

To Her Excellency
Mrs. Patricia Espinosa
COP 16/CMP 6 President

Open Letter: HFC-23 Projects Undermining Credibility of UNFCCC Process

8 December 2010

Excellency,

A few days before the beginning of COP 16, the UN's CDM Executive Board concluded an investigation into HFC-23 projects which found that manifold flaws in the approved crediting methodology for those projects could lead to over-issuance of carbon credits that do not reflect real and additional reductions in emissions. On this basis, the Executive Board decided to suspend and revise the HFC-23 project methodology.

The integrity – or lack thereof – of HFC-23 projects is central to the integrity of the CDM, because these projects account for *half* of all CDM carbon credits.

Last summer, the Executive Board suspended issuance of credits to HFC-23 projects pending the outcome of its investigation. However, even though the investigation found that the methodology can lead to over-issuance of carbon credits, the Executive Board lifted the suspension and has issued almost 20 million credits since 26 November 2010.

We commend the Executive Board for suspending the HFC-23 methodology in response to evidence of misuse and fraud. The decision to resume issuance of credits for these projects is, however, utterly inexplicable and puts a black mark on the environmental integrity of the CDM. It has also sown confusion as to the Executive Board's intentions and prompted speculation that the Board has put the financial interest of certain private parties and host governments ahead of the CDM's environmental integrity.

On behalf of the organisations listed above and civil society around the world, we call on your Excellency to ensure that the CMP decisions taken this week stop the issuance of carbon credits that do not represent real and additional emission reductions and that undermine developed countries' mitigation commitments under the Kyoto Protocol and divert investment away from sustainable clean energy projects in a wider range of countries.

To this end, we urge Parties to the UNFCCC to:

- **Rescind the credits (certified emission reductions) of HFC-23 projects that have been issued since 26 November 2010 in light of the findings of deep flaws in the HFC-23 crediting methodology that could lead to over-issuance of carbon credits.**
- **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 and apply the revised methodology to all future credit-issuance and crediting-period-renewal decisions.**

The international community needs a better way to address HFCs and, in particular, to incentivize and assure HFC-23 destruction. We note that HFC-23 is an unwanted by-product of the production of HCFC-22, an ozone depleting chemical which is being phased out by the Montreal Protocol. Given the linkages with the Montreal Protocol, and its proven ability to effectively phase out these industrial refrigerant gases, we therefore strongly commend the host country of this COP, together with many other nations, for proposing to phase down consumption and production of HFCs under the Montreal Protocol. The proposal includes funding to address HFC-23 emissions not currently covered under the CDM.

At a time when the effectiveness of the UNFCCC process in delivering a global deal to halt global warming is being increasingly called into question, the UN can ill afford allegations that its authority is gradually being eroded in favour of the vested interests of private entities and governments.

We pledge to work with all relevant institutions, including the climate and ozone treaties, to provide appropriate support for HFC-23 mitigation on the principles of sustainable development and environmental integrity.

Yours sincerely,



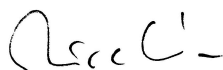
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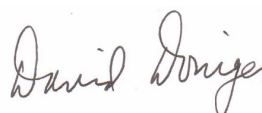
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