

The Practicalities of Carbon Projects' Implementation

The Joint Implementation Process

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Contents

1. The JI process
2. Where is JI now?
3. The Challenges



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Approval process of JI Projects in Russia

PHASE

Documentation development

- Project Passport (including efficiency indicators)
- Project Documentation (including risk)= PDD
- Independent Expert Review

3 Russian Copies Submitted

Russian JI Coordination Center (Ministry of Economic Development)

10 Days

Government Actors
Ministry of Natural Resources
Ministry of Industry and Energy

Register Project

Publish Passport Documentation on Web

30 Days Review

Approval/Rejection

Commission

Expert Panel

Approval/Rejection

?? Days

Russian Government

Approval/Rejection

3 Days

Track 1

?? Docs

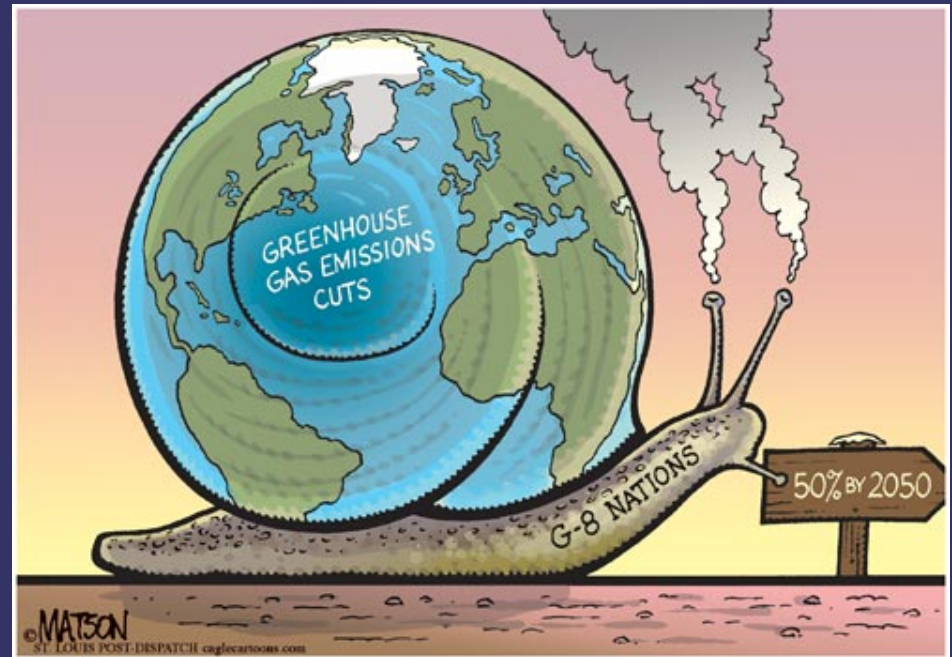
Track 2

Ministry approval

Gov approval

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Where is JI in Sept 2009?

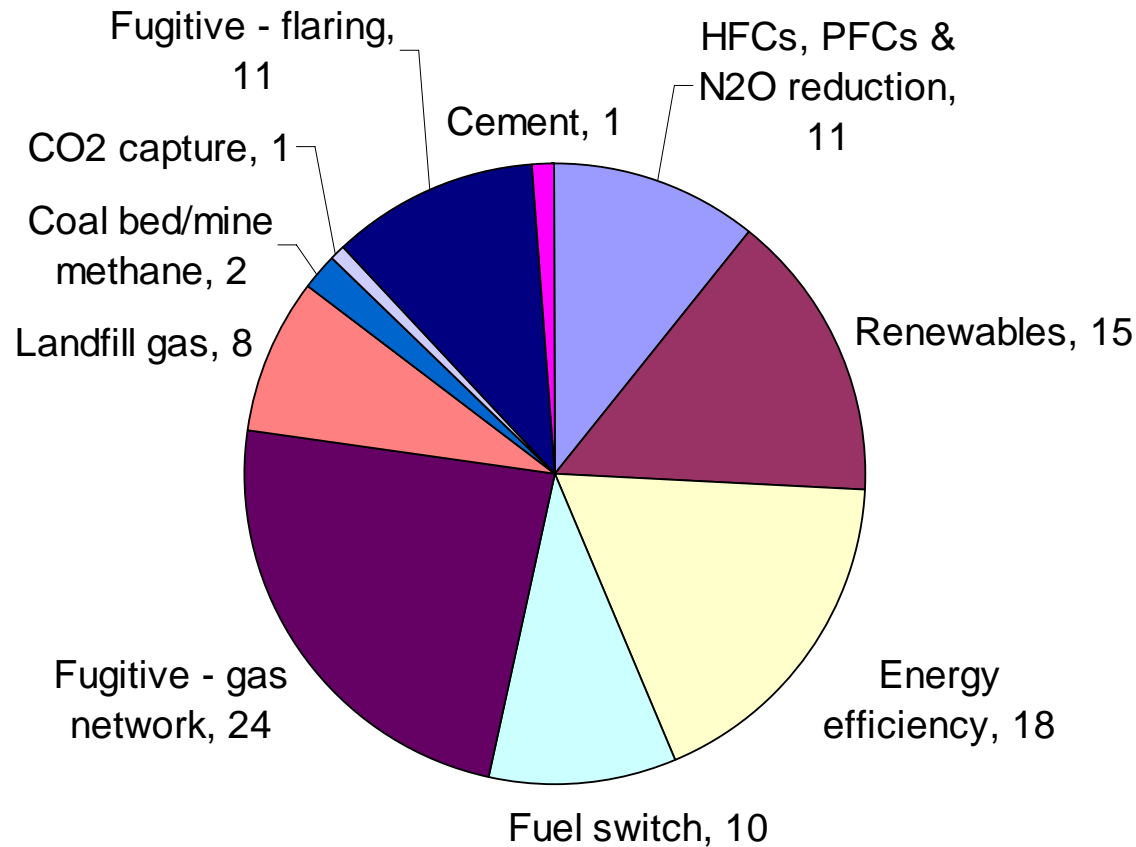
- **Globally**

- 7 JI Projects generating credits
- 1.1 million ERUs issued (EUR10million)
- 81% of expected ERUs based on PDDs
- (30% coal bed, to 121% for landfill)

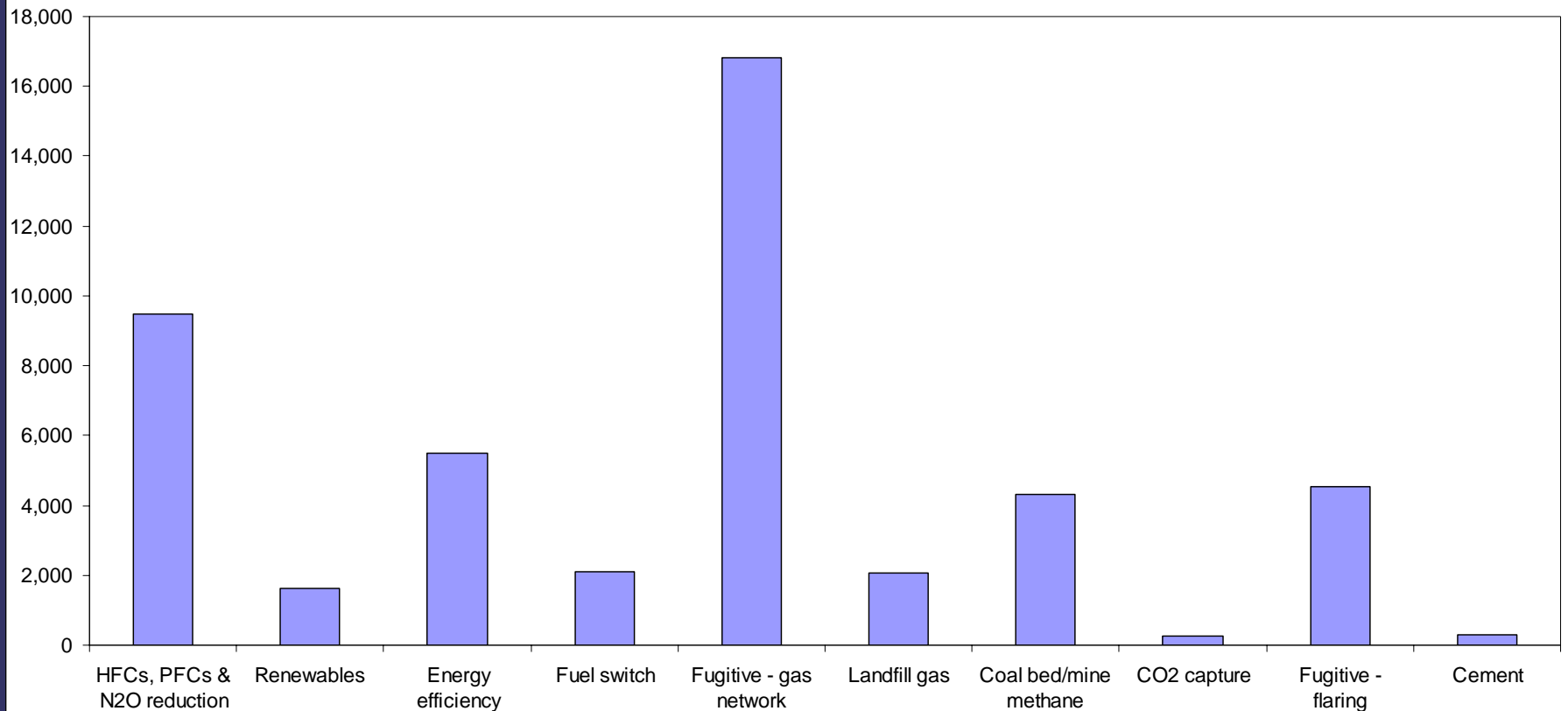
- **Russia**

- 105 Russian projects in Track 2 pipeline
- 101 at Determination
- 4 Withdrawn

Russian JI Projects in pipeline



Russian JI Projects - ERUs/yr



Key Methodologies

- **CH4 Gas Flaring:**
 - *AM9 Recovery and utilization of gas from oil wells that would otherwise be flared or vented*
- **Methane Leak reduction:**
 - *AM23 Leak reduction from natural gas pipeline compressor or gate stations*
- **Nitrous Oxide:**
 - *AM34 Nitrous oxide abatement in nitric acid production*
- **Fossil Fuel Switch:**
 - *ACM9 Industrial fuel switching from coal or petroleum fuels to natural gas*
- **Landfill Gas:**
 - *ACM1 Landfill gas project activities*

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Challenge #1: variable Carbon price



Challenge #2: Stringent additionality criteria

- (e.g. gas flaring)
 - Very difficult to show that gas flaring would not have ceased in the absence of CDM credits
 - New regulations in different states putting pressure on oil/gas giants to eliminate and reduce flaring anyway
 - Projects are often *profitable*:
 - Increase in production (Direct benefit)
 - Re-injection and improved oil extraction (Indirect benefit)
 - CDM and JI becomes less feasible and the emission reductions are no longer '**additional**'

Challenge #3: Establishing Baseline/Determination

- **(e.g. Methane Leakage)**
 - Reliance of teams
 - Reliance of equipment
 - Training/calibration
 - documentation not in place

Challenge #4: Verification

- **confidential information**
- **documentation not in place**
- **poor QA/QC**
- **Faulty/ old monitoring equipment**
- **availability of Accredited Independent Entities**

Potential of JI in Russia e.g. flaring

- PCF Energy and World Bank in 2007 estimated that Russian oil producers flare 38 Billion m³/yr
- = 45 % of the country's associated gas production
- = yearly Power Generation of 18 000 MW
- = twelve Nuclear Power station of 1 500 MWe each



= 12 x



Thank you!

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