

Setting the conditions for Environmental Evaluation

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Birth of the CDM

- UNFCCC ratified by countries in 1992
 - ▣ Participating (154) countries agreed to stabilize greenhouse gas emissions
- 1997 adoption of the Kyoto Protocol
 - ▣ Legally binding agreement where countries commit to reducing their greenhouse gas emissions
 - Developed countries commit to a 5% below 1990 over the period 2008-2012
 - To meet these commitments 3 flexibility mechanisms were set in place
 - JI, CDM, and Emissions Trading



Clean Development Mechanism

- Main purpose of the CDM
 - ▣ Promote sustainable development and emission reductions in developing countries
 - ▣ Allow industrialized countries some flexibility in meeting their emission reduction commitments.
- Projects must:
 - ▣ Provide real, measurable, and verifiable GHG reduction or removal, and demonstrate they would have not occurred otherwise
 - ▣ Receive host country approval (related to sustainable development criteria)
 - ▣ Both parties must participate on a voluntary basis
- Participating countries must be parties to the Kyoto Protocol

Units evaluated in a CDM project

- CDM project must reduce any of the six greenhouse gas emissions listed in the protocol

Greenhouse Gas (GHG)		Global Warming Potential (GWP)* ⁵
Carbon dioxide	CO ₂	1
Methane	CH ₄	21
Nitrous oxide	N ₂ O	310
Perfluorocarbons	C _x F _x	6500-9200
Hydrofluorocarbons	HFCs	140 -11,700
Sulphur hexafluoride	SF ₆	23,900

Source: <http://www.energyandenvironment.undp.org/undp/indexAction.cfm?module=Library&action=GetFile&DocumentAttachmentID=1859>

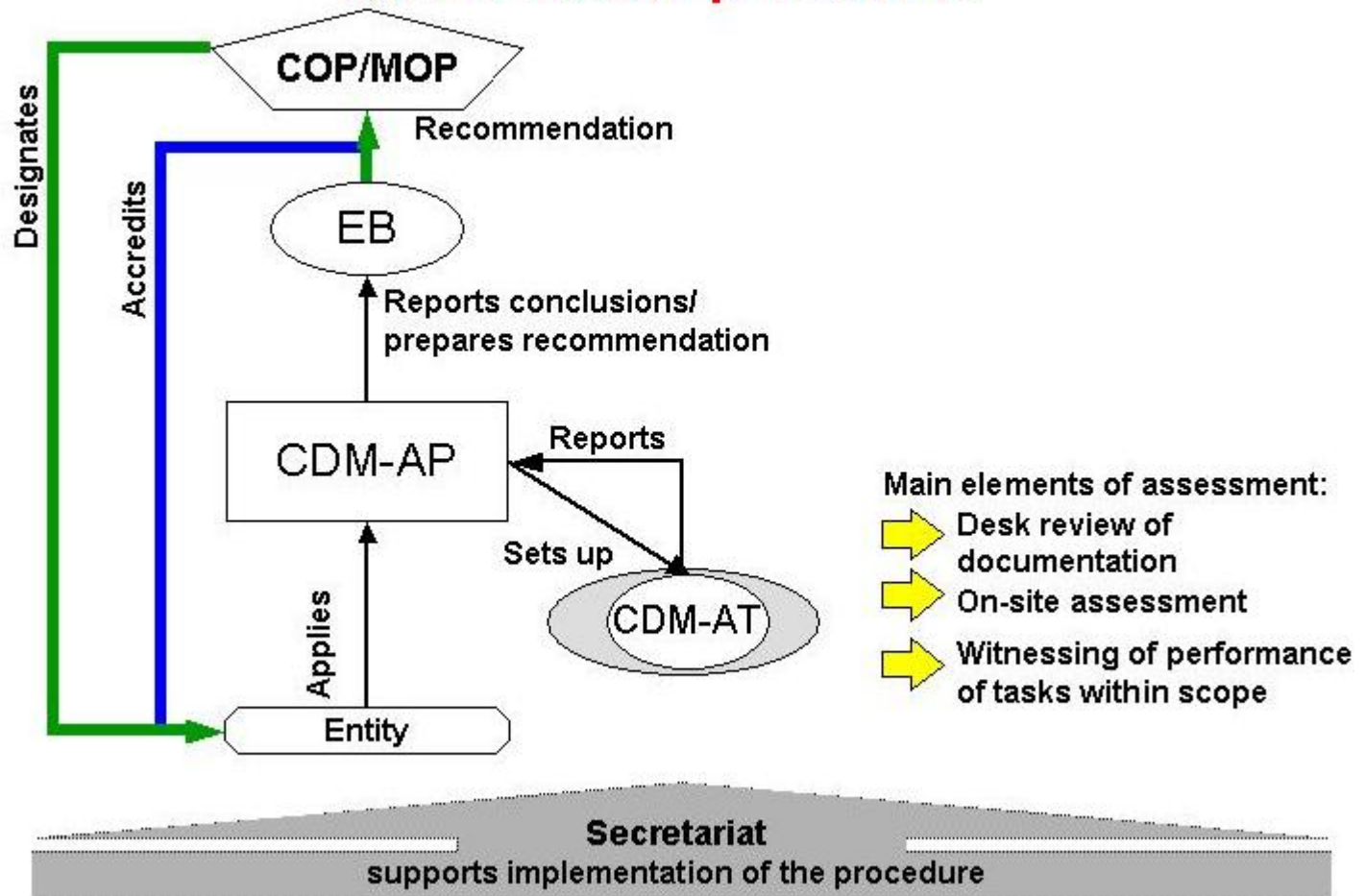
- Sustainable Development criteria is left to each host country and is therefore not part of the UN evaluation process

Roles of evaluators

- Executive Board
 - ▣ Approve methodologies
 - ▣ Register Projects
 - ▣ Issue Certified Emission Reductions
- Designated National Authorities
 - ▣ Host country approval (SD criteria)
- Designated Operational Entities
 - ▣ Validation
 - ▣ Verification

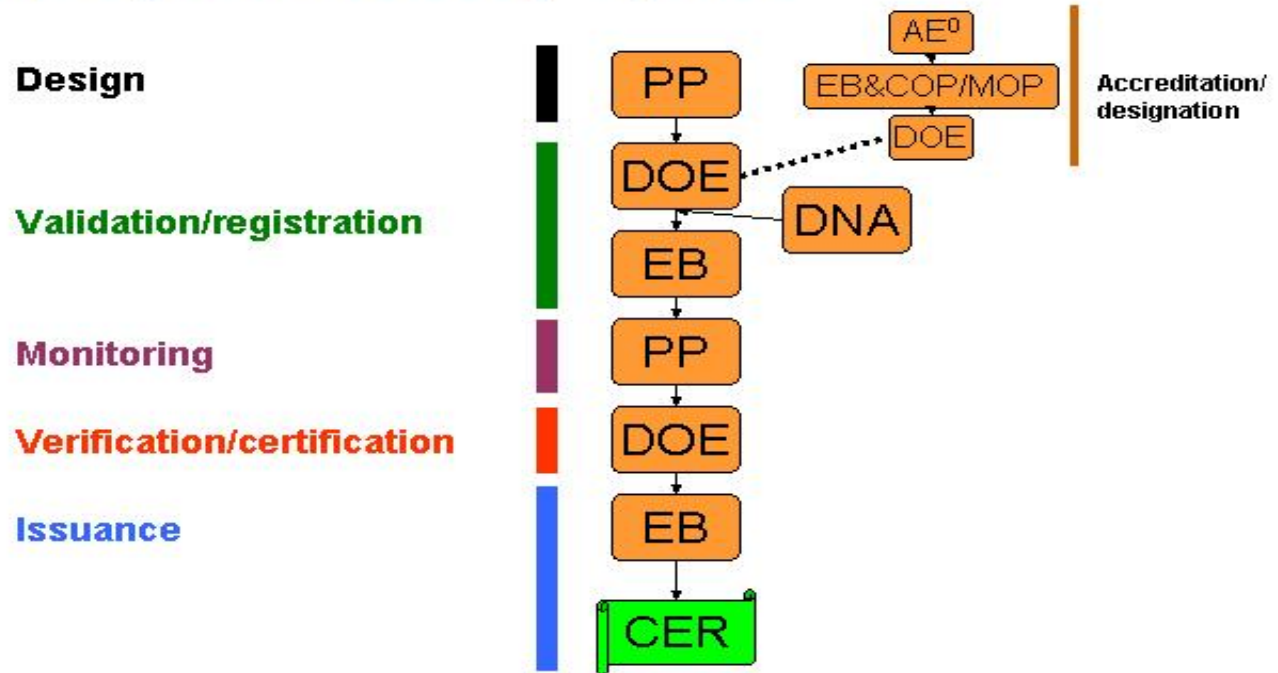
Designated Operational Entities

Accreditation procedure



CDM: Step - by - Step

CDM project activity cycle



UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Challenges – growing pains

- Initial stages
 - ▣ The project cycle had to be designed
 - ▣ Methodologies and approval process took a slow start
 - Difficult to standardize projects in a way that was inclusive yet rigorous while minimizing time spent throughout the process
 - ▣ Registration
 - As a result of the complexity in approving methodologies, establishing DNA, and DOEs average time could take 1-3 years

More mature CDM

- CDM projects in the pipeline: > 3000
 - ▣ Expected CERs until end of 2012* > 2,700,000,000
 - **1167 are registered** > 1,310,000,000
 - **72 are requesting registration** > 80,000,000 *
- Average registration time 6 months to 1 year

* Assumption: No renewal of crediting periods



Successes and challenges of the CDM

- Success in the process for evaluating GHG emission reductions
 - ▣ Standardized (straight forward in what is being measured)
 - ▣ Transparent
 - ▣ Timely
- Challenges in meeting SD criteria
 - ▣ No standardization of SD criteria from country to country
 - ▣ Transparency varies from country to country
 - ▣ Process is usually relatively easy and timely, however difficult to measure and compare level of SD value in a project

Lessons learned

- Developing standardized procedures is time consuming
- Involves a number of parties
- Requires consensus
- Must be streamlined in order to provide standardization and consistency to satisfy wider needs
- Standards may come at the cost of reducing the rigour in the evaluation, but provides broader participation and greater transparency.

Contribution of the CDM

- The process of the CDM has contributed in the development of:
 - ISO 14064
 - Canada's offset system
 - Voluntary Carbon Index

Conclusions – conditions for evaluation

- **Consistency**
- Transparency
- Clarity
- Credibility
- Ease of Assessment