



Agility  
Care  
Excellence  
Integrity  
Trust  
Collaboration  
Respect



# ***FUTURE OF CDM PROJECTS***

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# CDM Story In Numbers (1 billion CERs)



- Issued CERs – 1,062,145,207 (China – 0.64 billion. India – 0.15 billion, Brazil - 0.07 billion (85% of total issuance).
- Projects – 5003 (Registered), 226 (Rejected) and 57 (Withdrawn).
- Equivalent to 4 t CO<sub>2</sub>e per Second offset since CDM began (2004).
- 3500 registered CDM projects are from Renewable Energy sector representing 120 GW of installed capacity Globally.
- 161 Countries (Participated), 76 Countries (Registered projects) and 50 countries (issuance taken).
- Over 215 billion USD invested in CDM projects in developing countries.
- 4500 organizations involved in CDM.
- Enriching the lives of thousands of communities worldwide.
- Holds 36% share in Kyoto protocol mechanism.

# Overview on Indian CDM projects

- Issued CERs – 152,758,641.
- Projects – 942 (Registered), 51 (Rejected) and 18 (Withdrawn).
- Snap shot on India CDM projects during 2004 - 2012

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
India	0	17	124	161	82	94	134	189	141	942
Overall	1	62	409	426	431	684	809	1107	1074	5003
Share	0.00%	27.42%	30.32%	37.79%	19.03%	13.74%	16.56%	17.07%	13.13%	18.83%
Issued CERs (lakhs)	0	8	250	300	350	150	125	150	175	1500
CER prices (€)	0-4	10-15	12-18	15-24	14-22	6-15	11-15	6-13	0.7-6	

- Upcoming Projects - 104 (request for registration), 1936 (under Validation).
- India stands 2<sup>nd</sup> in terms of projects registered and issuance of CERs.

# Forecast of Carbon prices till 2020

	Unit	H2 2012 (€)	2013(€)	2014(€)	2015(€)	Phase 3 (€)
<b>Average</b>	EUA	7.63	9.14	11.24	11.51	11.57
	CER	2.21	3.06	3.8	5.03	4.61
<b>Previous poll</b>	EUA	7.6	9.07	11.3	11.59	11.49
	CER	2.5	3.44	4.7	5.43	5.41
<b>Barclays</b>	EUA	7.1	8.5	10		9
	CER	2.2	2.37	2		1.5
<b>Commerzbank</b>	EUA	8	11.5			
	CER					
<b>Consus</b>	EUA	8.2	10.45	11.28	12.48	12.5
	CER	2.1	4.51	5.57	6.34	6.05
<b>Deutsche Bank</b>	EUA	8	10.2	10.5	10.8	11.3
	CER					
<b>Jefferies Bache</b>	EUA	7	9.1	10.8	12.5	
	CER					
<b>Nomisma Energia</b>	EUA	7.1	7.7	10.2	11.8	14.75
	CER	1.9	1.5	0.7	2.8	1.1
<b>Point Carbon</b>	EUA	7.7	9	12	11	11.5
	CER	1.9	2.5	2.5	2	1.6
<b>Solvay Energy Service</b>	EUA	8	10	11	12	10.9

# Demand and Supply forecast of CERs till 2020



- As per the study conducted by major broking agencies the supply of CERs between 2008 to 2020 is likely to be 4.3 billion t CO<sub>2</sub>e.
- The demand is expected to be around 3.25 billion t CO<sub>2</sub>e. Leaving a surplus of approx 1 billion units.
- Projects located in non-Annex I countries (China, India, Mexico, Brazil, South Korea) are more bearish, while those in Annex I are less so due to the huge gap in EUA and CER prices.
- Due to sharp fall in CER prices more than 50% of project developers in China and India plan to decrease investments in CDM projects. Hence may result in slow down of CER issuance post 2015.
- Uncertainties to find out markets for the projects registered post 2012 creates fear among the project developers to invest in developing countries such as China and India.

# Markets existing post 2012

- EUETS – Projects registered post 2012 from developing countries are not eligible to participate in EUETS, therefore to meet the requirement buyer will look for investment opportunities in LDCs.
- Post 2012 registered projects in developing countries will find markets as mentioned below -
  - a) North American Carbon Markets – California Cap and Trade programme, North American Offsets.
  - b) Carbon Markets in Asian and Oceania –
    - NZ ETS – To enter new Compliance period in 2014.
    - Australia - Australian emitters with emissions above 25,000 tonnes CO<sub>2</sub>e a year (and 10,000 tons for certain waste facilities) will have to pay a carbon tax on their emissions.
    - China - the national development and reform commission (NDRC) announced that seven cities/ provinces will start pilot emission trading schemes in 2013.
    - Japan – Japan CO<sub>2</sub> regulation says to cut emissions by 20% 2020 considering 2005 as base year.
    - India – Taken a voluntary target to reduce 20% of its emission by 2020 considering 2005 as base year.

# Corporate views for making fresh investment in

## CDM projects

- Carbon prices are no more decisive factor in investment decision.
- The average time period required for registering a large scale project is approx 2 years, hence the guideline need to be modified to speed up the registration process.
- All Renewable Energy projects should be auto registered irrespective of region or additionality guidelines as these projects are globally accepted for mitigating GHG gases.
- The Government should provide a Floor price of CERs to the Project developer, which will help in guarantying the revenues from Carbon Credit while making the Investment decisions.
- Clarity is needed on 2<sup>nd</sup> commitment period of Kyoto Protocol.
- Requires more transparency in CDM registration process.



# References

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