

Clean Development Mechanism Cell In EPCO

Background

Since the dawn of industrial revolution the volume of Green House Gases (Carbon Dioxide, Methane, Nitrous Oxide, Chlorofluorocarbons, Hydro-Fluoro-Carbons, Pre-Fluoro-Carbons and Sulphur-Hexa-Fluoride) in the atmosphere resulting from human activities has increased enormously leading to warming of the globe. Utilization of fossil fuels for power generation and transportation and de-forestation are found to be major causes for enhanced green house effect and climate change.

The effect of global warming would lead to rise in sea levels resulting to flooding of low lying islands. Further, the world is expected to have more violent weather events. Global warming is also expected to pose serious threats to food production, fresh water source and human health. All these consequences of Global Warming are expected to translate into huge financial and social costs.

Governments around the world agreed during the 1992 Rio Earth Summit on a United Nations Framework Convention on Climate Change (UNFCCC). India is also a party to the convention as it signed this multilateral treaty on 10th June 1992 and was the 38th country to ratify the Convention on 1st November 1993.

Being a non-Annex-I Party, India is not required to adopt any greenhouse gases (GHGs) reduction targets but is required to take steps contained in Article 4.1 of the Convention to demonstrate India's commitment to climate change mitigation. Kyoto Protocol was adopted during COP-3 in Dec 1997, which enjoins upon the developed country parties to reduce their GHG emissions by a global average of 5.2% below the 1990 levels during 2008-12 which India acceded in August 2002 and come into force from 16th February 2005.

At the global level, countries around the world have expressed a firm commitment to strengthening international mechanism for GHG mitigation. India has the potential to generate 250 million carbon credits, which is worth about 1.5 billion USD. This potential can be realized if India is able to develop capacity for undertaking CDM projects.

Clean Development mechanism (CDM)

The Kyoto Protocol has brought out three mechanisms from GHG emission abatement. They are –

1. **Joints Implementation (JI):** It allows countries to claim credit for emission reduction that arise from investment in other industrialized countries, which result in a transfer of 'emission reduction units' between countries.
2. **Clean Development Mechanism (CDM):** Through this, industrialized countries can finance mitigation projects in developing countries contributing to their sustainable development.
3. **International Emission Trading (IET):** It permits countries to transfer part of their 'allowed emissions' – assigned amount units.
 - ✓ All these mechanisms are market-based. The first two are project based, where as the third one allows the developed countries to sell surplus emission of one country to another developed country.
 - ✓ Clean Development Mechanism (CDM) provides trading of Green House Gases (GHG) reductions that is measured in terms of Certified Emission Reductions (CERs) where each CER is equal to one metric tonne of Carbon dioxide equivalent (CO₂e). Trading of CERs can take place between those countries who have agreed emissions reductions targets under UNFCCC (Annex-1 countries) and those who have not agreed to emission reductions targets (Non Annex countries).
 - ✓ Out of the 3 Kyoto mechanisms, CDM is the only one meant for the developing world which encourages cleaner development in developing countries and bring infusion of investments and technologies in developing countries which thus provides them an opportunity to adopt cleaner technologies and be paid for emission reductions.
 - ✓ CDM undergoes through a project cycle involving 4 stage such as (1) Project Development (2) Validation and Registration (3) Project Monitoring (4) Verification, Certification and Issuance of Certified Emission Reductions (CERs).

Road Map for CDM:

Creation of a dedicate Cell on CDM in EPCO with persons having sufficient background in International Environmental Convention and protocol. A general understanding of the various steps involved into CDM project, preparation, registration and generation of CERs capacities to communicate in Hindi and English and able to interact with Consultants for preparation of PDD, validation and verification of CERs etc.

This works demand tremendous time commitment from the persons leading this activity, as the CDM is a time bound activity and maximum advantage can be availed in the first commitment period. The kind of activity CDM Cell would be engaged with general awareness and capacity building. Identification of potential sectors where project can be prepared, Liaisoning with

Designated Operating Entries (DOE), Designated National Authorities (DNA), Validator, Verifiers and CDM Executive Board in Bonn Germany.

Objectives of CDM Cell

- ✓ To create awareness amongst Indian organizations about CDM and its benefits
- ✓ To build capability for developing and implementing CDM projects

Activities

- ✓ Conducting CDM awareness seminars, workshops to promote the concept of CDM.
- ✓ Training of resource persons to assist in implementation for CDM projects
- ✓ Establishment of CDM facilitation center which should be able to provide:
 - Conceptualization the project design
 - Preparing project reports
 - Assistance in project validation

Partnership with other institutions

To get early advantages in this sector we need to develop institutional partnerships with organization like TERI, Development Alternatives(DA), FICCI and CII who have sufficient amount of information and background understanding in this field.

During the training session we explored the possibilities of working jointly with FICCI in this sector. FICCI in partnership with Norwegian Development Agency (NORAD) is interested to take up certain pilot projects for CDM related activities.

One of the two ideas that were considered worth taking up is to prepare a status paper on CDM related project and potential available in M.P. The Secretary General, kindly agreed and assured that FICCI would contact the State Government soon. The other activity which can be organized in quick time is a similar capacity building advanced training programme in Bhopal in association with FICCI. The dates and modalities will be decided with mutual consent.

Since EPCO now being entrusted with the responsibility to facilitate CDM project in MP, we need to create State Carbon Fund in EPCO by allocating some seed money in the fund.

The Expenditure Financial Committee of EPCO-DFID project while reviewing advised that the budget should be suitable re-appropriated to address CDM issues. It is suggested that capacity building activities can be taken up by the DFID budget and the CDM project formulation cost can be met from proposed State Carbon fund.