A Proposal to Increase the Small Scale Limit for A/R Projects

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COP/MOP-2 WRI side event:
Community-based AR & biomass projects
Report from a developers workshop

9 November, 2006

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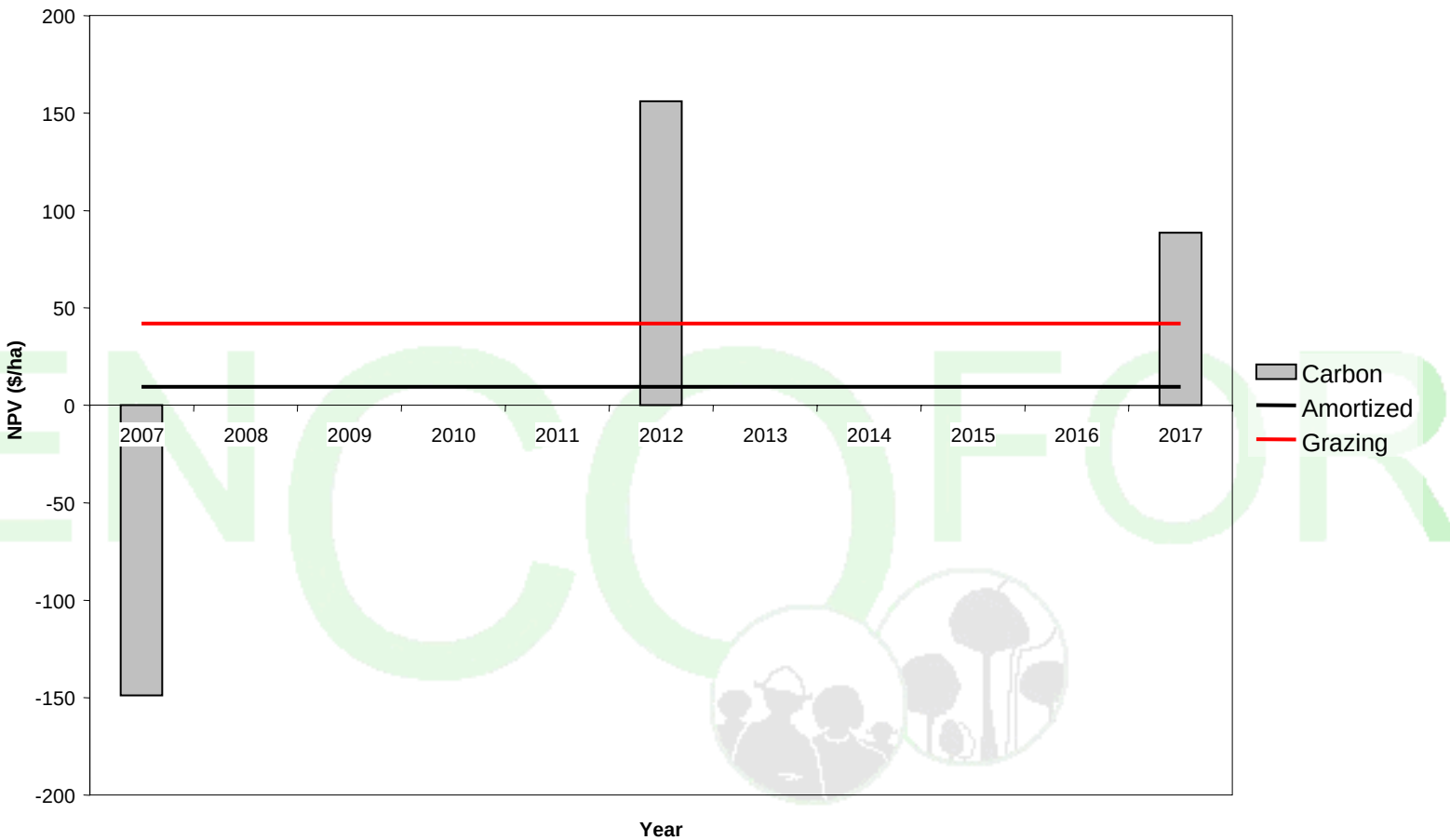
Does CDM Funding Overcome a Financial Barrier ?



Current Situation

Temporary CER limit (t CO_2eq/year)	Carbon crediting period	NPV of carbon revenues (A)	NPV of CDM transaction costs (B)	Transaction costs as a percentage of revenues (B/A)	Average net carbon income ($/ha/year)
8,000	Up to 2012 without project risk	$91,000	$88,000	97%	1
	Up to 2012 with 20% project failure risk	$73,000	$83,000	114%	-5
	Up to 2017 without project risk	$142,000	$101,000	71%	9
	Up to 2017 with 20% project failure risk	$114,000	$93,000	82%	5

- Costs: PDD preparation, baseline analysis, validation, registration, monitoring, verification
- Income assumes tCER limit and $ 4 / t CO_2eq
- Hectare estimate assumes an annual increment of 10 t dry biomass / year
- Average annual farm net income in southern Kenya $42 / ha for raising cattle

Proposal

- Increase from 8,000 to 30,000 t CO_2eq / year
  - Similar to magnitude of proposed increase for SSC Energy

Temporary CER limit (t CO_2eq/year)	Carbon crediting period	NPV of carbon revenues (A)	NPV of CDM transaction costs (B)	Transaction costs as a percentage of revenues (B/A)	Average net carbon income ($/ha/year)
30,000	Up to 2012 with project risk	$340,000	$95,000	28%	30
	Up to 2012 with 20% project failure risk	$272,000	$90,000	33%	22
	Up to 2017 without project risk	$534,000	$110,000	21%	26
	Up to 2017 with 20% project failure risk	$427,000	$102,000	24%	20

http://www.joanneum.at/encofor

../publication/SSCARlimit.pdf