

EBRD for CDM in Caucasus and Central Asia

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EBRD
PPC CDM Workshop**

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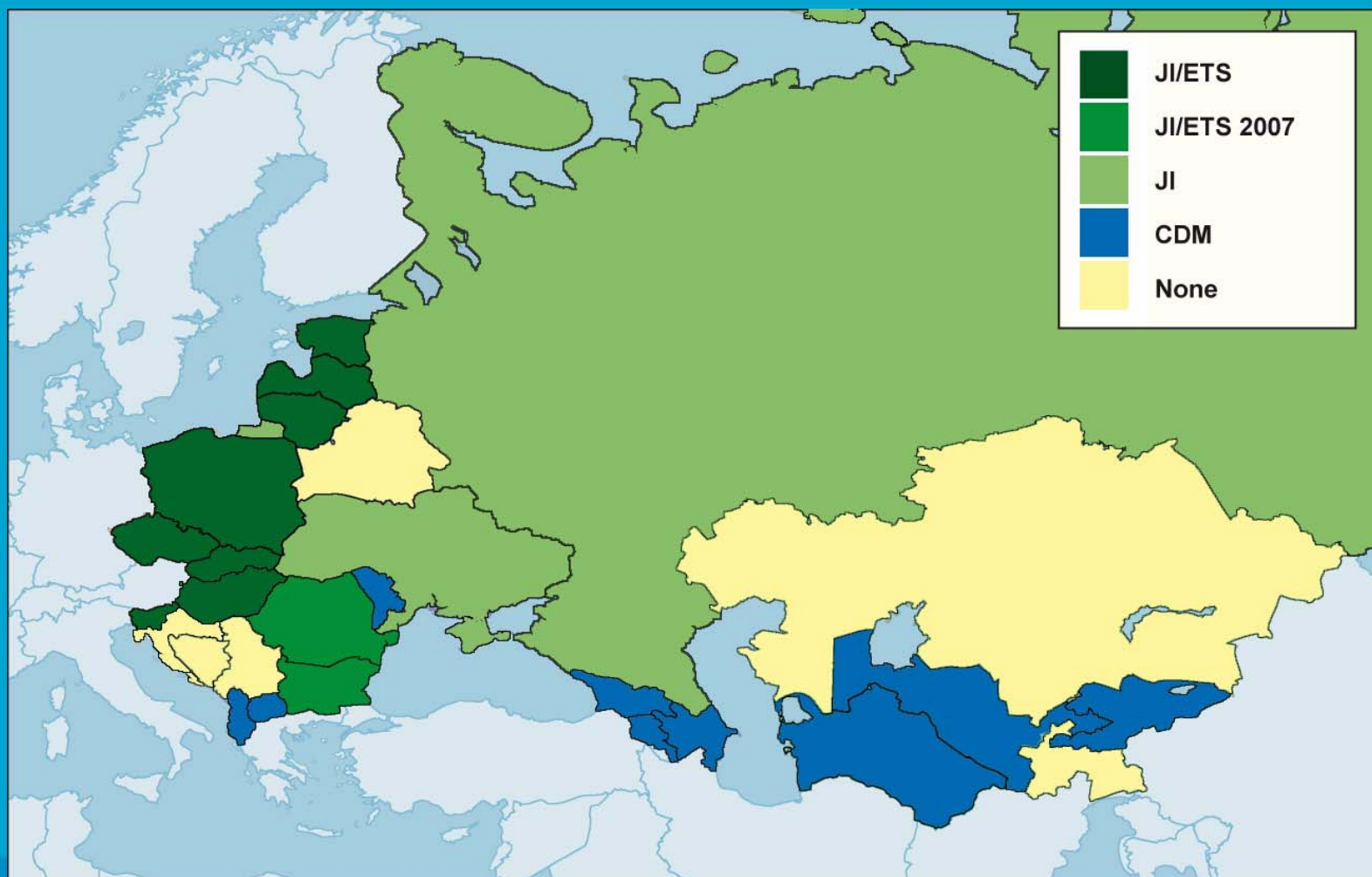


Emissions Trading Opportunities in EBRD's Countries of Operation

- JI and CDM potential; region characterised by abundant and low cost Carbon Credit potential due to high carbon intensity and low energy efficiency
- Higher carbon efficiency will make a country more competitive and less vulnerable to geopolitical disturbances
- The introduction of market based environmental instruments helps the market transition per-se.

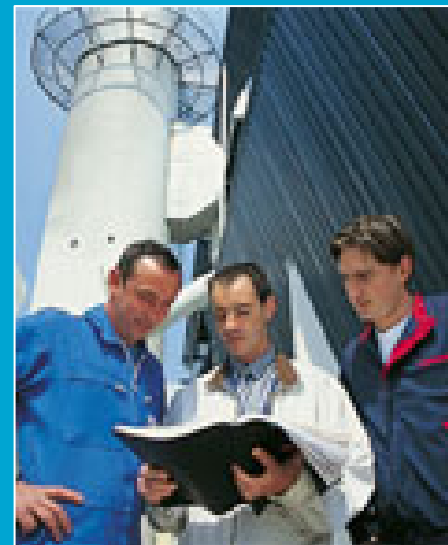


Emissions Trading per EBRD Country of Operation



EBRD: *Monetising carbon credits*

- Netherlands Emission Reduction Carbon Fund, €32m to purchase Carbon Credits from JI projects that EBRD finances
- EBRD is creating a Multilateral Carbon Credit Fund (MCCF) which will purchase credits from JI, CDM and EU ETS projects across the Banks countries of operation
- Through MCCF the Bank will also facilitate the greening of AAU trades
- In-house expertise to guide clients through monetisation of carbon from 'PIN' to 'ERPA'



Carbon Finance expertise and purchasing capabilities enable the bank to offer a unique carbon monetisation service to its clients



PFS Carbon Deal

- First project under Dutch Carbon Fund
- Paper Factory – Stambolijski (PFS), independent and fully integrated pulp and paper mill
- Largest sack paper producer in Bulgaria owned by EBRD and IFC
- Reduction of 600 000 tons of CO² equivalent (tCO²e) 2006 – 2012



Carbon transaction will support €12 m of energy efficiency improvements

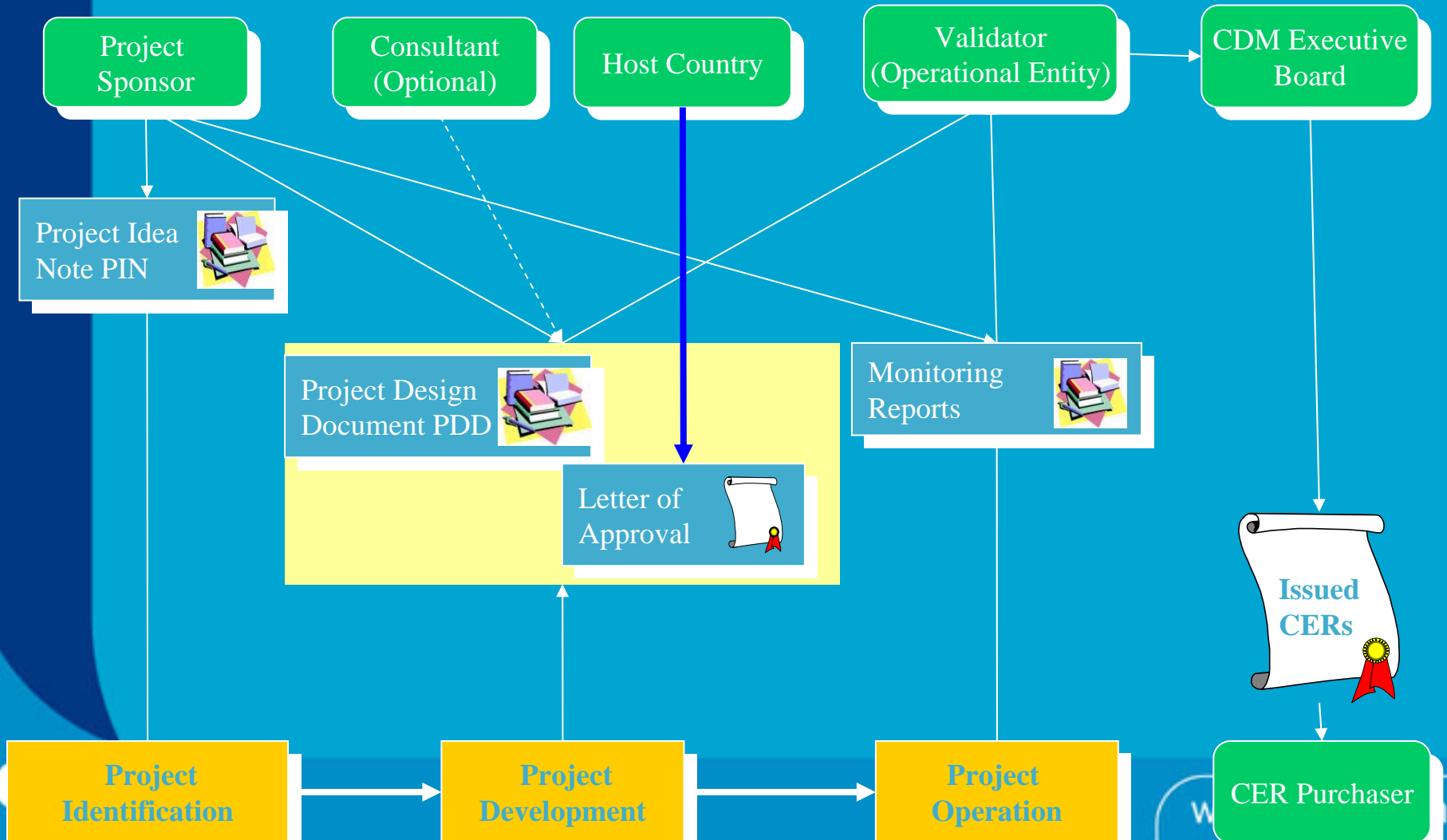


CDM a simple idea, yet a lot of details

- A project investment leads to GHG emission reductions compared to a baseline (which is what would happen without the project).
- This emission reduction performance, monitored and certified, can be sold to countries and companies with a shortage of rights to emit GHG.
- The additional Carbon Credit revenue makes the project happen.



CDM Project Cycle and involved Parties



CDM Mini-Hydro Project in Armenia

- PDD Developed with a local Project Sponsor for two mini-hydro projects.
- Avoided emissions [0.415] tons CO₂/MWh, so if Carbon Credit price would be EUR 7 / ton, then additional revenues could be EUR 2.9 / MWh
- Loan from EBRD Direct Lending Facility
- Request for Letter of Approval made
- Validation can start once Letter of Approval obtained



Barriers:

- Many projects at a very early stage of development
- Lack of awareness amongst Project Sponsors on the projects' Carbon Credit potential
- Host country CDM procedures not established or not sufficiently communicated with the Project Sponsors
- Limited local consultancy capacity to assist Project Sponsors in CDM development
- Lack of Project Sponsors' money to bridge finance the CDM related costs



CDM PSF ETC

- The CDM Project Support Facility is designed to assist project sponsors in the ETC to monetise their GHG emission reductions.
- Provides follow-up on the energy efficiency audits
- Funds Available: €240,000 from the ETC multi donor fund
- Eligible countries: Armenia, Azerbaijan, Georgia, Kyrgyzstan, Moldova and Uzbekistan have ratified the KP.
- The facility offers the following services:
 - Module A – Consultancy services related to the preparation and development of the CDM project: Project Design Document (baseline study), Letter of Approval from the Host Country and Assistance in selling the carbon credits.
 - Module B – Validation and registration services in relation to the Module A deliverables



Multilateral Carbon Credit Fund

- €50-150 million
- Open to shareholders of EIB/EBRD, and also Private Companies (compliance buyers only)
- Will aim to buy credits under JI, CDM, and ETS; but can also facilitate Green Investment Schemes;
- from Transition Countries (EBRD's 27 CoOs)
- preferably from EBRD- or EIB-funded projects
- Preparation, negotiation, contracting and monitoring of carbon deals outsourced to 1-3 "Carbon Managers" (competitive selection)
- Light MCCF secretariat as interface with Participants, Carbon Managers and Project Companies, and Governments (policy dialogue)
- Buyers bear delivery risk and Kyoto risk



How to contact us

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www.ebrd.com

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Background

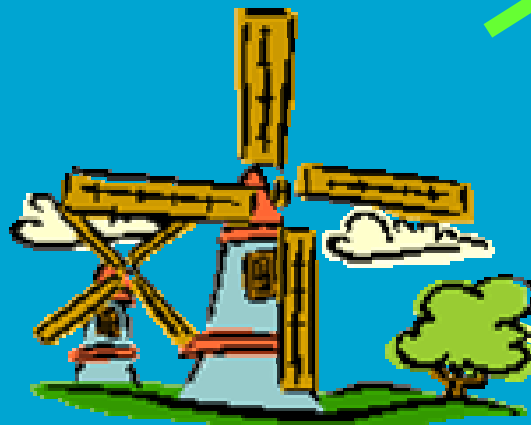
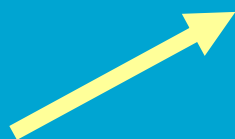


Example CDM Wind Power Project

equity



debt



Carbon Credits

"Certified Emission Reduction"
(Emission Reduction Purchase Agreement)

electricity

(Power Purchase Agreement)



What are Certified Emission Reductions?

Calculation of CERs

