

## **Press Release: Controversial coal projects continue to be registered despite serious concerns over the methodology to be reviewed by CDM Executive Board**

*12 July 2011, Washington D.C. As an United Nations panel of technical experts prepares to deliberate on the suspension of coal projects that, if approved, could lead to hundreds of millions of artificial carbon credits under the Clean Development Mechanisms (CDM), the CDM Executive Board registers another contested “Ultra Mega” coal project.*

Days after the CDM Methodology Panel recommended that the CDM Executive Board suspend the supercritical coal methodology (ACM0013), the Coastal Andhra project, a 3,960 “Ultra Mega Power Project” in Andhra Pradesh, India was registered in the CDM system, despite overwhelming evidence that the project would go forward without CDM support.

*“This project never should have been registered, it is plainly not additional.”* said Steven Herz, Senior Attorney with the Sierra Club’s International Climate Program. *“This unfortunate decision may cause over 12.3 million tons of excess carbon emissions to be emitted, and could hand the owner an undeserved profit of about € 123 million (based on current CER prices).”*

The company argued that, with CDM support, the project could use more efficient supercritical coal technology rather than subcritical technology, and that it should be awarded credits for the resulting emission reductions. However, the project is one of India’s Ultra Mega Power Projects (UMPP), which are required to use supercritical technology. This refutes the company’s claims that CDM funds are needed to build a plant using this technology.

*“To say that this project required CDM revenues to go forward is patently absurd”* explains Anja Kollmuss of CDM Watch. *“Not only is the project required by the Indian Government to use supercritical technology, but they already secured all the necessary financing, bought the land, began construction, and ordered all of the critical components before they knew if they could receive CDM funds. CDM revenues will just be excess profit. It is very troubling that the CDM Executive Board let this project through.”*

As the CDM Executive Board prepares to consider the CDM Methodology Panel’s recommendations, this controversy is unlikely to fade. The registration of the Coastal Andhra project brings the total number of coal projects registered to five, representing roughly 68 million credits worth over 680 Million Euros. With another 31 projects in the pipeline, potentially generating hundreds of millions of artificial credits worth billions of Euros in windfall profits, there is an urgent need to suspend this methodology.

In the state of Andhra Pradesh, 63 coal power plants totaling 56 GW are proposed. These and other coal projects in India have not gone uncontested.

*“In many areas locals have protested against proposed coal plants,”* says Dr. Babu Rao a former Indian government official turned anti-coal activist, *“unfortunately, we have had several reports of the police reacting violently against protesters, intimidating villagers, as they struggle to protect their livelihood and habitats.”*

At a time where CDM projects have come under increased scrutiny because of their potential human rights abuses, it seems especially problematic to register a project in a state that has violently suppressed civil dissent.



*"CDM is supposed to promote sustainable development, and coal-based energy production is far from sustainable" explains Alyssa Johl from the Center for International Environmental Law. "Coal-based power projects have serious negative impacts on the environment and human health that will impose real and significant long-term costs on governments and communities alike. Local communities have good reason to be concerned."*

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