

FOR IMMEDIATE RELEASE

UNFCCC Secretariat Dismisses Criticism of Coal Projects

Refuses to Consider Overhaul of CDM Crediting Rules for New Coal Plants

7 October 2010. Brussels, Tianjin. In a surprising move, the Secretariat of the United Nations Framework Convention on Climate Change has refused to forward a formal request by CDM Watch to the CDM Executive Board and its Methodologies Panel. The submission shows that current crediting rules for new coal projects are using outdated data and do not account for the higher efficiency of recently constructed coal-fired power plants.

According to UNFCCC data, 24 projects are currently applying for carbon credits for the construction of new coal-fired power plants, arguing they would reduce emissions by using a more efficient technology than would be possible without the extra CDM revenue. These 24 projects in India and China claim annual emission reductions of about 28 million tonnes of CO₂, corresponding to about €280 million worth of credits per year.

CDM Watch found that the CDM crediting rules are allowing plant operators to use outdated data to determine baseline emissions and ignoring efficiency improvements at new fossil fuel-fired power plants over time.

“The current crediting rules compare the performance of new coal power plants with plants that were constructed up to ten years ago” explains Natasha Hurley, Policy Advisor at CDM Watch. *“While the original aim of the methodology was to reward only the most efficient coal plants, the current calculation of baseline emissions fails to do this. Instead it allows plant operators and project participants to claim carbon credits for fictional emissions savings from projects that do not improve on what is already common practice in the sector.”*

In an attempt to address this flaw, CDM Watch made an official submission to the UNFCCC proposing to adjust the crediting level to account for standard technical improvements. The proposal was due to be discussed from 25-29 October by the CDM Executive Board's Methodologies Panel. But the UNFCCC Secretariat refused to forward it to the Methodologies Panel, arguing that it was not clear whether CDM Watch is qualified to file proposals under the procedural requirements. Although no provisions are in place yet, the CDM Executive Board has announced it will introduce new rules on which entities are allowed to make such submissions at its November meeting.

“Awarding carbon credits for modern coal-fired power projects is a travesty and represents a flagrant misuse of the CDM” said Eva Filzmoser, Director at CDM Watch. *“But if the UN's in-house Secretariat will not even consider proposals for addressing such flaws this adds another level to the scandal and is a terrible blow to the CDM's reputation. At a time when the CDM's integrity is being challenged over a range of flaws we expect Ms Christiana Figueres, the UNFCCC's Executive Secretary, to ensure that the UN gives formal consideration to proposals that would correct flaws and close loopholes that result in issuance of fake offsets.”*

Earlier this year, CDM Watch made a similar submission on the crediting rules for HFC-23 waste-gas abatement projects that revealed operators are deliberately increasing emissions in order to destroy them and earn carbon credits.

UN to provide clarity for current rules on HFC-23 abatement projects

The dismissal comes as a surprise given that the UNFCCC Secretariat accepted a parallel request by CDM Watch to clarify current crediting rules for HFC-23 abatement projects. In addition to the evidence that was filed in March 2010 related to the gaming of the CDM by unscrupulous plant operators, this new submission seeks to clarify how the waste generation rate should be calculated for HCFC-22 production plants where key components have been replaced or retrofitted. The introduction of more efficient

production techniques would logically lead to the reduction of the baseline waste generation rate but the wording of the methodology is unclear on this point. The request will be considered from 25-29 October by the Methodologies Panel and then by the CDM Executive Board from 22-26 November at its meeting in Cancun in Mexico.

Note to journalists:

Please see the following documents for further information:

- Rejected revision request “Amendment of the methodology ACM0013 to account for the vintage of data used” at <http://www.cdm-watch.org/?p=1217>
- Clarification request AM_CLA_0191 “Use of historical data if the key components of a HCFC-22 plants have been retrofitted or replaced” and related documents at <http://cdm.unfccc.int/methodologies/PAmethodologies/clarifications/39765>

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