The Austrian JI/CDM Programme

UNFCCC/UNIDO Training of trainers workshop on preparing technology transfer projects for financing

1 October 2008
I. Who are we and what is the Austrian JI/CDM Programme?

II. CDM: innovative financing

III. Evaluation and approval procedures

IV. Project examples
Kommunalkredit Public Consulting (KPC)

**KPC** is the consulting subsidiary of Kommunalkredit Bank - Austrian largest Austrian bank for public finance.

**KPC** manages environmental support schemes and the Austrian JI/CDM-Programme on behalf of the Republic of Austria, Federal Ministry of Environment.
Clean Development Mechanism (CDM)

- Project-based mechanism

- Between industrialised (Annex I) country as investor and developing (non-Annex I) country as host country

- CDM allows eligible projects in developing countries to earn „Certified Emission Reduction“ credits.

- Transfer of technology, investment and sustainable development in developing countries.

- Precondition: the emission reductions are additional to what would have occurred without the project.
The Austrian Kyoto-Target

Austrian National Climate Strategy:

- **National measures** in various sectors => domestic emissions reduction
- **Kyoto mechanisms (supplementary):** Supplementary application of the flexible mechanisms of the Kyoto Protocol (JI and CDM) ~ 9 mio. t per year
Management of the Austrian JI/CDM Programme

- Sourcing of eligible projects
- Funding Contracts for Project Development
- Negotiation and Conclusion of ERPAs
- Recommendation to Austrian JI/CDM Commission

- ERPA Administration
- Monitoring agreements
- Payment on Delivery
- max. 50% Prepayment
- Risk Management

We buy for Austria’s compliance
II. The CDM: innovative financing for technology transfer projects
JI/CDM Project cycle (simplified)

Joint Implementation (JI) | Clean Development Mechanism (CDM)
---|---
Project Idea Note (PIN)
Project Design Document (PDD)
Validation
Registration
Emission Reduction Purchase Agreement
Monitoring
Verification
Certification
Transfer of carbon credit and payment
Conventional and CDM Project Cycle

**Planning phase**
- **Conventional project**
  - FEASIBILITY studies – project design, technical, financial
  - Prepare BUSINESS PLAN, identify partners & project vehicle
  - Negotiate CONTRACTS
  - Apply for PERMITS
  - Arrange FINANCE

- **CDM project cycle**
  - FUNDING assessment
  - Prepare CDM project development
  - Project validation
  - Project registration
  - Sale of carbon credits
  - Host country approval
  - € prepayment

**Construction phase**
- **Conventional project**
  - Construct INFRASTRUCTURE
  - Install & test plant & EQUIPMENT
  - Ongoing O&M

- **CDM project cycle**
  - Install & test monitoring equipment
  - Project verification
  - CER issuance
  - € CER sales revenue

**Operation phase**
- **Conventional project**
  - Ongoing O&M

- **CDM project cycle**
  - Host country approval
  - Project validation
  - Project registration
  - Sale of carbon credits
  - Install & test monitoring equipment
  - Project verification
  - CER issuance
  - € CER sales revenue

**Source:** Guidebook to Financing CDM Projects (UNEP CD4CDM), modified.
## Contribution to project investment

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Sales revenue in relation to total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind power</td>
<td>5-10%</td>
</tr>
<tr>
<td>Hydro power</td>
<td>5-10%</td>
</tr>
<tr>
<td>Biogas</td>
<td>10-40%</td>
</tr>
<tr>
<td>Biomass</td>
<td>20-30%</td>
</tr>
<tr>
<td>Landfill Gas</td>
<td>up to 100%</td>
</tr>
</tbody>
</table>

*Source: KPC’s project portfolio*
III Evaluation and approval procedures of the Austrian JI CDM Programme
Evaluation (I): Evaluation criteria

- Kyoto-related criteria (baseline, monitoring plan)
- Economic criteria (economic viability, financial structure)
- Technical criteria (technical feasibility)
- Ecological criteria
- Socio-economic and development criteria

Basic eligibility of a project & risk management
Evaluation (II): Checklist of documents

- Offer of emission reductions (PIN template)
- PDD including baseline study, monitoring and verification
- Business plan
- (preliminary) Validation report
- Letter of Approval by host country
- Extract from professional or trade register
- Financial and economic standing of the applicant
  (annual reports and financial statements, ownership structure)
- Documents on technical capacity
  (project references, staff resources, company profile)
- Letter of social responsibility
- Austrian Questionnaire (ecological, socio-economic and developments aspects)
- Other relevant documents (major contracts, permits, financing agreements)
Evaluation (III): Project Idea Note (PIN)

... provides *indicative* information on

- Type and size of the project
- Location
- Anticipated total amount of GHG reduction
  (as compared to the “business-as-usual” scenario)
- Suggested crediting life time
- Suggested price (€ / ton CO$_2$e reduced)
- Financial structuring (who provides finance?)
- Socio-economic and environmental effects / benefits
Approval Procedure of the Programme

Austrian Ministry of Environment

Minister of Environment

Budget

Letter of Approval

Management by KPC
Evaluation, Price negotiations, ERPA

Recommendation

Advisory Panel

Presentation

Individual Projects

Carbon Facilities

Carbon Funds
Project examples
Project Example
Jct Phagwara small scale Biomass, India

Technical Data
- Biomass: Rice husks
- Generator: 5.5 MW
- Electricity: 31,500 MWh/a
- Tot CO₂ Red.: 147,000 t CO₂e
Project Example
V.P. Farms Pig Manure Methanisation, Thailand

Technical Data
➢ Biogas Animal manure
➢ Electricity 10.11 MWh/a
➢ Tot CO₂ Red. 163,000 tons of CO₂e
Project Example
Talia Landfill Gas Recovery, Israel

Technical Data
- Waste: 3 mio. t
- Capacity: 2 MWel
- Energy Generation: 16 GWh/a
- Tot CO₂ Red.: 245,000 t CO₂e
Project Example
Hunan Dongping Hydropower, China

Technical Data
- Capacity: 72 MWel
- Energy Generation: 271 GWh/a
- Tot CO$_2$ Red.: 978,400 t CO$_2$e
Thank you!

www.ji-cdm-austria.at

m gauss@kommunalkredit.at