

CDM Portfolio update

Jane Ellis, Ellina Levina (OECD)

Montréal, 5.12.05



Annex I Expert Group



Outline

- Institutional developments
- CDM portfolio trends
 - size, growth, project and geographical spread
- Status of proposed CDM projects
- CDM/GEF comparisons
- Conclusions

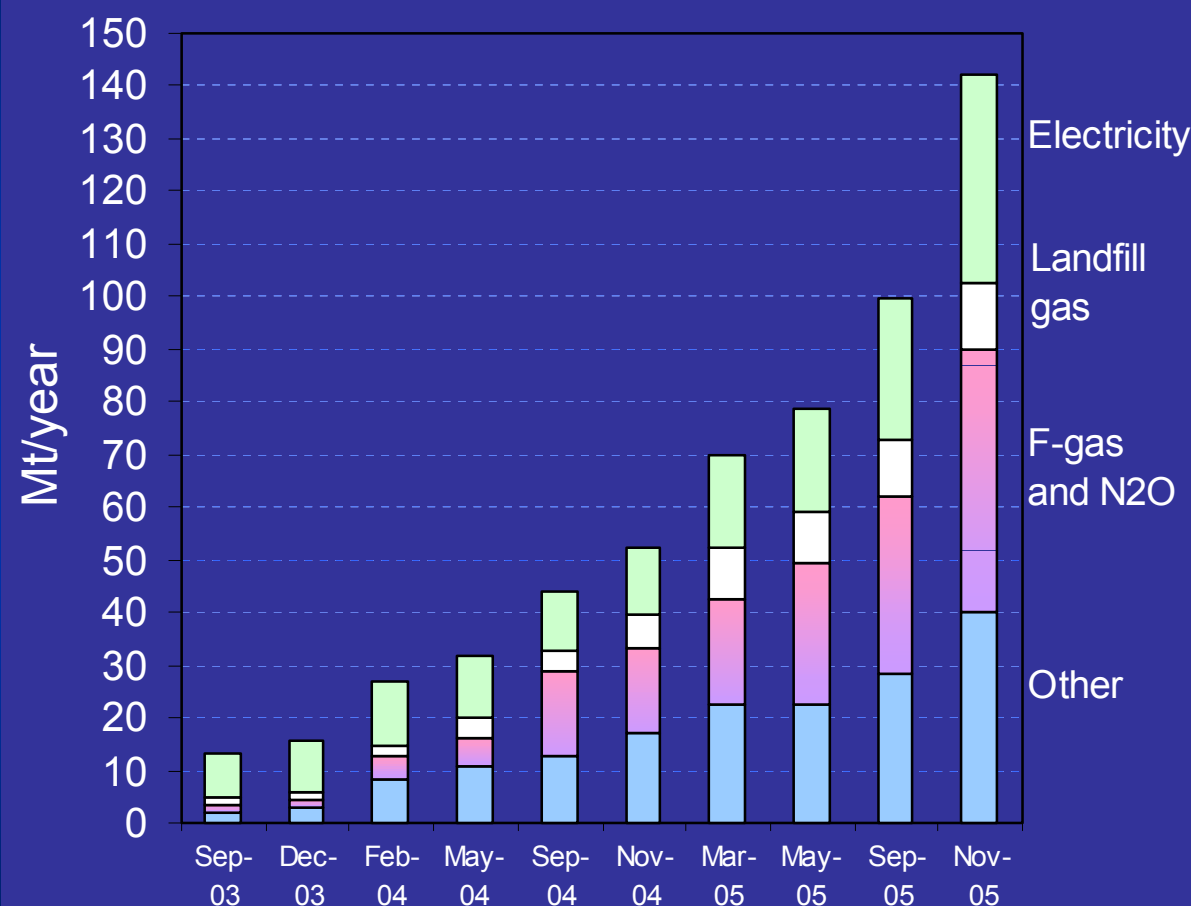
Institutional developments (1)

- Growth in Designated National Authorities continuing
 - 90 DNAs established to date (73 in Non-Annex I Parties)
- More baseline/monitoring methodologies approved:
 - 27 EB-approved methodologies in highly diverse areas
 - 1 EB-approved A/R methodology (reforesting degraded land)
 - 14 small-scale methodologies

Institutional developments (2)

- 8 “consolidated” methods: renewable/biomass electricity, landfills, waste gas/heat to power, fuel switch (cement), cement blending, coal-mine methane, single to combined cycle conversion
- ... still more in the pipeline:
 - 11 new submissions, several in “feedback loop”
 - 1 awaiting reformatting
 - few others awaiting technical or other input

Proposed CDM project activities



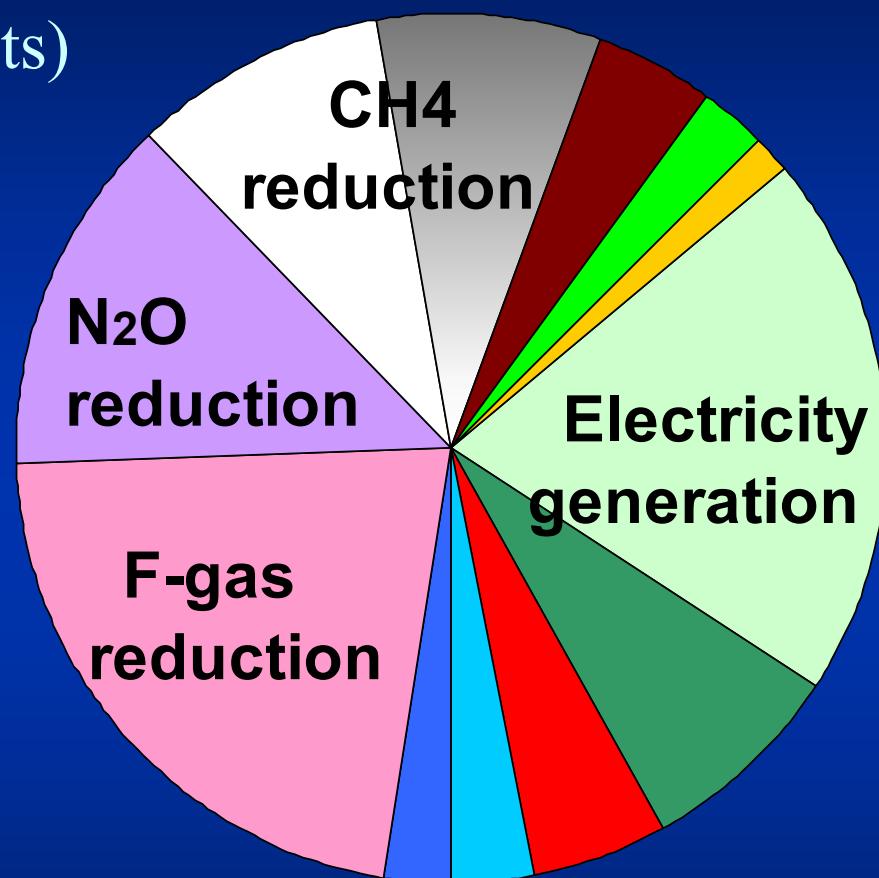
- Data based on **716** proposed projects in **58** countries (up from 284 in Mar 05)

-Expected mitigation almost one billion credits (960 Mt CO₂-eq) pre-2012

-Recent **rapid growth** to meet deadline for retroactive credits

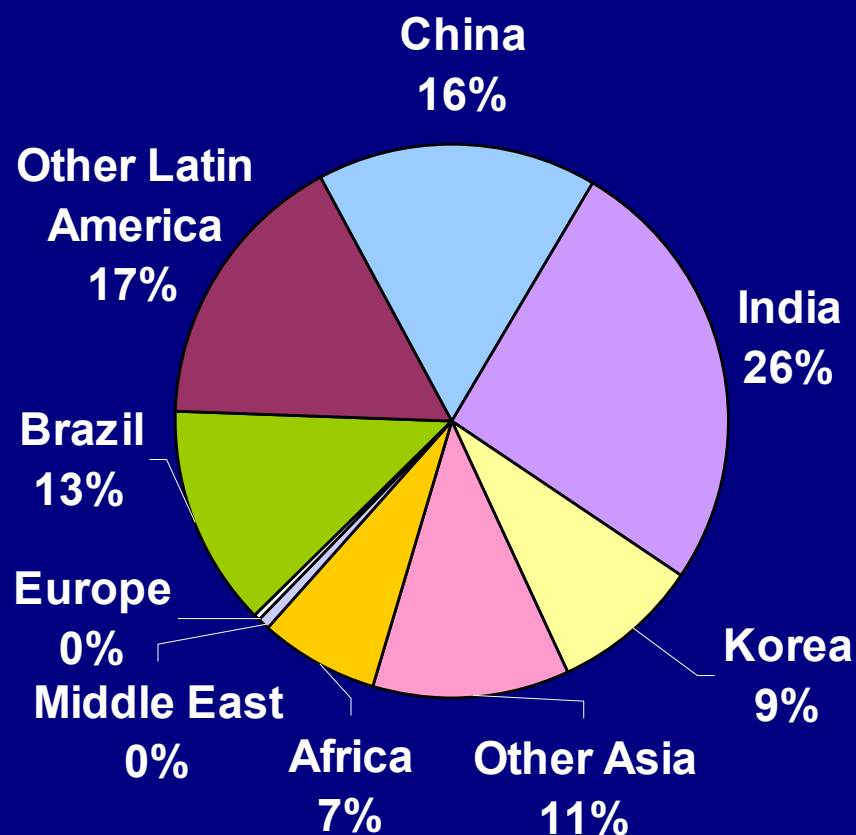
High-GWP credits continue to dominate

- Portfolio (incl. proposed projects) dominated by reductions of high-GWP waste gases
- Some of these projects are very large (1-10 million credits/year)
- Declining importance of renewables (21%)
- Increasing importance of gas electricity, energy efficiency projects
- Sinks also a small share
- 1st tidal project under validation



Expected credit generation/y,
142 Mt/y (30.11.05)

Geographical spread uneven



- Still dominance by L. America (now including high-GWP proj.) and Asia
- Africa (7%) small
- Handful of countries dominate proposed CDM portfolio:
 - India, 26 % of credits (251 projects)
 - China, 16% of credits (29 projects)
 - Brazil, 13 % of credits (111 projects)
 - Korea, 9 % of credits (6 projects)
 - Mexico, 7 % of credits (39 projects)

Status of (proposed) CDM projects

- 39 CDM projects registered (19 Mt CO₂-eq/y in 2008-2012)
 - (23 renewables, 8 landfill gas, 3 manure management, 2 HFC23 reduction, 1 N₂O reduction, 1 energy efficiency, 1 fuel switch)
- 58 thousand credits issued
- 29 further requests for registration (13 Mt CO₂-eq/y in 2008-2012)
- >400 further projects requesting validation could generate 57 Mt CO₂-eq/y in 2008-2012

CDM/GEF funding and comparisons

- **>US\$4.5bn** available for CDM/JI financing from different sources ... focused on buying credits
- Total investment much larger but difficult to quantify
- For comparison, GEF disbursed \$1.74bn 1991-2004* (and leveraged \$9.29bn) on climate change
- GEF: 292 climate change projects in NAI (excluding enabling activities)
- Other GEF/CDM differences:
 - Importance of renewables, energy efficiency (in terms of \$)
 - Africa a larger share of portfolio

* Including climate change enabling activities and projects in EITs, www.gefweb.org

Conclusions

- Continued and growing interest in the CDM – from buyers and sellers
- A real market: 1st credits issued
- Current portfolio expects to generate almost one billion credits to 2012
- Market dominance by a few countries and sectors
- Much achieved but challenges still ahead