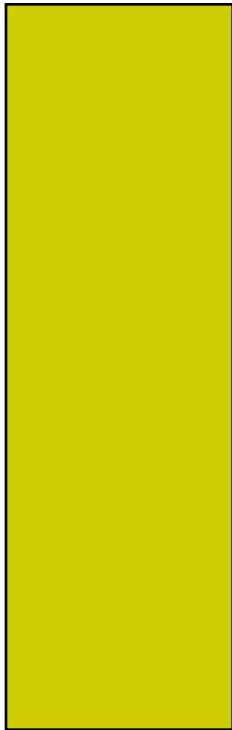


Implementing the Clean Development Mechanism

A Developer's Perspective

Bruce Talbot

Overview



- **CDM in general**
- **A Case in South Africa**
- **Comments on the viability of CDM and trade of CER's vs. Biomass**

CDM Players



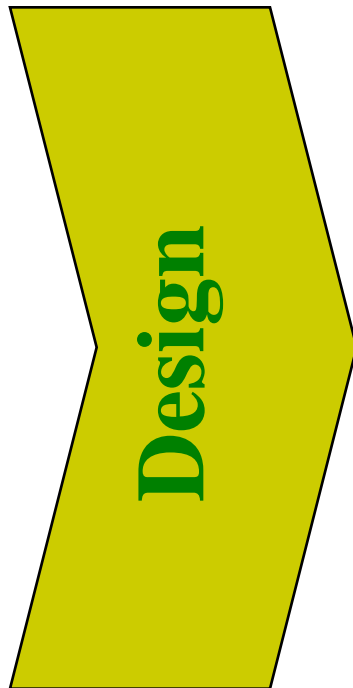


Forest & Landscape

CDM Process

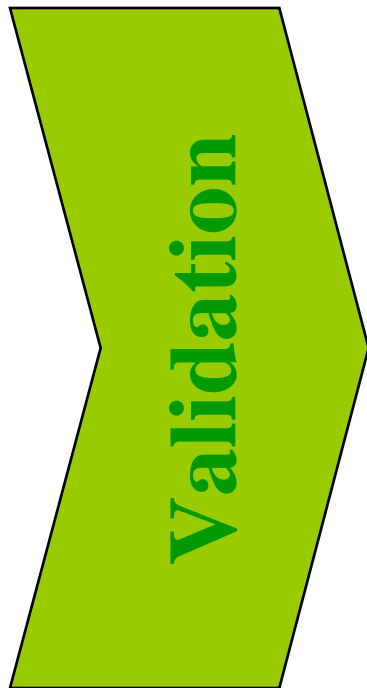


CDM Process



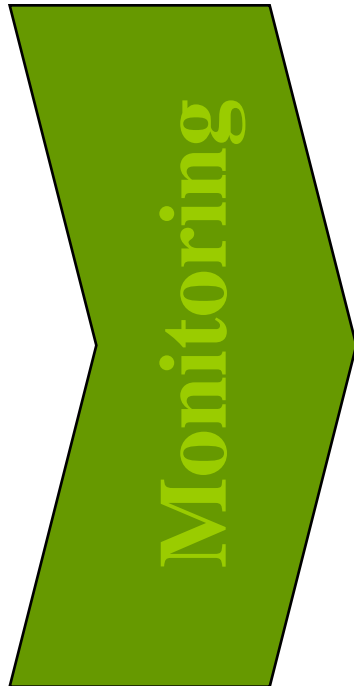
- Find a likely project (?)
- Project Idea Note (PIN)
- Letter of No Objection from DNA
- Project Design Document (PDD)
 - Description, location, baseline methodology, environmental etc.

CDM Process



- **Appoint an Operational Entity**
- **Validate that methods and assumptions are correct and feasible**
- **Submit to the EB for registration**

CDM Process



- Full monitoring plan required
- Monitor actual reductions
- Simple for electricity production (SSC)

CDM Process



Verification

- DOE verifies deliverables in accordance with monitoring
- Periodic on-site inspections
- Written certification to EB

CDM Process

Issuance

- EB issues the Certified Emission Reductions –CER's.
- CER's are tradeable
- To date c. 4.5 M CER's issued

CDM Feasibility: A CHPP

Case

- Combined heat & power
- 5 MWe
- Boiler capacity 20 MW-> SSC
- Surplus to grid
- Thermal to other uses
- Biomass from various sources

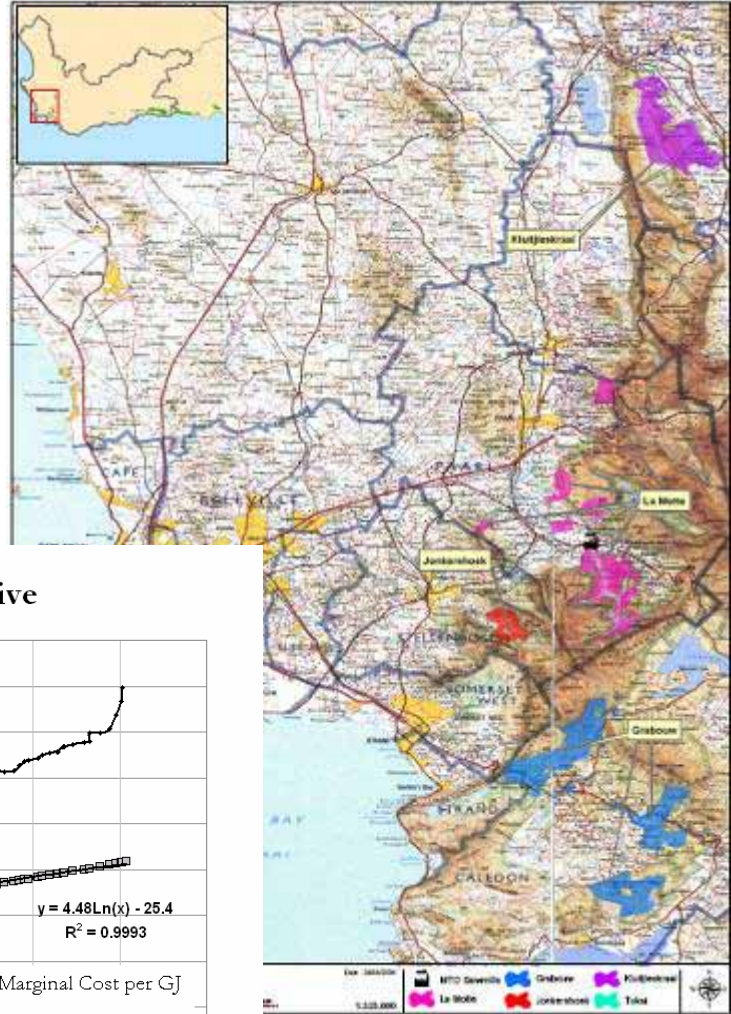
CDM Feasibility: Issues

Case

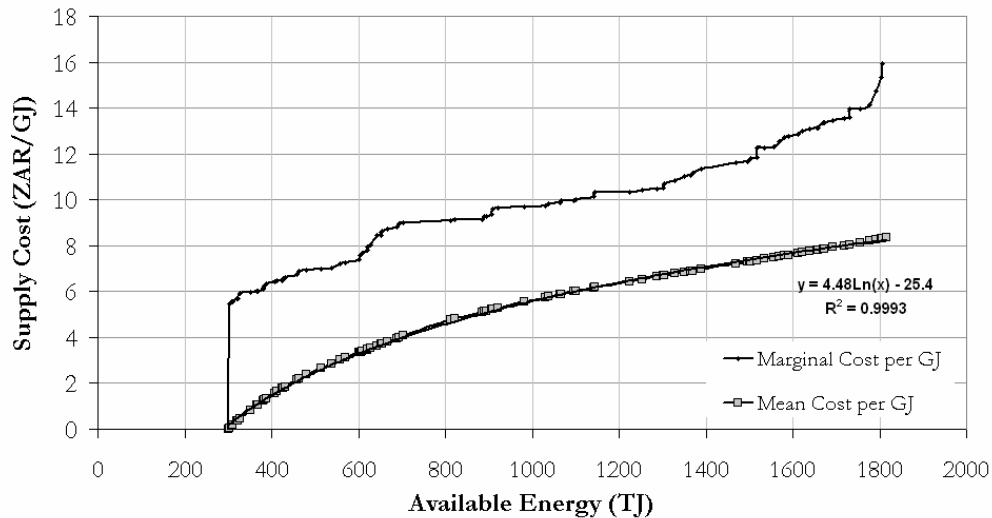
- Is there sufficient fuel ?
- Is it economically accessible?
- Capital investment & financing
- Revenue streams
- Legislation
- EIA

CDM Feasibility

Case



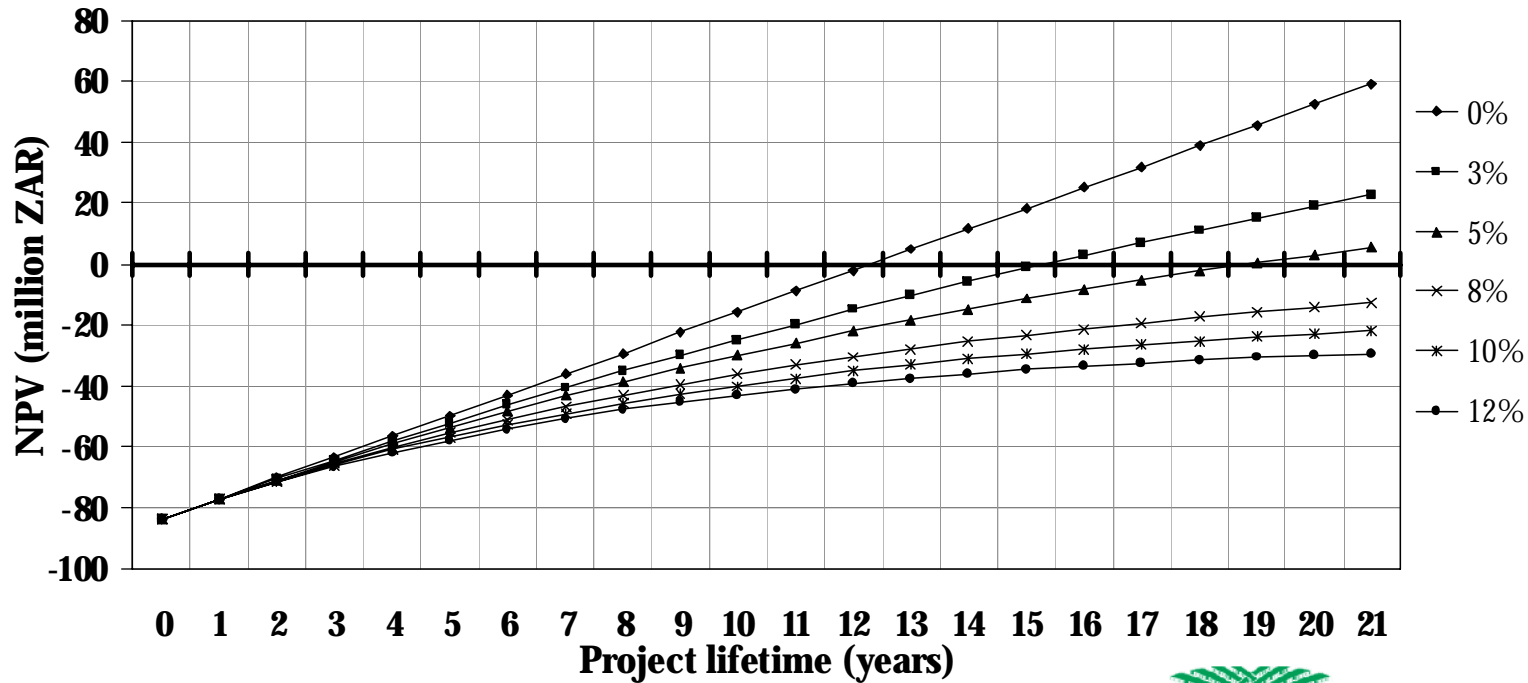
Marginal Supply Cost per GJ - All Inclusive



CDM Feasibility - Investment

Investment Analysis: CTR

Case



CDM Feasibility: Sore Points

Case

- The electricity price – sensitivity
- Market for process heat
- The CER price & trends
- The price differential between ETS and CDM
- Public perception
- European competition for Biomass

CDM Feasibility: contd.

Case

- Interest rates in developing countries
- CHPP -> expensive CER's
- CER price is bundled with less certain projects
- Deregulation of the grid
- The magic 50,000 tonnes

Conclusion

CDM - The emperor's new clothes ?

Thank you for your attention

