PIN Training Workshop

Islamabad Club

Jan 22nd, 2009

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Making Ideas to Work

Project Idea Note

- Provides indicative information about CDM project:
  - Project Description,
  - Project participant(s),
  - Size (expected CERs) and Schedule,
  - Crediting period,
  - Status of government (DNA) approval,
  - Baseline Emissions,
  - Additionality,
  - Rest project financing,
  - Environmental and social benefits of project.

- Not an official document required by the CDM Executive Board

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Project Description

- Objective of Project
- Project Description and Proposed Activities
- Technology to be Deployed
- Type of Project

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Project participant(s)

- All official participants who will be registered as owners of the project.

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Size (expected CERs) and Schedule

- Estimate of GHG abated
  - Annual
  - Up to and including 2012
  - Up to a period of 10 years
  - Up to a period of 7 years

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Crediting Period

- 7 years twice renewable,
- 10 years fixed.

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Status of government (DNA) approval

- LOI by DNA after submission of PIN,
- Letter of Approval from DNA after submission of PDD

Host Country needs to have ratified Kyoto

Host Country needs to have established DNA

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Baseline Emissions

- Renewable energy off-grid
  - Emission factor of kerosene: 3.26 kg CO2/kg
  - Emission factor of diesel 3.16 kg CO2/kg
  - Diesel Generators: 0.8 to 2.4 kg CO2/kWh depending on size and efficiency of use.
- Renewable energy on-grid
  - Emission factor on the grid: ~0.5 kg CO2/kWh weighted average in case of Pakistan with particular mix of natural gas (36%), hydro (30%), furnace oil (29%), coal (1%) and nuclear (2%).

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Baseline Emissions

- Energy efficiency
  - Emission factor of fuels: natural gas 2.69 kg CO2/kg.

- Landfill methane capture
  - Methane emissions under business as usual

  Methane has 21 times the Global Warming Potential as CO2 per kg.

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Additionality

- Need to show that the project would not happen without carbon finance
  - Low IRR without
  - Financing gap can only be closed by investment which requires carbon financing to repay,
  - Technology barrier – project would introduce new technology to the country,
  - Policy barrier – policy uncertainties means that additional carbon revenue essential to reduce risk for project to go ahead.

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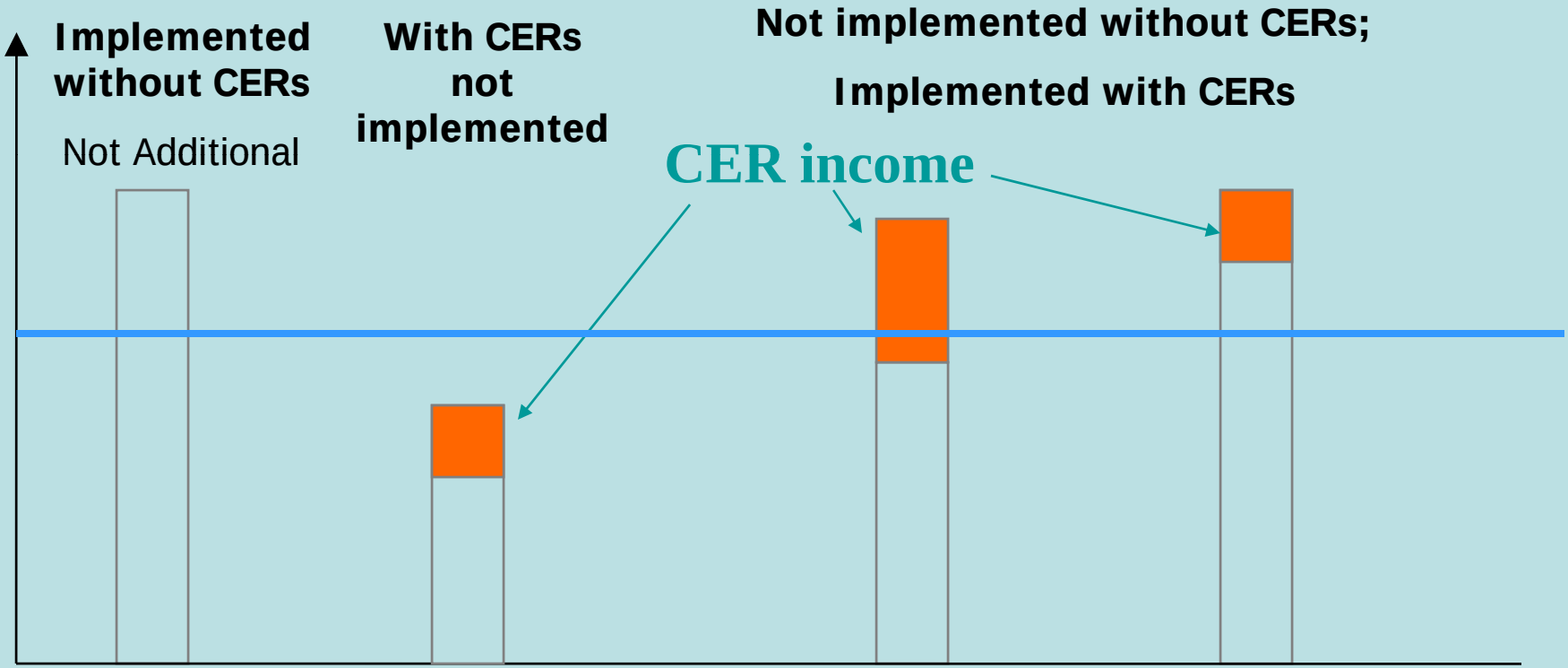
Additional Value From 'Clean' Projects



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Rest project financing

- Where will remaining financing for project come from?
- Few projects can be financed entirely with carbon revenue.
  - Equity
  - Debt
  - Is carbon revenue going to repay the loan?

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Environmental and social benefits of project

- In addition to GHG reductions – what environmental and social benefits would the project have for the local area?

- Could be interesting for buyers who are interested in more than tons of CO2 abated.

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Exercise in Groups

- Divide into groups of 8 people – if possible from similar sectors;
- Pick one project per group;
- Calculate baseline emissions;
- Calculate estimated abatement by year; from now to 2015;
- Select the Crediting Period;
- Present arguments for why project would not have happened without carbon financing.

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