

CDM: Status and Outlook

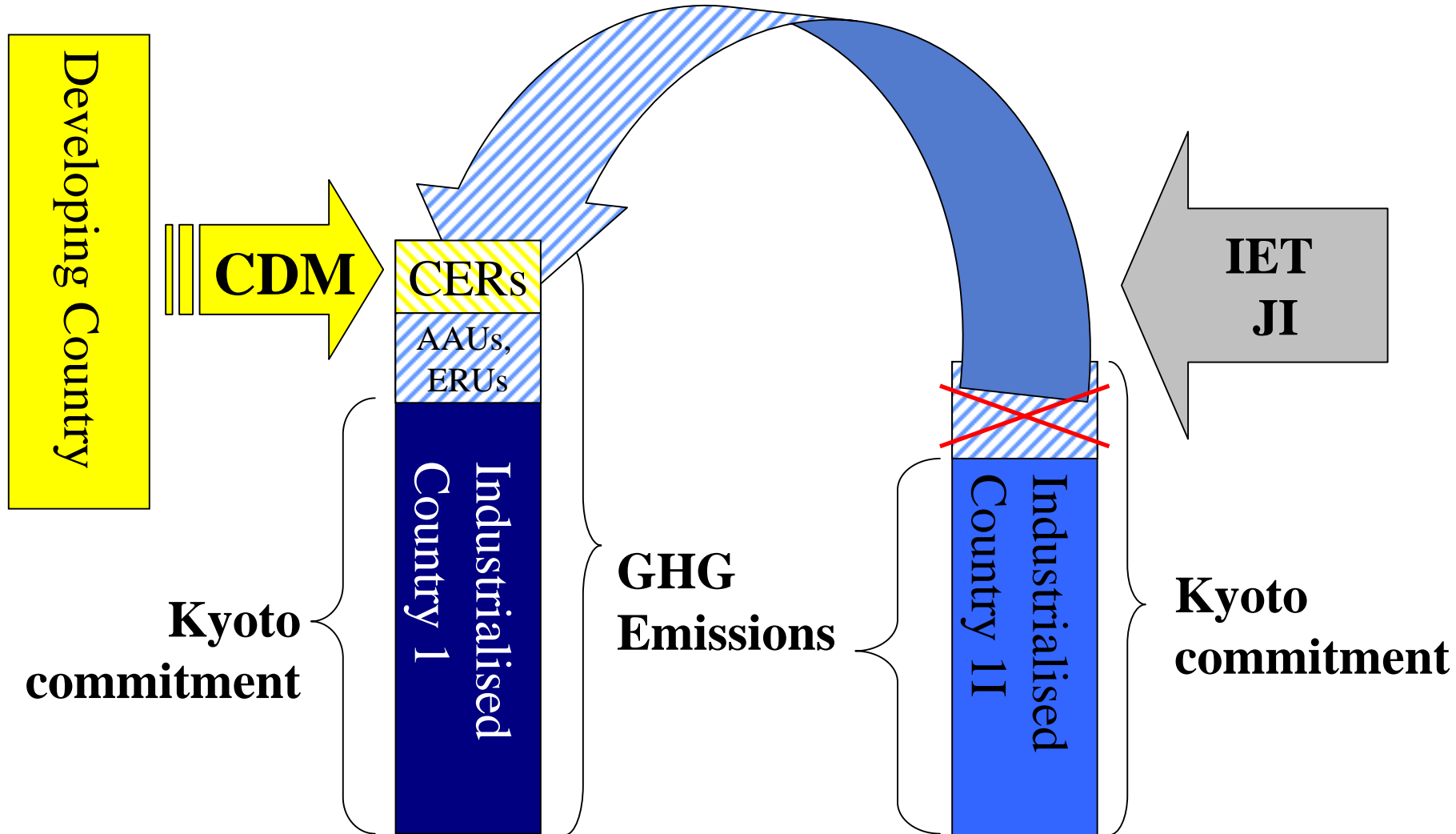
**7. CTI Capacity Building Seminar,
21-25 October 2006, Leipzig**

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Perspectives GmbH, Hamburg

Competence and Experience in CDM, JI, and Emissions Trading

CDM principle

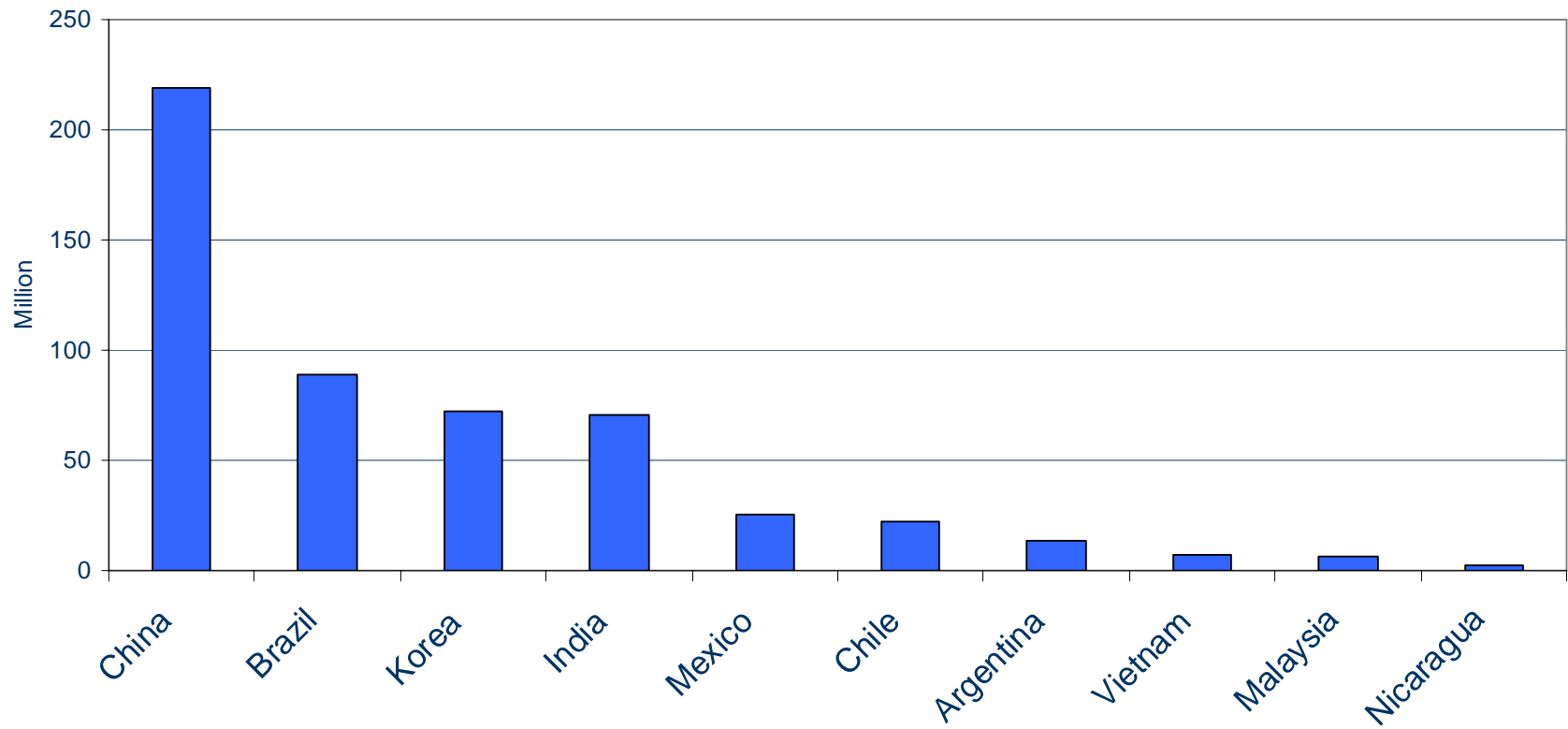


Basic data on CDM

- **358** registered projects forecast:
600 million CERs by 2012
- **> 600** submitted projects forecast:
> 600 million CERs by 2012
- **Governments and companies in industrialized countries have budgeted more than 3 billion € for CER acquisition**

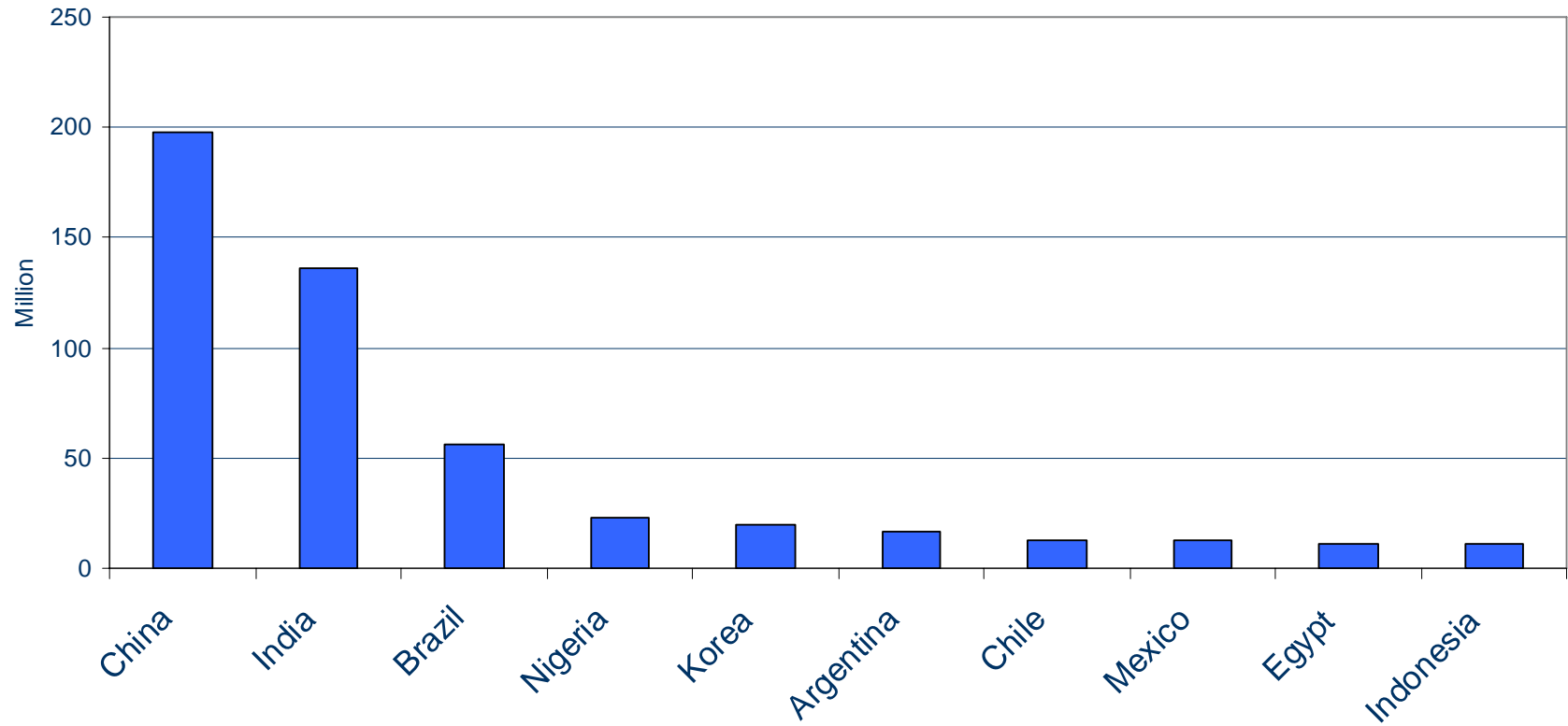
CER supply (host countries)

CERs of registered projects until 2012 (TOP10)



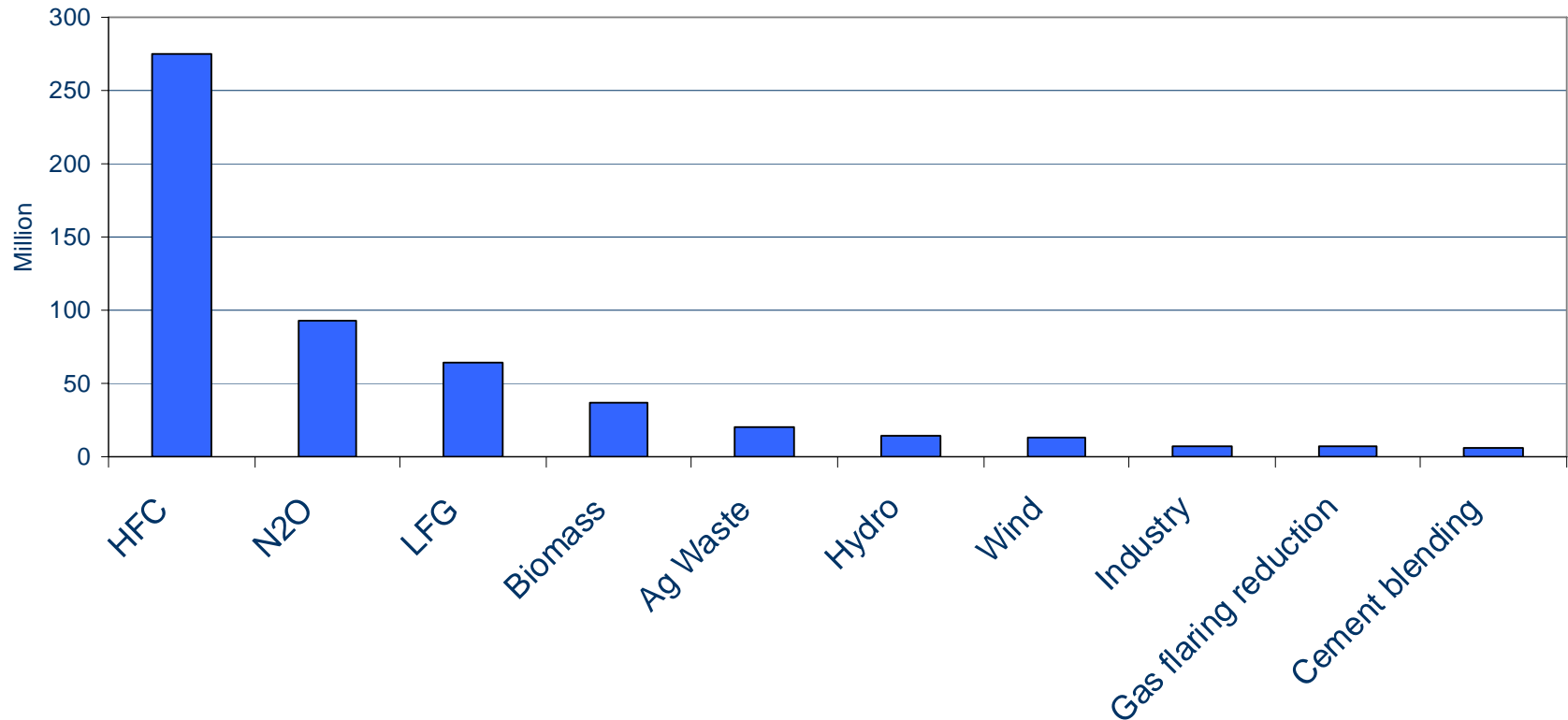
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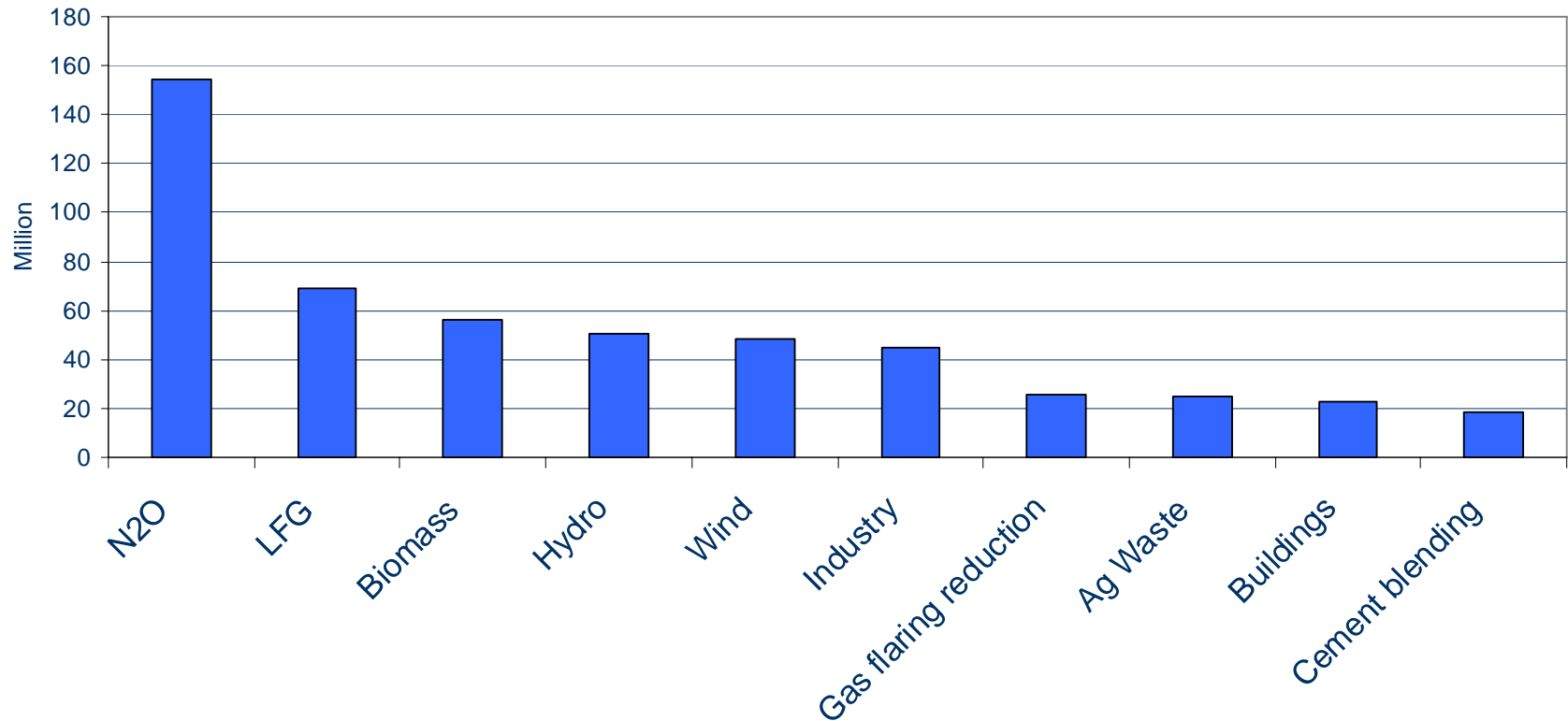
CER supply (project types)

CERs of registered projects until 2012 (TOP10)



CER supply (project types)

CERs of submitted projects until 2012 (TOP10)



Drivers and barriers for CER supply

Availability of reduction options

- Large, cheap options are starting to get scarce
 - HFC-23, N₂O, large landfills
 - Solution: bundling of smaller projects

Availability of methodologies and related data

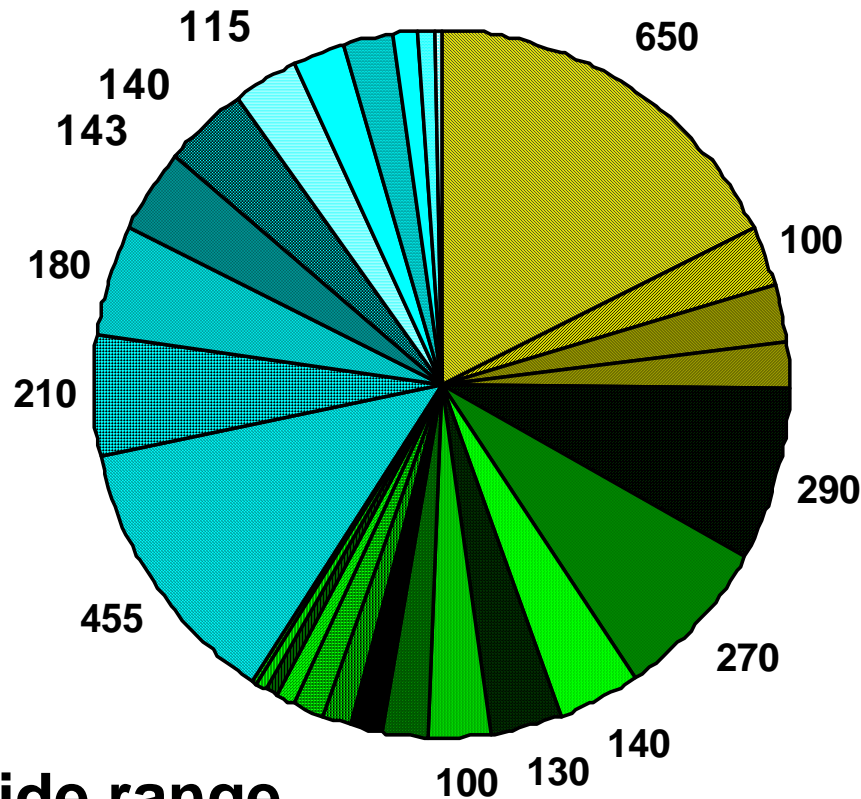
- Some interesting project types still have no approved methodology
 - Energy efficiency in generation and industry, transport, CCS
- Approved methodologies have (too) narrow applicability criteria
- Data for using approved methodology may not be available
 - Solution 1: Deviation (Brazil, China)
 - Solution 2: Centralized data collection and publication (India)
- Methodologies are constantly being changed (e.g. ACM0002 version 6)

Availability of finance

- Limited willingness of local banks to provide finance
 - International finance providers (EcoSecurities) can close gap

CER and ERU demand (million €)

Total: > 3 billion €

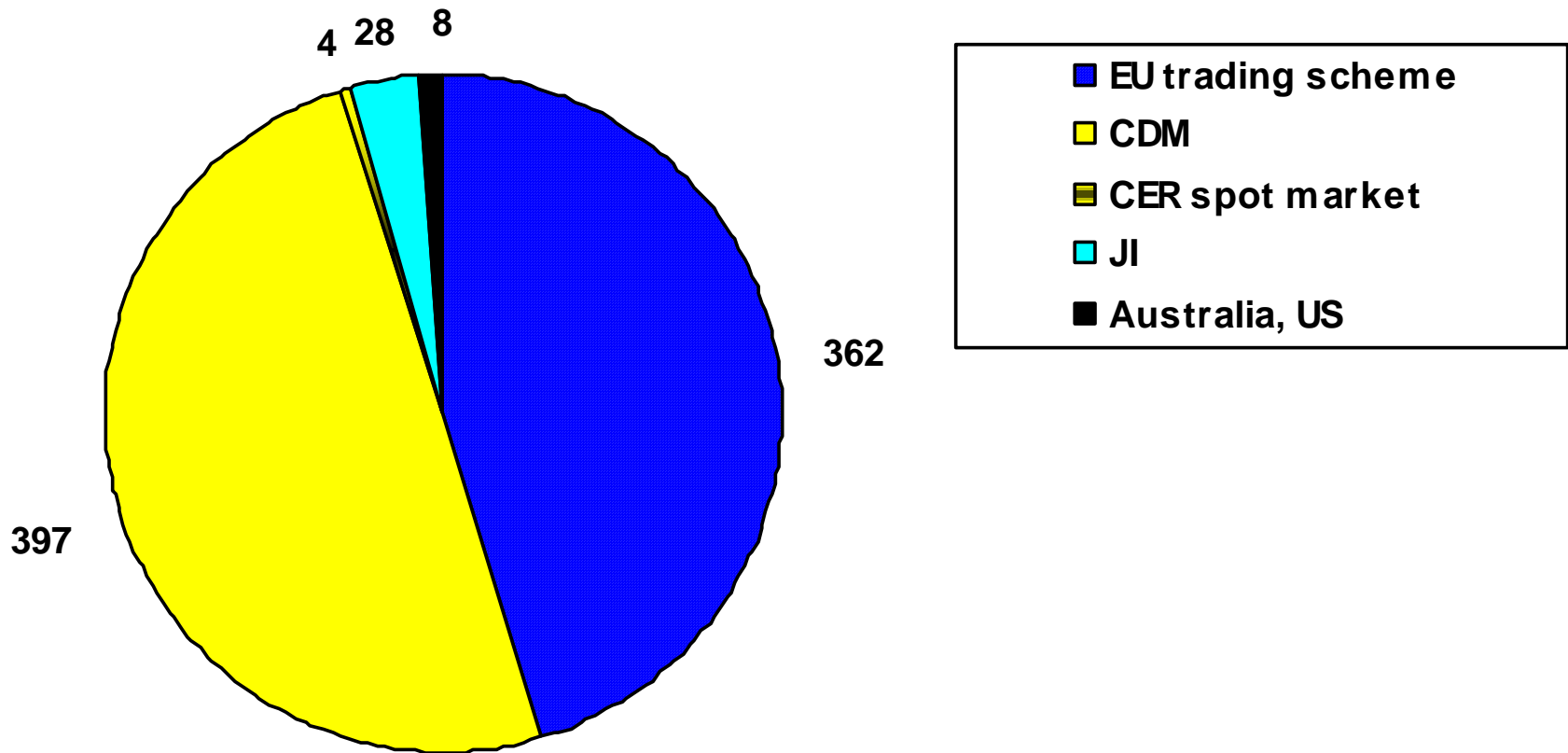


- World Bank
- EBRD
- Compania Andina de Fomento
- KfW
- Austria
- Italy
- Ireland
- Denmark
- Dutch tenders
- Belgium
- Switzerland
- Spain
- France
- Luxembourg
- Sweden
- Finland
- Germany, Norway
- GGAP (Natsource)
- EPIC Specialists
- FE Clean Energy Group
- European Carbon Fund
- Icecap
- Japan Carbon Fund
- Climate Change Capital
- Merzbach Group
- Enel
- NEFCO
- Ecosecurities

Wide range
of buyers: ✓

Global transactions 2005 (million t CO₂)

Total: 800 million t



Source: Point Carbon

Conclusions

- **CDM has mobilized over 1 billion t emission reduction in almost 1000 projects in non-industrialised countries**
 - **Additionality of some projects is doubtful**
 - **Complaints regarding sustainability benefits**
- **One tonne CO₂ reduction can be sold for 5-15 €, total demand is over 3 billion €**
 - **Recent EUA price crash did not kill the CDM market**
- **CDM investment could dry up if the negotiations on the post-2012 climate policy drag on**
 - **Programmes, sectoral CDM?**

Kyoto Mechanisms in Business Practice

Thank you!

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