

# Kr-ETS international offset

## - Article 6.4 pilot using CDM Transition

“A clear CDM Transition rule makes new mitigation actions before operationalization of Article 6.4 which would take several years.”



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## The Unrivaled Carbon Asset Management Company in Korea ETS (K-ETS)



PROJECT DEVELOPMENT

150+

OFFSET PROJECT DEVELOPMENT



TRADING

18MT

CARBON CREDIT TRADING



MARKET ANALYSIS

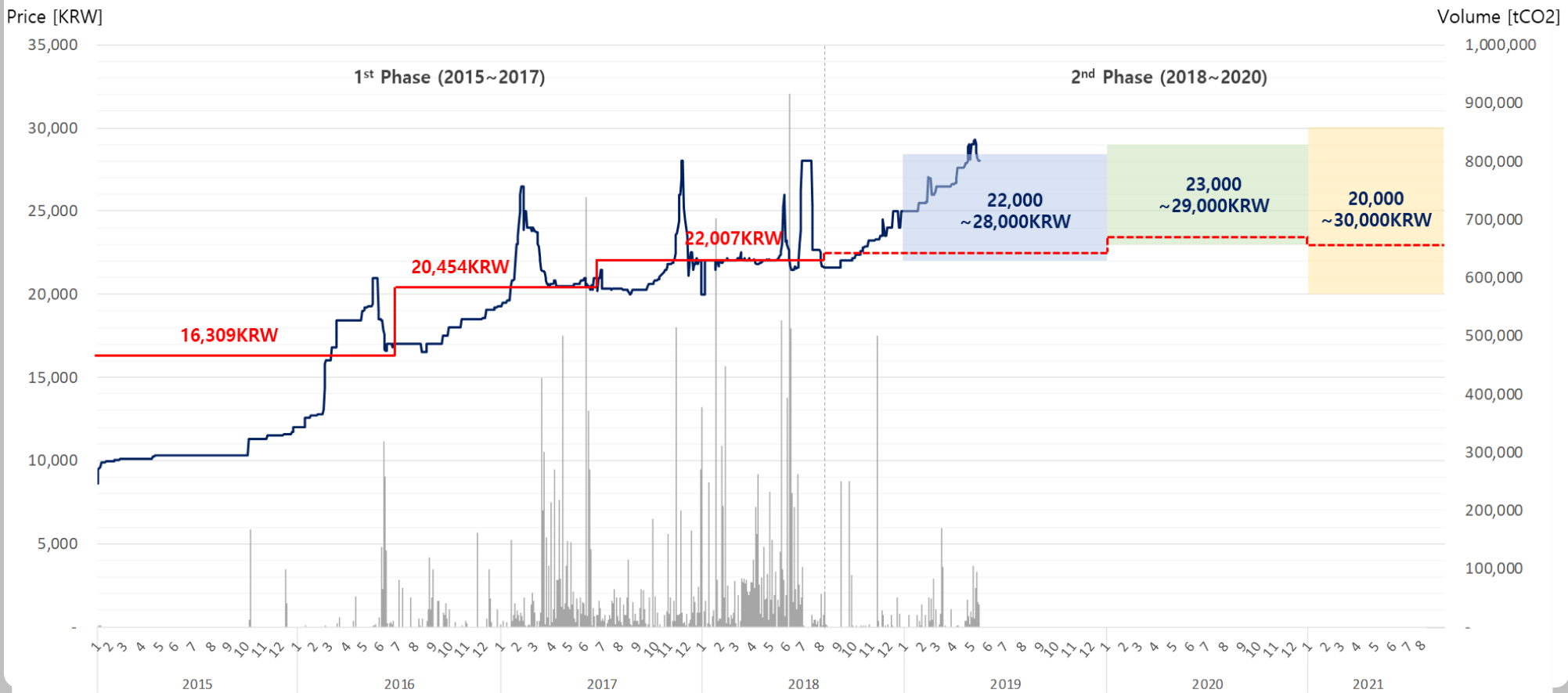
50%+

REGISTERED CARBON-I MEMBERS

[www.carbon-i.com](http://www.carbon-i.com)

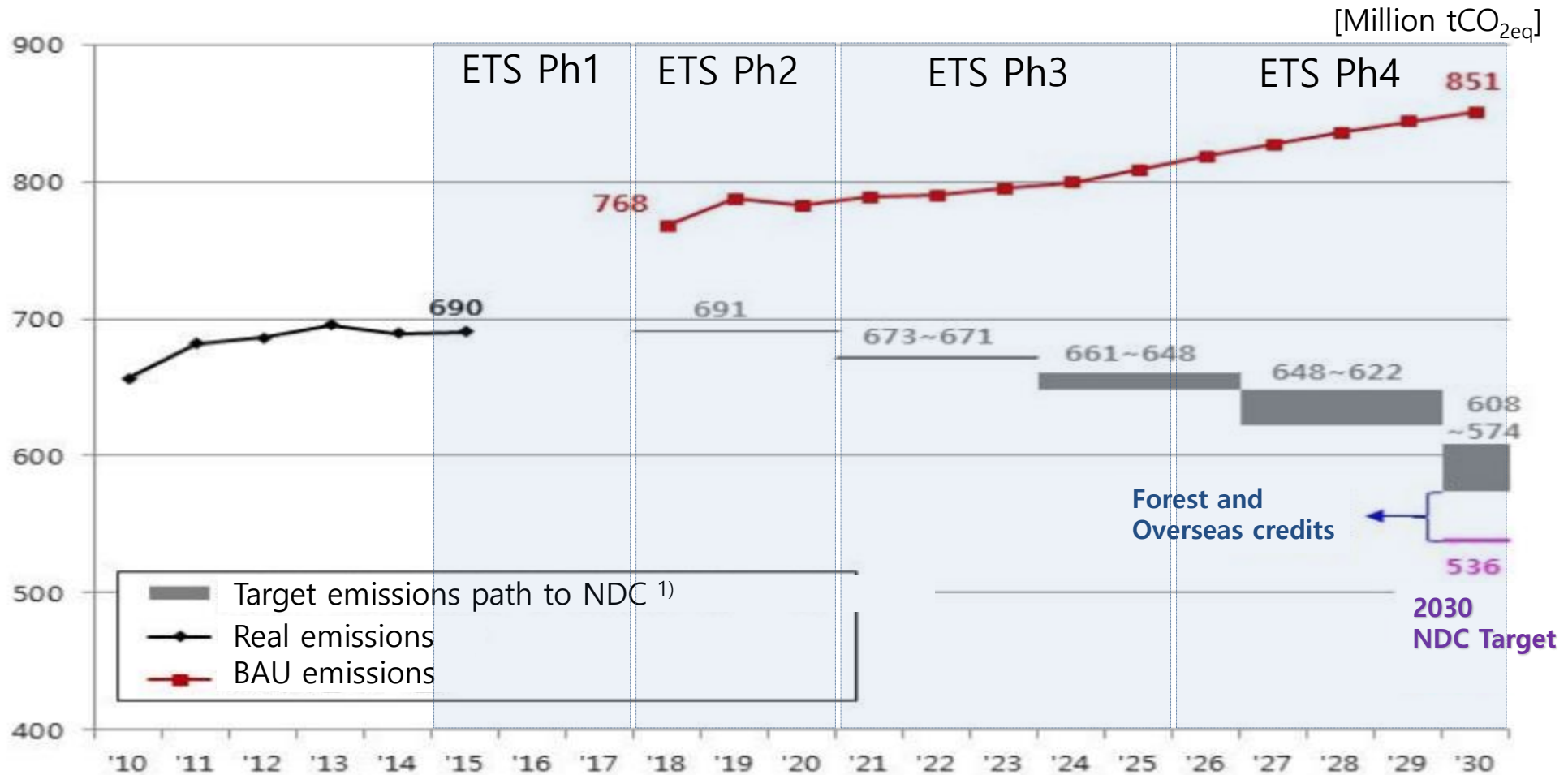
# 1. K-ETS price development

- KAU started from circa 8USD at 12<sup>th</sup> Jan 2015 and peaked to circa 24USD at 9<sup>th</sup> May 2019.
- KAU total traded volume is 33.5million and weighted average price is circa 18USD.



# 2. Korea GHG Roadmap for NDC

- According to Kr GHG Roadmap for NDC, Emissions shall be peaked by 2020.
- As K-ETS Allocation after Ph3 will be decreased sharply, Carbon price may be increased.



1) The range shows uncertainty of Energy Sector reduction in Roadmap.

## 2. K-ETS international offset credit rule

- K-ETS covering around 70% of national emissions is the major measure for NDC.
- K-ETS intl offset is Article 6.4 pilot using CDM because of delay of A6.4 operationalization.

	Phase 1 (2015~2017)	Phase 2 (2018~2020)	Phase 3 (2021~2025)
Special Condition	Only domestic offset credit (KOC) can be eligible	Direct implementation by Korean entity	Phase 3 Allocation plan <sup>3)</sup> determines specific rule  If intl mechanism(A6) is not ready by June 2020, Phase 2 rule may continue and will be revised when A6 ready to start operation.
Program (MRV)		CDM	
Starting date		After 10 <sup>th</sup> APR 2010 <sup>1)</sup>	
Vintage		After 1 <sup>st</sup> JUN 2016 <sup>2)</sup>	
Product		KOC <sub>intl</sub> may be issued based on submission of CER cancellation attestation	
Registry		Korea Offset Registry	

1) Enforcement date of "FRAMEWORK ACT ON LOW CARBON, GREEN GROWTH"

2) Enforcement date of a revised "ENFORCEMENT DECREE OF THE FRAMEWORK ACT ON LOW CARBON, GREEN GROWTH" to address Kr NDC

3) ETS Phase 3 allocation plan will be published by the end of June 2020.

# 3. K-ETS eligible CDM project

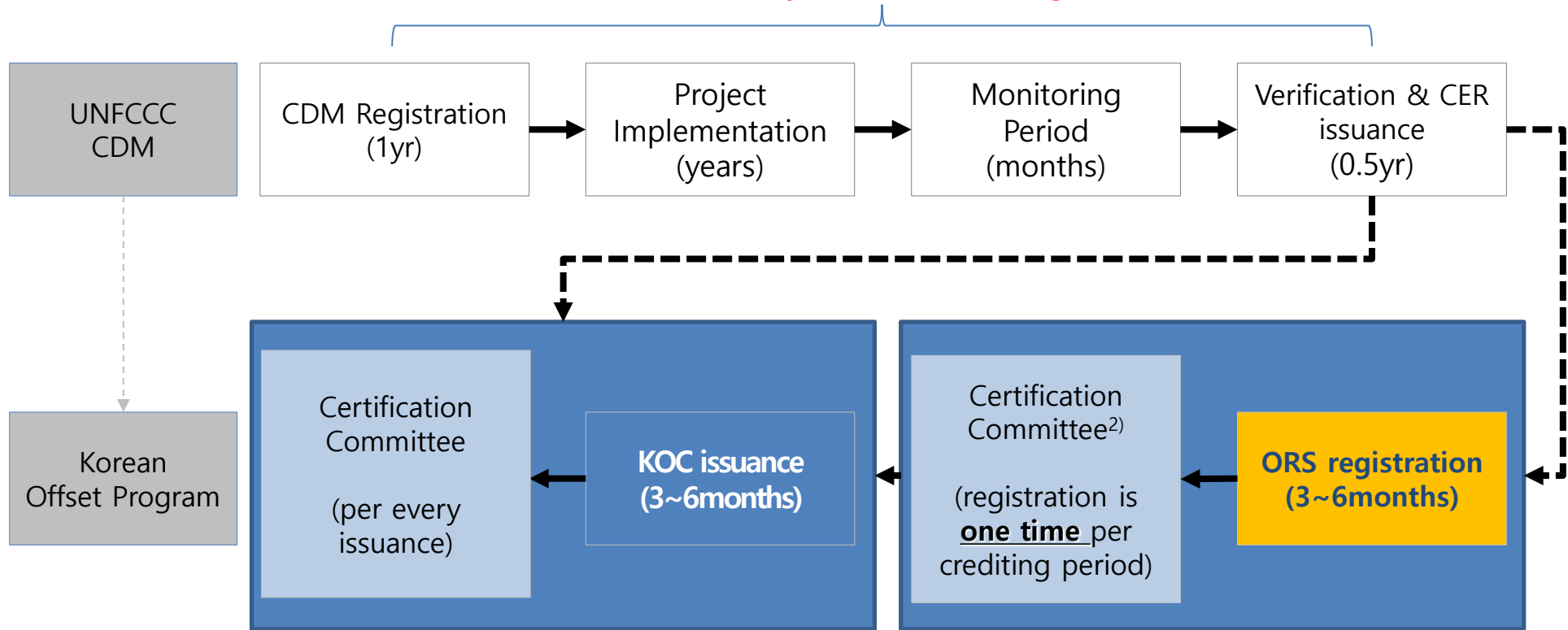
- **Either of the following Kr direct implementation conditions from the registration of project.**
- **Korean entity should be focal point or project participant at the time of project registration.**

- A. In the case of **domestic enterprises**, etc. directly participating in GHG emission reduction projects as a business entity, the ratio of the domestic enterprises ownership for a GHG emission reduction facility shall be more than 20%.  
(ex., Mitigation project in overseas facility of domestic enterprises)
- B. In the case of domestic enterprises participating in GHG emission reduction projects as a stockholder of a business entity, the ratio of stock having the voting right of a domestic enterprise shall be more than 20%.  
(ex., Renewable energy project implemented by Special Purpose Company)
- C. A project wherein a domestic enterprise distributes or sells products or technology for the GHG emission reduction as much as more than 20% of the total cumulative expenses to an unspecified majority (in this case end-users).  
(ex., Micro-scale mitigation technology dissemination/sales project such as improved cookstove, LED and water purifier.)
- D. A project, wherein a domestic enterprise jointly supports the expenses of the GHG emission reduction project in cooperation with the central government, local governments, or public institutions, or with the foreign central government or foreign local governments. (Only LDCs)  
(ex., Forest Project in LDCs, tCER/ICER eligibility is unclear.)

# 4. CDM CER to KOC Conversion procedure

- CDM shall be registered as an Kr Offset Project in ORS<sup>1)</sup> and it would take around more than 2yrs.
- If a CDM is registered in ORS, it could secure CER to KOC conversion. (Kr rule change risk may be hedged)

More than 2yrs until ORS registration



1) Offset Registry System, 2) Chair of the Committee is Vice-Minister of Ministry of Environment. It is usually held quarterly, but no fixed schedule.

## 5. K-ETS invests in new CDM migratable to A6.4

- **As non-readiness of A6.4 and uncertain CDM Transition rule, K-ETS developers are investing in new CDM projects of which conditions could meet A6.4**
- Start Date or Registration Date :
  - After Paris Agreement enforcement date (**2<sup>nd</sup> November 2016**)
- Host Countries :
  - **Least Developed Countries**
  - Lower-Middle Income Countries, Africa
- Project characters :
  - Environmental integrity (**CDM positive list; micro-scale project for household and community**)
  - Sustainable Development (**Multi-SDGs; No Poverty, Good Health and Gender equality**)






# Bangladesh CDM Project for K-ETS

**ECOYE has invested in 650,000 Improved Cooking Stoves(ICSs) in Bangladesh with Kr investors. K-ETS can help most of Bangladesh families have ICS by 2030, which save forest and health.**

\* Bangladesh DoE has provided a Non-Objection Certificate to allow Carbon Credits from the projects to be used for Korean Government's Paris Agreement Compliance

## PoA 10431 : Improved cookstove program in Bangladesh supported by the Republic of Korea

PoA title	Improved cookstove program in Bangladesh supported by the Republic of Korea -  <a href="#">POA design document</a> (587 KB)
Host Parties	<b>Bangladesh</b> , involved indirectly  <a href="#">approval</a> (772 KB)  <a href="#">authorization</a> (772 KB) Authorized Participants: Bangladesh Bondhu Foundation
Other Parties Involved	n/a
Coordinating/Managing Entity	Ecoeye Co., Ltd.


## UN approval to open gates for international credits in South Korea's ETS

Published 16:51 on August 22, 2018 / Last updated at 09:40 on August 23, 2018 / Asia Pacific, South Korea / No Comments

The UN's CDM Executive Board has registered a Korean-funded emission reduction programme in Bangladesh, a move expected to trigger a wave of fresh investments in schemes that can generate carbon credits eligible for use in the South Korean emissions trading scheme.

Carbon traders Ecoeye, financial services provider SK Securities, and state-owned generator Korea Midland Power are backing the programme of activities (PoA) that will distribute around 600,000 cook stoves across Bangladesh over the next five years, starting next month.

The programme is expected to generate some 650,000 offset credits annually, or more than 3 million over its lifetime.



**Department of Environment**  
Ministry of Environment, Forest and Climate Change  
Government of the People's Republic of Bangladesh

**Sub: No Objection Certificate for using of CERs (Certified Emission Reductions) regarding CDM PoA titled "Improved cookstove program in Bangladesh supported by the Republic of Korea".**

Dear Dr. Khalequzzaman,

On behalf of the Designated National Authority (DNA) of Bangladesh, we acknowledge that the DNA has approved the project "Improved Cookstove Program supported by the Republic of Korea" (the PoA), to be jointly implemented by Ecoeye Co., Ltd. and Bangladesh Bondhu Foundation.

The DNA has also confirmed that the PoA is voluntary action contributing to the sustainable development in Bangladesh and is out of Bangladesh Nationally Determined Contribution (NDC) which converse power, transport and industry sectors.

The Government of Bangladesh ratified the Kyoto Protocol on 22 October 2001 and accepted the Doha Amendment to the Kyoto Protocol establishing the second commitment period on 13 November 2013. The Government of Bangladesh, on the 22nd April of 2016, also became a signatory to the Paris Agreement.

In this context, the Government of Bangladesh confirms that:

1. The PoA has been given host country approval (letter dated June 21, 2018) by the Director (Climate Change and International Convention) of Department of Environment and Member Secretary, National CDM Committee.
2. The ownership and the right of use of CERs or any type of Emission Reduction Units from the PoA (present and future) will lie with the CME, Ecoeye Co. Ltd., KOMIPO (Korea Midland Power Co. Ltd.) and other investors from the Republic of Korea affiliated to the POA as focal points, like Ecoeye Co. Ltd. and other Korean investors.
3. There is no objection to the use of the CERs or any type of Emission Reduction Units issued from the POA (present and future) in the Korea Emission Trading scheme instated by the Government of the Republic of Korea in January of 2015.
4. In the event that agreement is reached by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on Matters relating to Article 5 of the Paris Agreement, the Department of Environment, Ministry of Environment, Forest and Climate Change, Government of the People's Republic of Bangladesh has no objection to the CERs or any type of Emission Reduction Units from the PoA being used by the Republic of Korea in achievement of its NDC under the Paris Agreement.
5. If the POA can be registered as an activity of Paris Agreement Article 6 paragraph 4 subject to the authorization for such registration by the relevant host Party, the Department of Environment will authorise and support the registration in an expedited process.

# Myanmar CDM Project for K-ETS

**ECOYE has donated in 100,000 ICSs in Myanmar with Korean investors.**

\* ECOYE will provide 300,000 ICSs in 2019 and has a plan to disseminate 1million ICSs by 2022.

## South Korean company to donate energy-saving cooking stoves

PoA 10415 : Clean Energy Program Supported by Republic of Korea

PoA title	Clean Energy Program Supported by Republic of Korea - <a href="#">POA design document (2204 KB)</a>
Host Parties	Myanmar , Involved indirectly <a href="#">approval (1139 KB)</a> <a href="#">author</a> Authorized Participants: Ecoeye Co., Ltd
Other Parties Involved	n/a
Coordinating/Managing Entity	ECOYE Co., LTD



GS Caltex's Cook Stove Support Business partner (Ekoi) officials explain cooking stove to Myanmar residents. Photo: GS Caltex

GS-Caltex Corp., one of South Korea's leading refineries, said Tuesday that it will donate 50,000 energy-saving cooking stoves to Myanmar as part of a corporate social responsibility (CSR) drive.

# Myanmar AR CDM Project for K-ETS



**ECOYE is investing in a Mangrove forest project in Myanmar with Korean investors.**

\* The pilot starts from 50ha and it will be expanded up to 35,000 ha over time.

## Restoration of degraded mangroves as a climate change mitigation and adaptation strategy in Asia

Host party(ies)	Myanmar
Methodology(ies)	AR-AM0014 ver. 3
Coordinating and managing entity (CME)	EcoEye CO. LTD
Period for comments	29 Mar 19 - 12 May 19 (23:59:59 GMT)

## Korean firms eye Myanmar mangrove CDM project

Published 19:55 on June 10, 2019 / Last updated at 22:34 on June 15, 2019 / Asia Pacific, International, Kyoto Mechanisms, Other APAC, South Korea / No Comments

South Korean state-owned power company KEPCO and trading firm Ecoeye are investing in a mangrove forest project in Myanmar that will be registered under the CDM and generate offsets eligible in the Korean emissions trading scheme.

The two firms have partnered up with the Worldview International Foundation to get the project registered with the UN before the end of the year, Ecoeye said in a statement.

The pilot phase of the project will establish a 50ha mangrove forest that will cut emissions by 170,000 tonnes of CO<sub>2</sub>e over 20 years.

The investors plan to cooperate with Myanmar government agencies to gradually scale the programme up to cover as much as 35,000ha over time.



# Kenya CDM Project for K-ETS

**ECOYE has supported 22,000 bio-ethanol stoves distribution in Kenya with SAMSUNG.**

\* ECOYE will support additional 40,000 bio-ethanol stoves in Kenya by 2019.

PoA 7359 : PoA for the Reduction of emission from non-renewable fuel from cooking at household level

Ref	Title	Inclusion date	Crediting start date
7359-0066	CPA-KE-012 Kenya Samsung project	05 Feb 18	15 Mar 18
7359-0065	CPA-KE-010 Kenya Samsung Mombasa project	01 Nov 17	01 Nov 17
7359-0064	CPA-KE-011 Kenya Ecoeye Mombasa project	01 Nov 17	01 Nov 17

## Why Samsung Electronics Is Delivering Eco-Friendly Stoves to Kakuma Refugee Camp in Kenya

on February 1, 2018



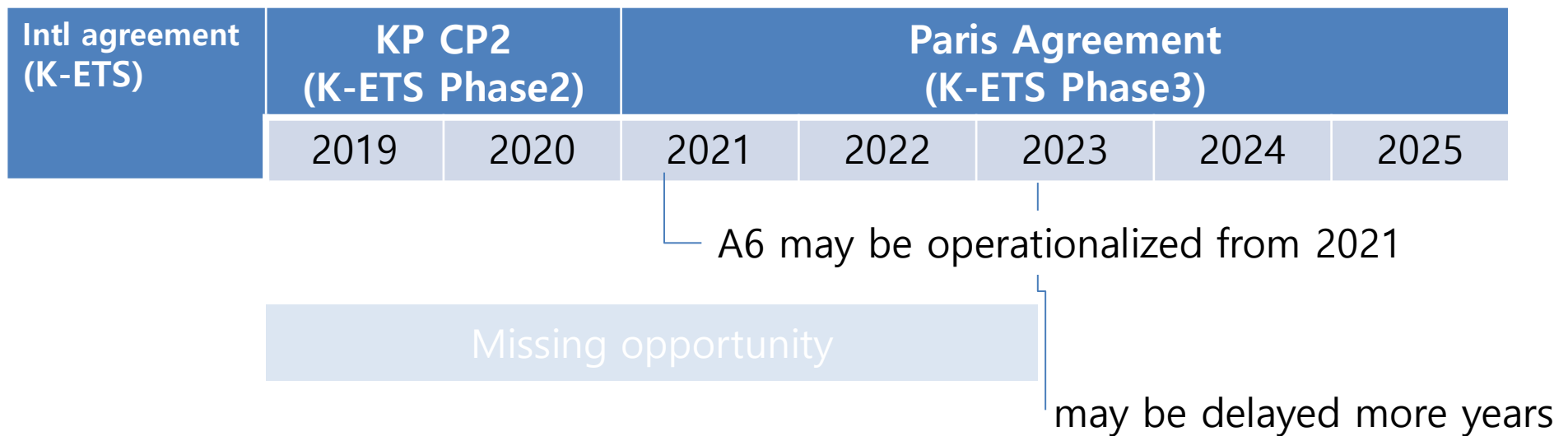
Ecoeye @EcoeyeInt · Nov 8  
 #Ecoeye together with @Samsung has invested in a cook stove project in #Kenya to address problems in GHG emissions, indoor air pollution and health hazards posed by using traditional solid fuels such as charcoal. #carboninvestment #cleanenergy #CDM

<https://news.samsung.com/kr/?p=364409>

<https://youtu.be/0gr9Q6Np764>

## 6. Policy certainty central to private sector investment

- K-ETS A6 pilot using CDM has inherent risk as CDM Transition is uncertain. In spite of large demand, the uncertainty makes investors hesitate to invest in projects.
- **Clear CDM Transition rule with appetited procedure** is critical for early action with scale.



For example, if COP25 decides that CDM projects in LDCs or SIDSs started after Paris Agreement enforcement shall be transitioned to A6.4, K-ETS will swiftly expand Carbon Finance to the projects.



# IMPACT CARBON,

making a difference through carbon finance

<http://www.ecoeye-int.com>

Monthly Korean Carbon Market Report  
(for public, only in English)

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