the price could/should be higher. (Marcos Alexandre Teixeira - RGEDS – IST, *Selling of CERs and CDM Risks Management, a researcher's points of view-Part III*)

### CDM information

#### **9 March 2007: EU Summit adopts new greenhouse gas emission reduction targets**

According to Xinhuanet, EU leaders agreed to cut 20 percent of EU greenhouse gas emissions by 2020 (as compared to 1990 levels) at the March 8th Summit ([www.xinhuanet.com](http://www.xinhuanet.com)).

#### **27 March 2007: China CDM projects account for half of the world's emission reductions**

Mr. Xie Zhenhua, deputy director of the National Development and Reform Commission (NDRC) announced yesterday that as of January of this year, China has developed 279 Clean Development Mechanism (CDM) projects. If all are implemented, these projects would account for half of the global CDM emission reduction.

At the Energy Management, Energy Efficiency, Climate Challenge and Related Techniques Seminar, Xie Zhenhua said China's CDM market at present was still in its infancy but had great potential. (www.xinhuanet.com)

### **27 March 2007: EU substantially cuts Czech Republic and Poland carbon dioxide emissions quotas**

The European Commission substantially cut the amount of carbon dioxide the Czech Republic and Poland can release into the atmosphere between 2008 and 2012 on March 26th.

The EU said the Czech Republic should aim for 86.8 million metric tonnes of gas emissions, 14.8% below the amount applied and Poland, the third-largest carbon dioxide producer in the EU, with 208.5 million metric tonnes of gas emissions, 26.7% below what Warsaw wanted. (Shang Jun, www.xinhuanet.com)

### **30 March 2007: Important items in the 26th meeting of CDM Executive Board Methodology Committee**

Issues surrounding Methodology ACM0002 mending have been discussed. The draft amendments include the definition of new facilities that should exhaust emissions and/or waste heat and/or waste pressure facilities in less than three years' running time. Of the existing facilities, the draft requires project owners to provide three years of exhaust gas and/or waste heat and/or waste pressure monitoring records to determine their biggest emissions, which may confirm their maximum electric generating capacity. Other two possible calculating methods to determine exhaust gas and/or waste heat and/or waste pressure emissions are also provided.

There also exist biomass fuel issues. The meeting stirred a very heated debate over biomass productions of methanol, bio-diesel and other fuels. Given insurmountable barriers of upstream emissions, calculation of dual emission reductions or even leakage of GHG emissions led by market factors resulted from biomass productions in the methodology draft, the group decided not to approve Methodology NM0142. The group decided at the same time to continue the debate on emission and leakage issues caused by biomass energy. (Lv Xuedu, Office of Global Environment Affairs, Ministry of Science & Technology.)

(See detailed document at <http://cdm.ccchina.gov.cn/WebSite/CDM/UpFile/File1217.pdf>)

### **16 April 2007: The world must swing into action immediately to address climate change**

An editorial in Science Magazine said, if we want to avoid permanent intolerable changes brought about by climate change, we must immediately swing into action.

Global carbon dioxide emissions must level off by 2015 or 2020 at little more than their current level and decline to no more than a third of that level by 2100 while global average temperature should be kept from exceeding 2° to 2.5°C above preindustrial levels. Rosina M. Bierbaum and Peter H. Raven, the co-chairs of an international panel for the recent (Feb 27th) report Confronting

Climate Change prepared for the United Nations (UN), pointed out that unless the world acted now, it would fail miserably to meet the UN Millennium Development Goals. Their recommendations focus on both mitigation strategies to slow the speed and extent of changes and our capacity to adapt to unavoidable change by improving preparedness and response strategies.

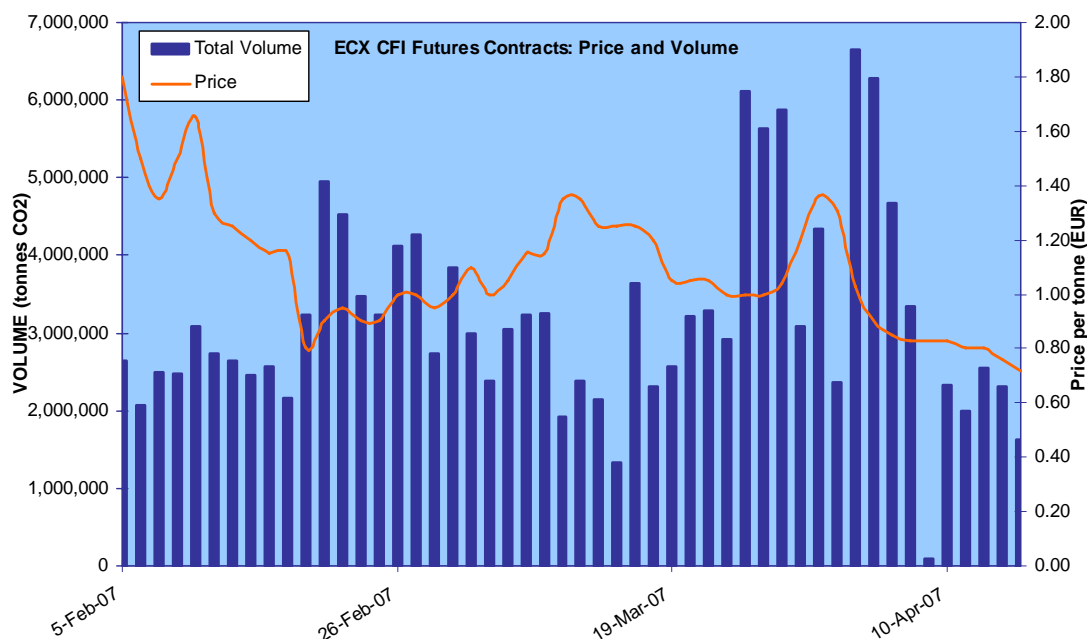
They recommended several urgent goals: Improved efficiency in the transportation sector and in the energy efficiency of buildings; expanded use of biofuels; and the design and deployment of coal-fired power plants capable of environmentally sound retrofits for carbon capture. Climate-resilient energy-efficient cities must become the norm, and institutions must be strengthened to cope with weather-related disasters. The writer said that building on land less than 3 feet above sea level was not sustainable and nations must prepare for more climate-change refugees.

The world's poor, who will bear the heaviest burden of climate change, will fail to improve their fate unless the world acts now. (www.scidev.net)

### CDM Marketing:

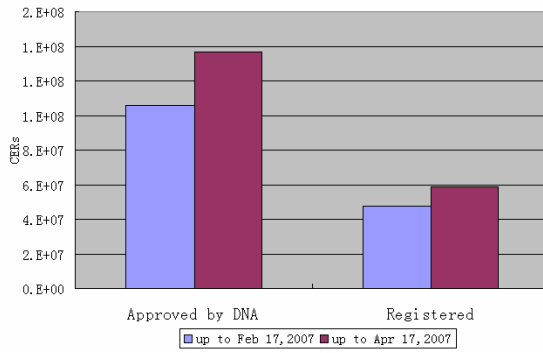
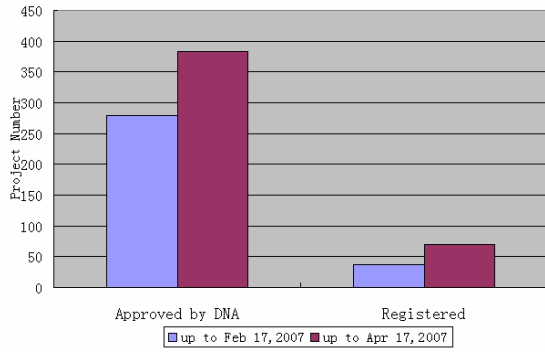
The selling price for CDM in China is currently 7.4 Euros per ton.

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

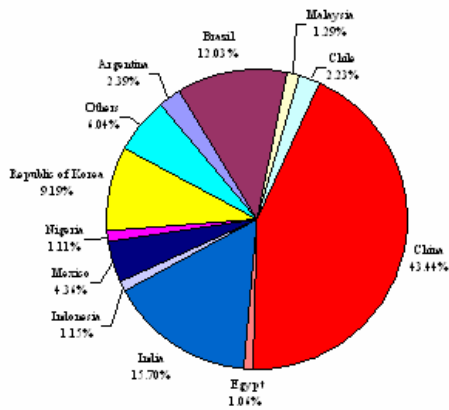


### CDM Statistics:

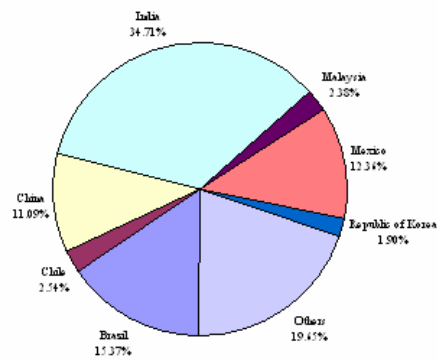
World: (Source: [www.unfccc.int](http://www.unfccc.int))



Expected average annual CERs from registered projects by host party, Total:135, 227, 904



Registered project activities by host party, Total:631



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

