



PRESS RELEASE

Issuance of Toxic Carbon Credits Undermines Credibility of UNFCCC Process

8 December, Cancún, Mexico. An open letter sent by a broad coalition of green groups including Greenpeace and WWF to the COP Presidency today calls to rescind millions of fake HFC-23 CDM credits. Environmentalists claim that the issuance of those credits has put a black mark on the environmental integrity of the CDM and prompted speculation that the UNFCCC process has been hijacked by special interests.

Just days before the beginning of the climate talks in Cancun, Mexico the UN's CDM Executive Board concluded an investigation that showed that the manifold flaws in the crediting methodology for HFC-23 projects could lead to over-issuance of carbon credits. At the same meeting it decided to lift the 4-month suspension on HFC-23 issuance it had put in place while it carried out the investigation. This sudden issuance has prompted speculation that the UN process has fallen prey to carbon traders who have reaped hundreds of millions from dealing in HFC-23 credits that by the regulator's own admission have been issued on the basis of a flawed crediting methodology.

"Quite frankly, we are dismayed at the Executive Board's lack of backbone" said Eva Filzmoser, Programme Director at CDM Watch. "It is unacceptable that the UNFCCC is allowing the HFC-23 industry and countries like China and India, which have huge vested interests in these projects, to dictate the climate policy agenda. That's why we're calling on the COP Presidency and Ministers to show industry who's really in charge here and put the lobbyists back in their place."

As the 192 Parties to the UNFCCC negotiate the future of the Kyoto Protocol and a reformed CDM, green groups are calling on the COP Presidency to:

- Rescind the credits of HFC-23 projects that have been issued since 26 November 2010.
- Request the CDM Executive Board to stop issuance of further credits for HFC-23 projects until the flaws in the crediting methodology have been fully corrected.
- Mandate that the CDM Executive Board revise the HFC-23 crediting methodology as a matter of utmost urgency.

"The continued issuance of credits from a flawed methodology is destroying the integrity of the CDM and casting serious doubts on the ability of the UNFCCC process to respond to global warming", said Chaïm Nissim of Noé21. He continued, "It's very sad to see financial interests winning the day against climate protection".

Among other things, the Methodologies Panel "identified a series of circumstances under which the current methodology and its treatment of parameters HFC-23 waste ratio w, HCFC-22 production and lifetime may overestimate baseline emissions compared to the situation without the CDM." Despite these findings and the subsequent decision to suspend and revise the HFC-23 project methodology for new crediting periods, the Board decided to press ahead with issuance of HFC-23 credits, that had been suspended pending the review.

"The Board's decision to proceed with issuing HFC-23 credits despite placing the methodology on hold demonstrates a shocking disregard for the facts presented by its own expert Panel" said Fionnuala Walravens, Senior Global Environment Campaigner for the Environmental Investigation Agency (EIA). She added, "This inconsistency does nothing to establish the investor certainty that industry has been



CDM



Watch

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demanding, and moreover encourages precisely the type of activity that is making a charade out of the CDM and carbon markets.”

You can download the open letter here: www.cdm-watch.org or www.eia-international.org

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