**Carbon dioxide capture and storage in geological formations as clean development mechanism project activities (SBSTA)**

**Submission by the Republic of Nauru**
**on behalf of the Alliance of Small Island States (AOSIS)**

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*(a) The eligibility of carbon dioxide capture and storage project activities which involve the transport of carbon dioxide from one country to another or which involve geological storage sites that are located in more than one country; and*

*(b) The establishment of a global reserve of certified emission reduction units for carbon dioxide capture and storage project activities, in addition to the reserve referred to in paragraph 21(b) of the annex to decision (-/CMP.7).*

**Introduction**

AOSIS welcomes the decision taken for the inclusion of CCS projects as CDM project activities.

Item A: AOSIS is of the view that CCS project activities which cross borders, either due to the transport of carbon dioxide or shared geological storage sites should only be allowed to be considered eligible as CDM project activities when issues in relation to site selection and the liability mechanisms just recently established for a single host country are shown to be effective.

For example, it is noted that paragraph 8 (a – f) of the Durban decision stipulates that the Host Country must establish laws or regulations to cover site selection criteria, assignment rights, means of redress, means of allocating liability etc; and that the environmental and social impact assessments must be conducted according to the laws or regulations of the Host Country. Already, the CDM allows for the implementation of project activities in more than one Host country and so these activities provide clear guidance in addressing the assignment of liability that would at a minimum, require a thorough evaluation of both jurisdictions laws and regulations. It is further noted that the current modalities and procedures arising from CMP 7 allow for a transfer of liability from the project participant and for either the Host Party or the A1 Party that buys the CERs to be responsible for addressing a net reversal of storage and cancellation of the issued CERs. Under these circumstances, it is would be prudent to further consider issues that would allow for a sharing of the liability now prescribed for one Host Party.

Therefore, AOSIS recommends that further work to resolve these methodological issues be pursued and that any decision on this matter not is taken until these issues are resolved.

Item B: AOSIS notes that 5% of the CERs are to be issued to a reserve account of the CDM registry for the purposes of accounting for a net reversal of storage. This reserve account can be closed and the CERs issued only after the last certification of monitoring has been issued as described in paragraph 16 of Appendix B to the CMP 7 decision. In addition to this reserve, it is further contemplated that a global reserve account be established to provide further capacity to account for net reversal of storage. AOSIS is generally supportive of the concept of a global reserve account that is additional to the individual project reserve accounts. Recognising that net reversal of storage can occur several decades or centuries after project closure, the global reserve should be held for a much longer period (perhaps in perpetuity) than 20 years after the end of the crediting period or the last issuance of CERs as is the case for the project reserve. The suggested amount for the global reserve is 5% of the issuable CERs.

**EOR**

AOSIS also wishes to comment on the issue of Enhanced Oil Recovery (EOR). Although not explicitly mentioned in the CMP 7 decision, it is noted that some Parties have apparently already stated an interest in seeking to register CCS projects using EOR as CDM project activities. AOSIS is of the strong view that for a project to be eligible there must be a net reduction in emissions. Any downstream emissions from the recovered hydrocarbons would have to be accounted for in the proposed methodology.